

# 2010



# seguros

insurance





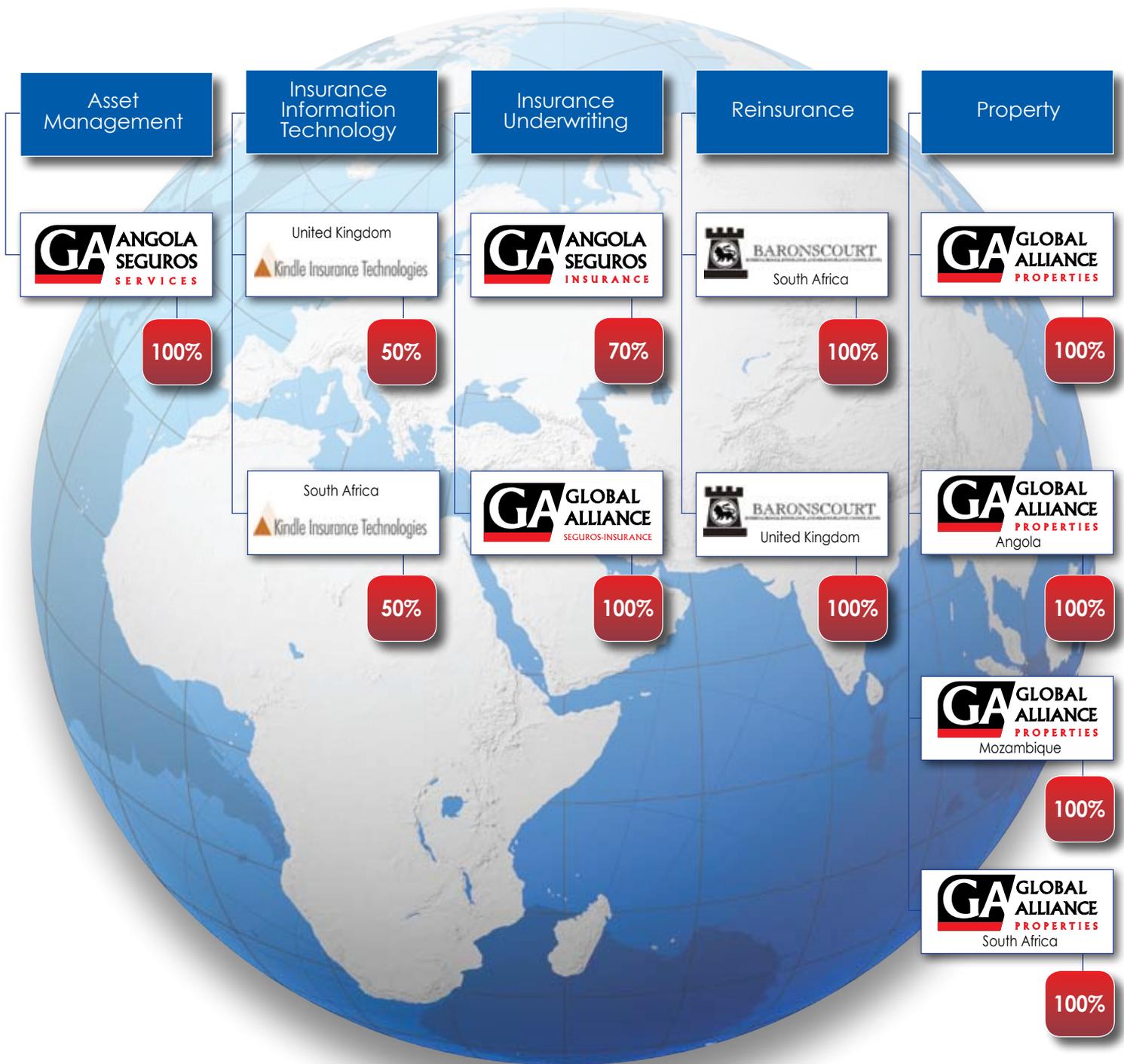
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YOU ARE FIRST



# GROUP STRUCTURE





## HISTORY OF GLOBAL ALLIANCE

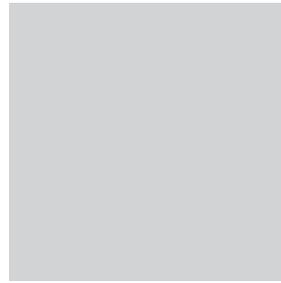
- 1996 - Baronscourt Re-Insurance Brokers United Kingdom and South Africa founded.
- 2001 - CGSM Insurance Company, a registered Mozambique composite insurance company and Baronscourt became fellow subsidiaries under the renamed holding company, Global Alliance Holdings.
- 2004 - Global Alliance started application for Ghanaian licence.
- 2005 - GA Angola Seguros licensed in Angola with a composite license.
- 2006 - CGSM changes name to Global Alliance Seguros.
- 2008 - Global Alliance Mozambique Receives The President's award for the best company over 10 years all sectors.
- 2009 - Global Alliance Ghana sold to the Activa Group.
- 2009 - Global Alliance Mozambique launches Life and Pension division.
- 2010 - Global Alliance Mozambique completes the building of their head office in Maputo.
- 2010 - Global Alliance Mozambique launches Alo Seguros division.
- 2010 - Global Alliance Mozambique's credit rating is retained as an A.
- 2010 - GA Angola Seguros credit rating is retained A-.
- 2010 - GA Angola Seguros on positive credit watch for upgrade in 2011.
- \* 2010 - GA Angola Seguros opens Branches In Lobito, Lubango, Talatona, Cabinda.

## ABOUT THE COMPANY

Global Alliance Holdings was incorporated with limited liability under the Isle of Man Companies Act in 1996.

Global Alliance is a leading provider of insurance and reinsurance coverage to industrial, commercial, mining and professional service firms. The client base is made up primarily of S+P 500, FTSE 350, Hang Seng, ALSI 40, CAC, Deutsche Börse, Nikkei and Shanghai Stock Exchange companies. The group's operating subsidiaries have intermediary agreements in place with the world's largest insurance brokers and select territorially bound insurance intermediaries. The company has a select panel of re-insurers that are in keeping with the requirements of the group's client base. These include Munich Re, Swiss Re, Africa Re, Scor and other highly rated re-insurers. The company has extended its product range to include direct personal lines insurance in Angola and Pension and Life Insurance in Mozambique.

50% Subsidiary Kindle Insurance Technologies provides IT solutions to insurance companies and other insurance enterprises worldwide and its re-insurance, bancassurance and insurance administration software is among the world's most advanced and user friendly insurance platforms available.



## DEVELOPMENTS IN 2009

### GA Angola Seguros

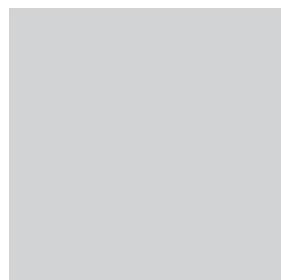
#### Highlights:

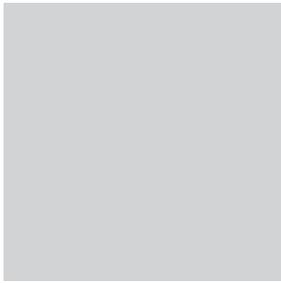
- Turnover exceeded \$ 48 million.
- 344% increase in profit.
- Branches opened in Lobito, Lubango, Talatona, Cabinda.
- Credit Rating maintained at A- positive outlook.
- Continues as the only Rated insurer in Angola.
- Huge strides made in growing service levels and developing IT systems.

### Global Alliance Mozambique

#### Highlights:

- 2009 has been a spectacular year for Global Alliance in Mozambique.
- Company increased turnover from \$ 15,341,817.00 to \$ 21,096,516.00.
- Construction work on new headquarters completed and the company is now ensconced.
- Maintained credit rating of A (High claims paying ability).
- Only company in Mozambique with a credit rating.
- Life Division is fully operational, aiming for profitability in early 2010.





## CREDIT RATINGS

The Company's ability to underwrite business is dependent upon the quality of its claims paying and financial strength ratings as evaluated by independent rating agencies.

### Angola

In 2008, Global Credit Ratings revised the financial strength rating of the company's property and casualty operating subsidiary in Angola from "BBB+" to "A-" and affirmed them with a 'high claims paying ability'. This was reconfirmed in 2010 with "positive outlook".

### Mozambique

In 2010, Global Credit Rating re-evaluated the financial strength rating of the company's Mozambique subsidiary which was reconfirmed as an A rating, defined as "high claims paying ability".





## PRODUCTS

Global Alliance Policy wordings are provided in English and in each country's official language.

### Asset All Risks

A policy wording specifically designed for the unique requirements of large insurance accounts.

### CAR/Engineering

A policy designed to cover the requirements of contracting and engineering projects.

### Mining

A policy designed to cover the requirements of the mining industry.

### Energy

A policy designed to cover oil and energy insurance risks.

### Workman's Compensation

A Compulsory Insurance in most territories in which Global Alliance operates.

### Aviation

A policy designed for all sectors of the Aviation Market.

### Motor

A stand alone motor policy based on the Multimark Policy and compulsory third party insurance.

### Credit Life

A policy to settle the outstanding debts on asset finance contracts in the event of death or illness.

### Funeral Benefits

A policy providing cover for the cost of a funeral in the event of the insured or beneficiary passing away.

### Travel Insurance

A policy to provide worldwide medical and asset cover with a 24 hour emergency helpline.

### Marine Insurance

A policy designed for all aspects of the marine market.

### Political Unrest and Terrorism

A policy that is unique to the region which offers ultimate peace of mind to investors.

### Compulsory Third party Insurance – Mozambique

A policy that provides compulsory third party motor insurance.



# EXECUTIVE BOARD OF DIRECTORS

## MICHAEL LEWIS

### Non-Executive Chairman

- 1958 - Hosken Insurance Brokers
- 1963 - General Manager of Incorporated General Insurance Company Ltd, subsequently Managing director and then chairman
- 1973 - Chairman of Hosken Consolidated Investments, listed on the Johannesburg Stock Exchange
- 1986 - Chairman of the South African Insurance Association
- Founder and director of Investec Bank for twenty years, chairman for six years
- Currently chairman of Global Alliance Holdings

## ANDREW LEWIS

### Managing Director

- 1988 - IGI Insurance Company
- 1991 - CII College of Insurance, qualifying with an ACII
- 1992 - London Market, firstly as a London market underwriter, and then as a director of a Lloyd's Broking firm
- 1996 - Formed the Baronscourt Group
- 2001 - Formed Global Alliance Group
- Currently managing director of Global Alliance Mozambique

## ROBERT LEWIS

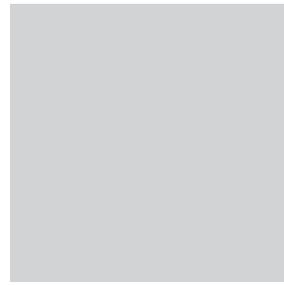
### Executive Director

- 1990 - Irish and Company Stock Brokers
- 1993 - Partner of Irish Menell Rosenberg
- 1993 - Member Johannesburg Stock Exchange
- 1998 - Founded U-Trade online Stockbrokers
- 2001 - Formed Global Alliance Group
- Currently managing director of GA Angola Seguros

## IAN TOFIELD

### Non-Executive Director

- 1955 - Legal and General Assurance society in London, Ghana and Nigeria
- 1977 - Munich Re-insurance company West African regional office based in The Ivory Coast
- 1983 - Head office in Munich Re
- 1995 - Munich Re-Insurance company of Africa
- Currently Global Alliance Board non-executive director



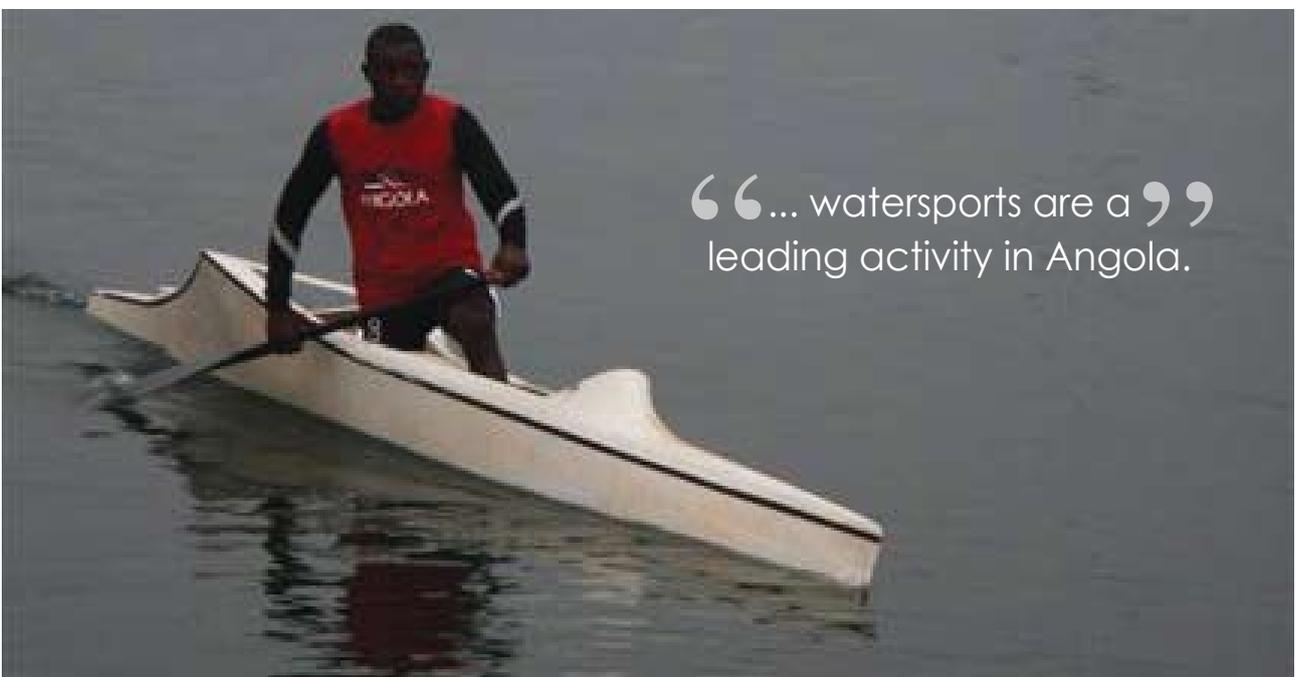
# ANGOLA

## HIGHLIGHTS OF 2009

### ANGOLA CANOEING AND ROWING

With its beautiful coastline and abundance of water it is natural that watersports are a leading activity in Angola. GA Angola Seguros sponsored Angola's canoeing teams in various events throughout the world and throughout the continent.

GA would like to congratulate the various members of the team for their great achievements through the year.



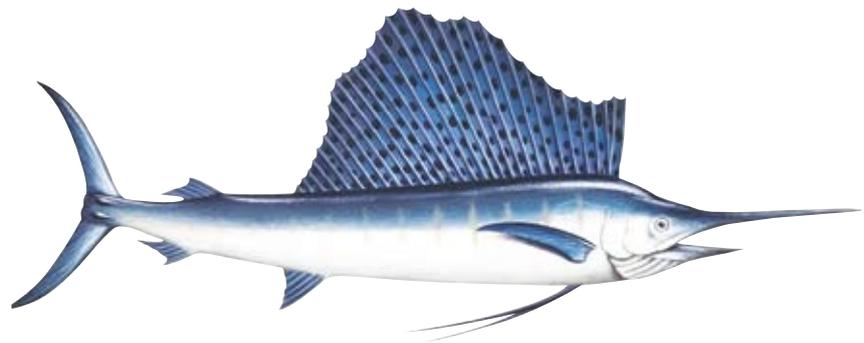
“... watersports are a leading activity in Angola.”



## HIGHLIGHTS OF 2009

### LUANDA SAILFISH CLASSIC

One of the highlights of the fishing season is the Luanda Sailfish Classic when the billfish fleet gets an opportunity to fish and compete against one another. The event is among the best organized in the world and GA Angola Seguros is proud to be a sponsor.



### ANGOLA SAILING

Club Naval Luanda has a sailing program whereby underprivileged children are taught the art of sailing and the mentality that accompanies the sport.

GA was a proud co sponsor of the team that attended the World Championships in Mauritius where they acquitted themselves both on and off the water.





# ANGOLA CONTACT OFFICE

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**Attorneys:** Miranda Correia Network/ Fatima Freitas  
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## DIRECTORS

I.M.A Lewis	Non Executive Chairman
R.W.A Lewis	Managing Director
I.A.O.C Lewis	Executive Director
D. Lisboa	Executive Director
K Neto de Carvalho	Non-Executive Director
L. Neto de Carvalho	Non-Executive Director
M. Neto de Carvalho	Non-Executive Director
I.A Tofield	Non-Executive Director

## MANAGEMENT

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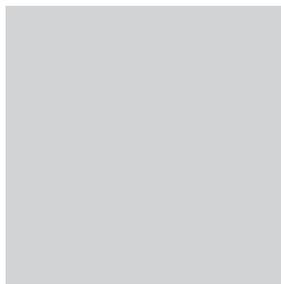
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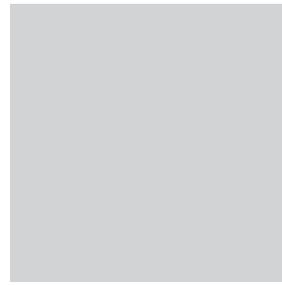
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# BALANCE SHEET

## ASSETS

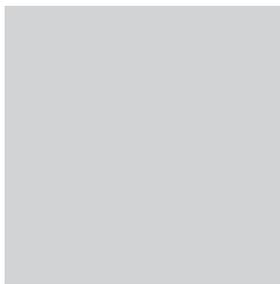
ASSETS	2009 KZ	2009 USD	2008 KZ	2008 USD
Tangible Fixed Assets	55,835,806	629,164	35,899,758	475,059
Accumulated Depreciation	22,246,601	250,677	12,324,056	163,083
	<b>33,589,205</b>	<b>378,487</b>	<b>23,575,702</b>	<b>311,976</b>
Intangible Fixed Assets	189,194,889	2,131,869	160,324,239	2,121,561
Accumulated Depreciation	156,792,829	1,766,759	101,450,725	1,342,491
	<b>32,402,060</b>	<b>365,110</b>	<b>58,873,514</b>	<b>779,070</b>
Financial Investment	943,696,737	10,633,682	566,767,500	7,500,000
Reins/Share of Technical Provisions				
Provision for Claims	2,986,081,831	33,647,509	592,567,590	7,841,411
Current Assets				
Premiums Receivable	829,834,322	9,350,667	389,901,073	5,159,537
Bank and Cash Balances	419,848,748	4,730,903	146,610,147	1,940,083
Company Tax Advance	0	0	4,678,141	61,906
Other Debtors	660,210,276	7,439,324	248,142,319	3,283,652
Prepayments	16,758,930	188,842	21,259,448	281,325
<b>Total of Current Assets</b>	<b>1,926,652,276</b>	<b>21,709,737</b>	<b>1,403,158,718</b>	<b>18,567,914</b>
<b>TOTAL ASSETS</b>	<b>5,922,422,109</b>	<b>66,734,524</b>	<b>2,052,375,434</b>	<b>27,158,960</b>



# BALANCE SHEET

## EQUITY & LIABILITIES

EQUITY & LIABILITIES	2009 KZ	2009 USD	2008 KZ	2008 USD
<b>EQUITY</b>				
Ordinary share capital	543,000,000	6,000,000	543,000,000	6,000,000
Currency Translation difference	31,290,174	0	-62,916,701	0
Retained Income / Loss	60,185,572	1,149,345	-9,175,132	231,499
Net profit for the year	188,100,084	2,119,533	69,360,704	917,846
<b>Total Equity</b>	<b>822,575,830</b>	<b>9,268,878</b>	<b>540,268,871</b>	<b>7,149,345</b>
<b>LIABILITIES</b>				
<b>Technical Provisions</b>				
Provisions for unearned premium	523,240,545	5,895,934	194,057,998	2,567,958
Outstanding Claims	2,654,092,293	29,906,613	674,720,545	8,928,536
Provision for IBNR	100,239,702	1,129,512	49,771,737	658,626
Provision for commissions	128,739,313	1,450,649	35,561,231	470,580
<b>Total of Technical Provisions</b>	<b>3,406,311,854</b>	<b>38,382,709</b>	<b>954,111,510</b>	<b>12,625,700</b>
<b>OTHER PROVISIONS</b>				
Provisions for bad debts	39,048,240	440,000	22,672,488	300,024
<b>Total other Provisions</b>	<b>39,048,240</b>	<b>440,000</b>	<b>22,672,488</b>	<b>300,024</b>
<b>CURRENT LIABILITIES</b>				
Due to Reinsurers	966,024,516	10,885,274	412,114,352	5,453,484
Tax and Duties	187,559,407	2,113,441	98,006,428	1,296,913
Other creditors	318,658,736	3,590,682	890,120	11,779
Accruals	182,243,527	2,053,541	24,311,666	321,715
<b>Total of Current Liabilities</b>	<b>1,654,486,185</b>	<b>18,642,937</b>	<b>535,322,566</b>	<b>7,083,891</b>
<b>TOTAL LIABILITIES</b>	<b>5,099,846,279</b>	<b>57,465,646</b>	<b>1,512,106,563</b>	<b>20,009,614</b>
<b>Total Equity and Liabilities</b>	<b>5,922,422,109</b>	<b>66,734,524</b>	<b>2,052,375,435</b>	<b>27,158,959</b>



# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

Description	2009	2009	2008	2008
	KZ	USD	KZ	USD
<b>Gross premiums</b>	4,115,332,506	46,372,034	1,745,309,450	23,095,574
Less: Reinsurance premiums	1,923,558,938	21,674,880	761,122,182	10,071,884
<b>Net premiums</b>	<b>2,191,773,568</b>	<b>24,697,153</b>	<b>984,187,268</b>	<b>13,023,691</b>
Less: Funding Contribution/(release)	306,406,043	3,452,618	100,022,466	1,323,591
<b>Earned premium income</b>	<b>1,885,367,524</b>	<b>21,244,535</b>	<b>884,164,802</b>	<b>11,700,099</b>
<b>Claims</b>				
Gross Claims incurred	3,087,308,840	34,788,146	907,236,778	12,005,409
Less: Reinsurers Share of Claims	2,391,440,749	26,947,026	590,281,458	7,811,159
Less: Salvage Recovery	12,328,336	138,917	-	-
IBNR	44,887,870	505,802	112,927,587	1,494,364
<b>Net Claims</b>	<b>728,427,625</b>	<b>8,208,005</b>	<b>429,882,906</b>	<b>5,688,614</b>
<b>Net earned premium income</b>	<b>1,156,939,900</b>	<b>13,036,531</b>	<b>454,281,936</b>	<b>6,011,485</b>
<b>Net commission earned / (paid)</b>	<b>-35,553,479</b>	<b>-400,620</b>	<b>13,001,272</b>	<b>172,045</b>
Reinsurance commission received	216,591,509	2,440,578	140,607,802	1,860,655
Less Brokers Commission paid	252,144,989	2,841,198	127,606,528	1,688,609
<b>Net operating expenses</b>	<b>767,861,187</b>	<b>8,652,347</b>	<b>408,229,990</b>	<b>5,402,083</b>
<b>Premium Taxes</b>	<b>173,405,602</b>	<b>1,953,954</b>	<b>80,789,382</b>	<b>1,069,081</b>
<b>Underwriting surplus before investment income</b>	<b>180,119,633</b>	<b>2,029,610</b>	<b>59,053,219</b>	<b>781,448</b>
<b>Investment income</b>	<b>109,264,767</b>	<b>1,231,208</b>	<b>25,834,807</b>	<b>341,870</b>
<b>Income before taxation</b>	<b>289,384,401</b>	<b>3,260,819</b>	<b>84,888,026</b>	<b>1,123,318</b>
Taxation	101,284,656	1,141,287	15,527,314	205,472
<b>Income after taxation</b>	<b>188,099,745</b>	<b>2,119,532</b>	<b>69,360,713</b>	<b>917,846</b>
Retained income beginning of the year	60,185,572	1,149,345	-9,175,132	231,499
<b>Retained income end of the year</b>	<b>248,285,317</b>	<b>3,268,877</b>	<b>60,185,581</b>	<b>1,149,345</b>

## GA Angola Seguros S.A.

Angola Insurance Analysis

March 2010

Security class	Rating scale	Currency	Rating	Rating outlook	Expiry date
Claims paying ability	National	Kwanza	A-	Positive	03/2011

### Financial data:

(US\$m Comparative)

	31/12/08	31/12/09
KZ/US\$ (ave)	75.16	78.17
KZ/US\$ (close)	75.16	89.40
Total assets	20.7	54.6
Total capital	6.4	8.8
Cash & equivalents	9.5	15.3
GWP	24.3	52.6
U/w result	1.9	4.5
NPAT	0.9	2.4
Operating cash flow	n.a.	n.a.
Market cap.	n.a.	
Market share*	18%	

\*Based on estimate for "non-oil" insurance market as at 31 December 2009.

### Fundamentals:

GA Angola Seguros S.A. (GA) is 49.9% held by the investment holding company Global Alliance Holdings, and four local Angolan investors. The company began operating in Angola in mid-2005, writing mainly commercial risks. The company's head office is based in Luanda, with a handful of branch offices across key regions of the country. GA has full operational capabilities, further supported by technical expertise at group level.

### GCR contacts:

**Marc Joffe**  
+2711 784-1771  
joffe@globalratings.net

Website: [www.globalratings.net](http://www.globalratings.net)

### Rating rationale

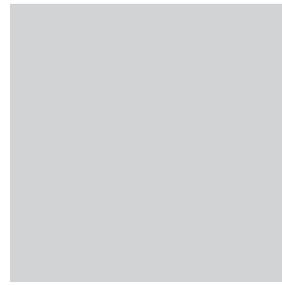
The rating is based on the following key factors:

- GA has rapidly grown to one of the leading insurers in the Angolan market, supported by superior service levels, strong branding, and a high level of client support (which include some of Angola's leading companies) and broker acceptance.
- However, the associated risks of this growth are noted, in particular the negative impact on solvency, which has consistently declined since peaking in F07.
- Liquidity measures were considered to be adequate, although this is expected to reduce in the medium term in line with an amendment to the investment strategy to include property.
- Notwithstanding underwriting profits since F07, claims patterns have evidenced a fairly volatile trend since inception of the company, impacting forecasting accuracy (albeit improving). Furthermore, relative management expenses are considered high.
- Cognisance was taken of GA's concentrated book of business, characterised by a significant reliance on the motor class, and to a lesser extent workmen's compensation.

### Solvency and liquidity

Total shareholders interest increased by 64% to KZ790m in F09. Following comparatively stronger growth in net premiums (of 106%), however, the international solvency margin decreased to a three year low of 36%, from 45% in F08. Similarly, the financial base ratio was reported at a lower 60% in F09 (F08: 63%). An XOL reinsurance programme limits the insurer's maximum net retention on both a per risk and per event basis to US\$250,000 (around 3% of the FYE09 capital base). Cash and short term deposits advanced a significant 91% to KZ1.4bn in F09. This supported an improvement in key liquidity indicators, with claims cash coverage increasing from 20 months to 23 months in F09. The bulk of cash holdings are held in US\$'s, as policies and claims are largely US\$ based.

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# MOZAMBIQUE

## HIGHLIGHTS OF 2009

### MOZAMBIQUE DHOW RACE

Global Alliance was registered in Mozambique 18 years ago and has a strong presence in the country. In line with its corporate social responsibility program, Global Alliance introduced the annual Global Alliance Dhow Race. Now in its fourth year the race is a highlight of the social calendar and political, business and community leaders and the population of Maputo enjoy a day of healthy competition and the accompanying festivities.

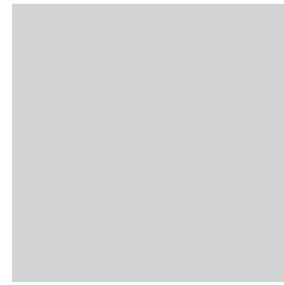
The race took place in the first quarter of 2010 to coincide with the opening of the new building.

The rules dictate that the participants have to be Mozambican and the racing craft have to be powered by wind and be fashioned in the style of a traditional sailing dhow. Fishermen from Maputo and other coastal towns and provinces compete for a grand first place prize of \$10,000 with second and third place prizes of \$ 2500 and \$ 1000 respectively. Competition is fierce as the competitors sail a course laid out in the bay of Maputo. However no one goes home empty handed and each participant is entitled to keep their racing attire and they are given a basket with food and refreshments.

Although the race was difficult due to the weather the rest of the entertainment was action packed and the day was filled with fireworks, live music and delicious food.



“ This was by far the best Dhow race yet and will prove difficult to better next year. ”



## HIGHLIGHTS OF 2009

### HEAD OFFICE MOZAMBIQUE

Global Alliance has completed the construction of a multi leveled and multi tenant building comprising a ground floor and four levels of offices.

Situated on Rua Marginal in close proximity to the Southern Sun Hotel and the residential complex known as Polana Village, close to the Presidential Office with direct sea views, this is a prime site.

The property is now fully let and is seen as a new landmark in Maputo. The building was officially opened on the 12th of March 2010 by his Excellency, Mr. David Simango, the honorable mayor of Maputo.



“The building was officially opened on the 12th of March 2010.”



# HIGHLIGHTS OF 2009

## MOZAMBIQUE GOLF

Golf is one the world's most popular sporting activities. Global Alliance is assisting with the rehabilitation of the Maputo Golf Course and is currently the proud sponsor of the tee box of the 13th hole.



## GUINJATA JET SKI COMPETITION

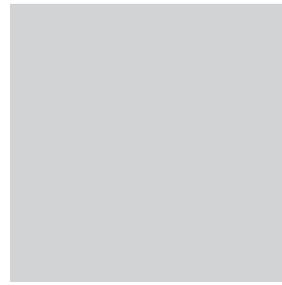
Mozambique is known for the excellent fishing opportunities that it offers. Guinjata Lodge is one of Mozambique's prestigious lodges renowned for its magnificent fishing opportunities.

There has been a lot of competition between Kayak and Jet Ski fisherman and Guinjata Lodge has created a competition which allows this contest to be tested to the maximum.

Global Alliance has become one of the major sponsors of the Guinjata Lodge Jet ski and Fishing Kayak competition.

The competition was a great success, with a large turnout, wide TV coverage both in Mozambique and South Africa, and fierce competition with the Kayak guys winning the 2009 competition.





## HIGHLIGHTS OF 2009

### MOZAMBIQUE BASKETBALL

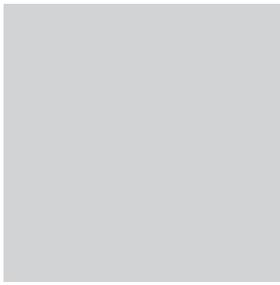
Basketball is one of the most popular sporting activities in Mozambique.

Global Alliance is currently the proud sponsor of the Veterans basketball tournament which comes with a proud heritage and is keenly supported by the Mozambique community.

The Global Alliance team is made up of many previous basketball stars who have gone on to develop their business skills and the team members are made up of chairmen and directors of many leading companies, banks and NGOs in Mozambique.



“... one of the most popular”  
sporting activities in Mozambique.



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R. Paruque	Non-Executive Director
I.A Tofield	Non-Executive Director

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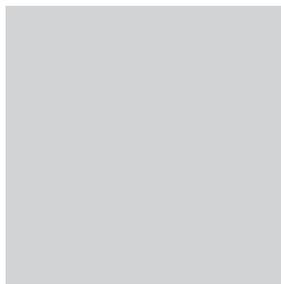
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# BALANCE SHEET

## ASSETS

ASSETS	2009 MZN	2009 USD	2008 MZN	2008 USD
Intangible Assets	-	-	-	-
Investments				
Buildings	204 049 694	7 478 478	15 709 772	624 643
Other financial investments	1 594 108	68 412	818 753	32 555
Deposits in bank institutions	14 390 880	433 134	84 505 650	3 360 066
Capital work in progress	-	-	11 649 871	463 216
	<b>220 034 681</b>	<b>7 980 024</b>	<b>112 684 046</b>	<b>4 480 480</b>
Technical provisions for ceded re-insurance	<b>161 951 888</b>	<b>6 144 531</b>	<b>125 846 538</b>	<b>5 003 838</b>
Debtors				
For direct insurance operations	178 223 527	6 454 051	85 770 424	3 410 355
For re-insurance operations	146 786 115	3 911 632	45 666 995	1 815 785
For other operations	5 247 790	146 156	5 816 476	231 271
	<b>330 257 432</b>	<b>10 511 839</b>	<b>137 253 895</b>	<b>5 457 411</b>
Other elements of assets				
Tangible assets and inventories	1 908 081	76 042	2 029 713	107 631
Bank deposits and cash	56 968 115	4 071 179	59 730 938	2 374 988
	<b>58 876 196</b>	<b>4 147 221</b>	<b>61 760 651</b>	<b>2 482 619</b>
<b>TOTAL ASSETS</b>	<b>771 120 197</b>	<b>28 783 615</b>	<b>437 545 130</b>	<b>17 424 348</b>



# BALANCE SHEET

## EQUITY & LIABILITIES

EQUITY & LIABILITIES	2009 MZN	2009 USD	2008 MZN	2008 USD
<b>Equity</b>				
Share Capital	100 000 000	4 306 770	100 000 000	4 306 770
Share premium	813 170	73 770	813 170	73 770
Legal reserves	9 160 781	425 743	6 161 392	317 109
Revaluation reserve	79 707 187	2 337 613	-	-
Prior year accumulated results	(7 824 440)	(176 836)	(19 979 809)	(687 911)
Profit for the year	35 734 239	969 028	14 996 946	619 709
Foreign currency translation	-	(547 184)	-	(547 184)
<b>Total Equity</b>	<b>217 590 936</b>	<b>7 388 904</b>	<b>101 991 699</b>	<b>4 082 263</b>
Technical provisions for direct insurance and re-insurance	<b>284 670 487</b>	<b>10 590 652</b>	<b>209 422 701</b>	<b>8 326 946</b>
Provisions for other risks and charges	<b>14 627 919</b>	<b>416 970</b>	<b>4 563 506</b>	<b>181 452</b>
<b>Creditors</b>				
Bank overdraft	7 503 837	537 617	-	-
For direct insurance operations and granted re-insurance	6 296 897	229 003	486 806	19 356
For ceded re-insurance operations	205 079 362	7 220 202	111 086 444	4 416 956
State and other public entities	12 042 834	552 616	6 404 036	254 634
Sundry creditors	23 307 921	1 847 651	3 581 898	142 421
	<b>254 230 855</b>	<b>10 387 089</b>	<b>121 559 184</b>	<b>4 833 367</b>
Additions and accruals	-	-	8 040	320
<b>Total Liabilities</b>	<b>553 529 261</b>	<b>21 394 711</b>	<b>335 553 431</b>	<b>13 342 085</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>771 120 197</b>	<b>28 783 615</b>	<b>437 545 130</b>	<b>17 424 348</b>



# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

Description	2009 MZN	2009 USD	2008 MZN	2008 USD
Gross premium written	561 612 128	21 096 516	387 380 890	16 007 475
Reinsurance premium	(301 641 900)	(11 244 870)	(194 448 053)	(8 035 044)
Provision for unearned premium	(83 205 905)	(3 023 615)	(87 674 238)	(3 266 902)
Provisions for unearned premium - reinsurance	74 930 999	2 729 344	79 759 542	3 295 848
<b>Net premium written</b>	<b>251 695 323</b>	<b>9 557 375</b>	<b>185 018 141</b>	<b>7 645 377</b>
Other investment income	2 253 158	91 726	701 281	28 979
Other technical income	66 964 510	2 522 287	48 254 824	1 994 001
<b>Total profits and gains</b>	<b>320 912 991</b>	<b>12 171 388</b>	<b>233 974 246</b>	<b>9 668 357</b>
Claims incurred				
Gross amount	(110 169 318)	(4 150 061)	(112 181 038)	(4 635 580)
Reinsurance part	5 250 464	192 586	41 317 712	1 707 343
Provisions for claims (variation)				
Reinsurance part	(48 682 585)	(1 920 007)	(48 128 995)	(1 988 801)
Provision for IBNR	(5 747 847)	(222 494)	(1 955 369)	(80 800)
Unexpired risk provision	7 904 160	319 608	(9 845 488)	(406 838)
Loss legs provisions	-	-	(126 244)	(5 217)
Net operating costs				
Acquisition costs	(65 292 853)	(2 459 461)	(45 715 686)	(1 889 078)
Deferred acquisition costs	(5 219 926)	(189 060)	(2 160 803)	(89 289)
Administrative costs	(98 686 415)	(3 703 535)	(76 499 160)	(3 161 122)
Commissions on reinsurance	39 216 466	1 459 879	24 242 887	1 001 772
Other non technical results	13 612 145	(48 216)	11 774 607	486 554
Profit share	(174 790)	(6 363)	-	-
<b>Total operating profit</b>	<b>52 922 493</b>	<b>1 444 264</b>	<b>14 696 669</b>	<b>607 301</b>
Adjustment to prior year profits	-	-	6 945 443	287 002
<b>Profit before extraordinary items</b>	<b>52 922 493</b>	<b>1 444 264</b>	<b>21 642 112</b>	<b>894 303</b>
Extraordinary gains	192 560	6 974	-	-
Extraordinary losses	(33 949)	(1 230)	-	-
<b>Profit before tax</b>	<b>53 081 104</b>	<b>1 449 828</b>	<b>21 642 112</b>	<b>894 303</b>
Tax expense	(17 346 866)	(480 800)	(6 645 166)	(274 594)
<b>NET PROFIT FOR THE YEAR</b>	<b>35 734 239</b>	<b>969 028</b>	<b>14 996 946</b>	<b>619 709</b>

## 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

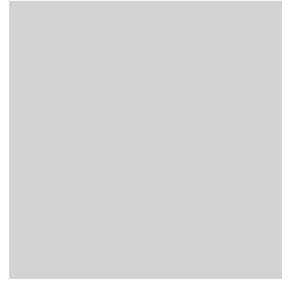
The rating is based on the following key factors:

- 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.

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**Services:** Baronscourt provides Treaty and Facultative Re-insurance placement and consulting to Global Alliance as well as technical insurance expertise.

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R.W.A. Lewis

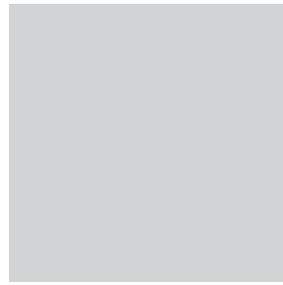
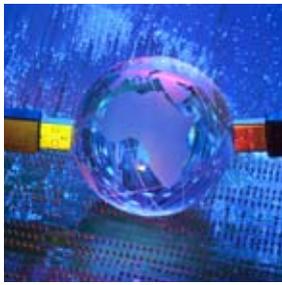
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**Services:** Kindle Technologies provides Global Alliance with the complete software solution for all the group's subsidiaries. In addition Kindle Insurance Technologies provides IT solutions to insurance companies and other insurance enterprises worldwide and its re-insurance, bancassurance and insurance administration software is among the world's most advanced user friendly insurance platforms

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I.A.O.C Lewis	Non-Executive
R.W.A Lewis	Non-Executive

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