



ZEP-RE (PTA Reinsurance Company)

ZEP-RE Announces Strong Results for 2014



Mr. William Erio ZEP-RE Chairman

ZEP-Re (PTA Reinsurance Company) recently announced the company's financial results at which the Company reported a growth of 25.2% in premium income for the period ending December 2014, from US\$ 100.81 Million in 2013 to US\$125.44 Million in 2014. Net insurance claims for 2014 rose to US\$50.19 Million compared to US\$ 40.67 Million in 2013. The Company's investment portfolio grew to US\$194.15 Million from US\$147.11 Million in 2013, an increase of 31.98%. In 2014 ZEP-Re also continued to diversify its portfolio which resulted in an increase in the proportion of US Dollar denominated investments. The investment income increased to US\$10.86 million from US\$9.08 Million in 2013. The company achieved a profit of US\$18.71 Million in 2014 compared to US\$15.36 Million in 2013.

The increase in profitability is attributed to prudent risk management, improved underwriting results in the property class of business and increased investment income. Based on these results, the ZEP-Re Board is recommending a dividend of US\$4.12 million for 2014.

Commenting on the year under review ZEP-Re Chairman, Mr William Erio observed that the global economy registered a growth of 4% which was a result of the decline in oil and commodity prices, divergent growth in global economies, the appreciation of the US Dollar against major currencies and a

rise in interest rates and risk spread in many emerging market economies. Mr. William Erio described the economic growth in Sub Saharan Africa as encouraging, noting that the region's economic growth of 5% had been sustained by infrastructure investments in the region, a growing agriculture sector with growth in exports and encouraging developments in the services sector.

The Ebola virus in 2014 had however overshadowed the positive economic performance in many African countries in 2014, as countries such as Guinea, Liberia, and Sierra Leone grappled with the pandemic. The human and economic costs of the virus are still being counted across the region.

The sub region also continues to be under threat from political turmoil as witnessed in the Central African Republic and South Sudan, while terrorism threats in Nigeria and the coastal regions of Kenya are also creating uncertainty in the region and putting pressure on the insurance sector to respond by creating relevant products.

Mr Erio confirmed that ZEP-Re is steadily growing its footprint in the region. "Our decentralised exercise aimed at ensuring the company establishes a physical presence in the growth key markets is also on course. Our regional hubs namely the Eastern and Central hub operating from Nairobi Kenya, the Southern hub operating from Harare Zimbabwe and the Western hub operating out of Abidjan Ivory coast are now fully functional and contributed greatly to this good performance" Mr. Erio said at the recent AGM in Nairobi, Kenya.

The outlook for the sub-region is expected to remain positive and the Company will be capitalizing on the renewed global business confidence in Africa, and steady regional economies to consolidate our position. This will enable the Company to achieve its goals and objectives, while continuing to prudently manage risks.

Commenting on the performance of ZEP-Re, the COMESA Secretary General, Mr. Sindiso Ngwenya said "I note with satisfaction that the company's performance in 2014 has been nothing short of stellar. Indeed, it is satisfying to observe since inception until now the company has continued remaining true to its development role as outlined in its founding objectives while at the same time creating a niche for itself as one of the key reliable regional Reinsurers on the African Continent.

The Chairman also extended his gratitude to "all stakeholders and business partners for the support they have and continue to extend to Zep-Re", which support was critical in ensuring that the company achieved impressive result for 2014.