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COLLEGE OF BUSINESS AND ECONOMICS

DEPARTEMENT OF ACCOUNTING AND FINANCE

ASSESSEMENT OF LQUIDITY IN CASE OF SELECTED INSURANCE COMPANIES OF ETHIOPIA

A RESEARCH PAPER SUMMITTED TO DEPARTMENT OF ACCOUNTING AND FINANCE FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR BACHELOR OF ART (BA) DEGREE IN ACCOUNTING AND FINANCE

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DECLARATION

I declare that this research is my original work, prepared under the guidance of Mr Muridu. All sources of materials used for the research have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Researcher name Sefinesh Belachew Signature & Date……

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Abstract

The purpose of this study is to assess the liquidity in Ethiopian insurance companies. In this study, fifty employees and five general managers of the companies were involved. The major instruments used in this study were questionnaire, interview and document analysis and the study is conduct descriptive technique for data analysis. The questionnaires were administered for both employees and the managers. The questionnaire contained 15 items both open and closed ended questions to consolidate the information obtained from it. A key finding related to liquidity management, the majority of respondents responded that there is a gap in liquidity management processes. Additionally, the study includes secondary data and has conduct different ratio to assess the liquidity of insurance company in Ethiopian like current ratio, quick ratio and cash ratio. Based on the results of the study, the researcher recommended possible solutions regarding the liquidity management process in selected Ethiopian insurance companies

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CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Insurance is a social device for spreading the chance of financial loss among a large number of people. Its primary function to act as a risk transfer mechanism; that is, to transfer a risk from one person, the insured to the insurer. Transferring the risk, by smaller cost of premium, provides a form of financial security and peace of mind for the insured. Since insurance is based on the law of large number of homogeneous units; the insurer is able to make predictions of possible loss, calculate their probable losses and establish the rates for premiums. The premium collected must be large enough in total to meet losses in any pool, to cover operating expenses and provide an element of profit for the insurer (Ibrahim, 2013). Insurance companies provide unique financial services to the growth and development of every economy. In Ethiopia, the business of insurance plays significant intermediary roles in terms of risk transferring, enhancing private investment, creation of job opportunities and ensuring various development related projects. For insurance companies to be sustainable in the competitive globalized environment, earning profit is a pre requisite. In the absence of profit, insurers can't attract outside capital so as to meet their objectives.

The profitability of insurance companies can be affected by a number of factors such as age, size, leverage ratio, premium growth, capital growth, tangibility ratio, liquidity ratio, loss ratio, market share, GDP growth and inflation rate. Some of these factors might have a positive impact on the insurers' profitability while others faced by the insurance sector pertain to the low demand conditions, intense competition in the sector, low product innovations and use of technology, and poor delivery of service (University of Oslo, 2014; Nile insurance company s.c. (2016)). Liquidity indicates the extent of debt payable in one year. This payment will be arranged from available funds in hand or conveniently cash convertible assets. This was calculated by existing assets to existing liabilities. This indicates capacity to transfer an asset to currency conveniently.

More liquidity will facilitate company to face unforeseen events and to manage its responsibility during operational activities of minimum profits (Liargovas and Skandalis, 2008).

Liquidity as Das et.al (2003) described, since the frequency, severity and timing of insurance claims or benefits is uncertain, insurers need to plan their liquidity carefully. The indicator for life and non-life is the ratio of liquid asset to current liabilities. All liabilities with maturity shorter than one year, including insurance product liabilities under which policyholders are able to surrender the policy and receive cash payment (Das et.al. 2003).

Liquidity risk is a financial risk that arises due to insufficient liquid asset to meet operational obligation. The availability of funds is necessary for insurance companies so that cash out flow commitments both on and off balance sheet. These commitments are usually met by assets readily convertible to cash or through the capacity to borrow. The liquidity risk for insurance companies is the risk of going illiquid i.e. shortage of availability of funds (Vaughan and Vaughan, 2007).

One of the building elements of a healthy effective financial position is managing liquidity Ethiopian insurance companies are expected to establish a liquidity risk management program that clearly specifies the assessment and planning of potential future liquidity risk that is prospectively supervised by the National Bank of Ethiopia.

Insurance companies should ensure the presence of adequate cash availability that meets the potential cash out flows so that short term liabilities such as outstanding claims do not have to be funded with long term assets. Even though the particular of liquidity management differ among companies the development and implementation of liquidity management program policies and procedure is mandatory step in ensuring the financial stability and health of insurance companies in Ethiopia.

1.2. Statement of the Problem

Insurance sector plays a crucial role in economic development not just at a macroeconomic level but also in terms of the activities of individual and business (UNCTAD, 2007). Insurance is the

equitable transfer of risk or loss, from one entity to another in exchange for payment referred to as premium. The contract entered into by the insurer (company selling insurance) and the insured is meant to protect the insured against unexpected risks. The insurer undertakes to indemnify the insured when loss is incurred, as long as the loss falls under the terms of the contract that was signed by both the insurer and the insured (Ngwili 2013).

According to Bhunia (2010) cited in Ngwili (2013), liquidity plays a significant role in a successful functioning of a business firm. A firm should ensure that it does not suffer from lack - of or excess liquidity to meet its short term compulsions. A study of liquidity is of major importance to both the internal and external analyst because of its close relationship with day-to day operations of a business.

According to Brealey (2012) cited in Ngwili (2013), liquidity can be expressed in terms of liquidity ratios namely current ratio, quick (acid test) ratio and cash ratio. Current ratio is the ratio of the current assets to the current liabilities and it measures the margin of liquidity. Quick (acid test) measures a company's ability to meet its short-term obligations with its most liquid assets thereby excluding inventories. Quick liquidity ratio is the total amount of the company's quick assets divided by the sum of its net liabilities and its reinsurance liabilities. The quick liquidity ratio shows the amount of liquid assets an insurance company can tap into on short notice (Kagan, 2018). Cash ratio is the ratio of a company's total cash and cash equivalents to its current liabilities. The cash ratio is most commonly used as a measure of company liquidity.

Moreover, one should try neither to maximize nor minimize the liquidity ratios; one should try to optimize them in relation to the objective, which in case of a commercial company is probably the maximization of profit on capital employed. The lower the liquidity ratios are, the more vulnerable the company is to pressure from creditors which it unable to meet and vice versa. Therefore, one should seek to have as little working capital as is consistent with not being unduly vulnerable to pressure from creditors (Ngwili 2013).

Good liquidity helps an insurance company to meet policyholder's obligations promptly. An insurer's liquidity depends upon the degree to which it can satisfy its financial obligations by holding cash and investments that are sound, diversified and liquid or through operating cash flows. A high degree of liquidity enables an insurer to meet the unexpected cash requirements

without untimely sale of investments, which may result in substantial realized losses due to temporary market conditions and/or tax consequences (CARE Rating, 2016). Liquid assets/Technical Reserves as well as Liquid assets/Current Liabilities can be used as a measure of liquidity for insurance companies.

In Ethiopia, the insurance market is dominated by General Insurance business and share of life Insurance is very low. It is also characterized by stiff competition; companies are ambitious to increase their sales volume and customer base, which often causes aggressive pricing policy that led to an unhealthy spiral of premium cutting. Despite the existence of high competition, the product range in the market is limited, premium setting is based on outdated methods and there is lack of risk assessment methodologies. Besides, very little effort has been made by companies towards technology supported and efficient service delivery methods (NIC Annual report, 2016; Hailu, (2007). Though the insurance sector experience challenges, this study's concern is liquidity position of insurance sector through assessing the liquidity strategies and objectives predominantly used in each insurance sectors. The liquidity position will be assessed through liquidity ratios. In addition, this study was also intend to describe the major strategies or course of action that the insurance companies takes in order to avoid the liquidity risks.

Therefore considering the above discussions and lack of sufficient studies concerning liquidity of Ethiopian insurance companies, this study focuses on assessing liquidity of selected insurance companies in Ethiopia.

1.3-Research questions

The purpose of this study is to assess the liquidity of insurance companies and to give appropriate answer for the following basic questions.

1 What kinds of liquidity strategies and objectives predominantly used in selected insurance companies of Ethiopia?

2. What is the current liquidity status of selected insurance companies in Ethiopia?

3. What measures are taken to avoid liquidity risks by selected insurance companies while it exists?

1.4- Objective of the Study

1.4.1- General objective

The general objective of this study is to assess the liquidity of the selected insurance companies in Ethiopia.

1.4.2-Specific objectives

The study has also the following specific objectives;

- To identify the liquidity strategies and objectives predominantly used in each selected insurance sectors.
- To measure the current liquidity position of selected insurance companies in Ethiopia.
- To describe the major strategies or course of action that each insurance company takes in order to avoid the liquidity risks.

1.5. Significance of the study

It was supposed that the study would give insight about the liquidity status of the five selected Insurance companies (Nib, Oromia, Wegagen, Debub global and Abyssinia insurance companies) of Ethiopia. Further, the study would increase the researcher's knowledge of empirical as well as theoretical levels. Finally, the study might have a significant contribution to future researchers who need to conduct a study in this and related fields.

1.6. Scope of the study

This paper was confined in assessing the liquidity of selected Ethiopian insurance companies. Even though liquidity study shall better embody the whole insurance companies, due to economic and time constraints this study considered Nib, Oromia, Wegagen, Debub Global and Abyssinia insurance companies only.

1.7. Organization of the study

This study is organized in five chapters. The first chapter presents the introductory parts, including statement of the problems, research questions, objective of the study, significance of the study, and scope of the study. The related literature is reviewed in the second chapter. In the third chapter, the research methodology including the method that will be adopted and techniques that is used in data collection and analysis is offered. Consequently, the fourth chapter is discussed the results and analysis of the findings of the study. Finally, the fifth chapter had presents the conclusions and recommendations based on findings.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical literature review

2.1.1. Meaning of Insurance

Insurance is a social device for spreading the chance of financial loss among a large number of people. Its primary function is to act as a risk transfer mechanism; that is, to transfer a risk from one person, the insured to the insurer. Transferring the risk, by smaller cost of premium, provides a form of financial security and peace of mind for the insured. Since insurance is based on the law of large number of homogeneous units; the insurer is able to make predictions of possible loss, calculate their probable losses and establish the rates for premiums. The premium collected must be large enough in total to meet losses in any pool, to cover operating expenses and provide an element of profit for the insurer (Ibrahim, 2013). The term insurance could be defined in distinct dimension, one can define it in general context and the other might define in legal context. According to Pitchett, et.al. (1996) and referred by Hailu (2007), insurance is a social device, in which a group of individuals (called "insured") transfer risk to another party (called the "insurer") in order to combine loss experiences, which permits statistical prediction of losses and provides for payment of losses from fund contributed (premiums) by all members who transferred risk. In legal aspect, insurance is defines as "a contract whereby a person called the insurer undertakes against payment of one or more premiums to pay to a person, called the beneficiary a sum of money where a specific risk materialized" (The Commercial Code of Empire of Ethiopia, 1960).

2.1.2 Importance of Insurance

A number of studies show that there exists a relationship between insurance market activity and economic growth. As Ansari (2011) referred Skipper (1997) Insurance activity may contribute to

economic growth by improving the financial system functions, both as a provider of risk transfer and indemnification and as institutional investor, in the following ways;

- Promoting financial stability,
- Minimize the risk of trading and investment ,
- Facilitating trade and commerce,
- Mobilize domestic savings,
- Allowing different risks to be managed more efficiently by encouraging the accumulation of new capital,
- Fostering more efficient allocation of domestic capital,
- Helping to reduce or mitigate losses and etc…

2.1.3 Liquidity

As Das et.al. (2003) described, liquidity is measured by using different mechanisms. The indicator for life and non-life is the ratio of liquid asset to current liabilities. All liabilities with maturity shorter than one year, including insurance product liabilities under which policyholders are able to surrender the policy and receive cash payment (Das et.al., 2003). Liquidity refers to the solvency of the firms over all financial position there as with which can pay its bills.

The three basic measures of liquidity are:

- Net working capital
- The current ratio
- Quick (acid-test) ratio

Liquidity ratio has two parts, current ratio and quick ratio. Current ratio is the measure or expresses the relationship between firm's current assets and its current liability, and it is calculated as current assets divided by the current liability. The result shows the liquidity position of the firm.

Too high current ratio indicates the firms holding of excessive current asset. Too low current ratio indicates poor ability to satisfy short term obligation or liability. A current ratio of 2.0 is occasionally cited as acceptable but, a value depends on the industry in which the firm operates reference (Pandey, 2005, p67). Current ratio measures short-term solvency of the firm. High ratio indicates good liquidity position, increase in current liabilities faster than current assets indicates to the firm a bad liquid position that means the firm unable to meet its liability when

comes due. Quick ratio is also called Acid-test ratio, it is the strength test of liquidity, it is calculated by dividing the firm's current asset by current liabilities;

Quick ratio= Current asset

Current liabilities.

A quick of 1.0 or great is occasionally recommended, but an acceptable value depends largely on the industry. Excessive liquidity reduces a firm's risk of being unable to satisfy short-term obligation as they come due, but sacrifices profitability, because; current assets are less profitable than fixed assets. Current liabilities are less expensive financing sources than long-term funds. Quick ratio measures the ability to pay of its short-term obligation without relying on the sale of inventory. The higher the ratio, the higher the firm's liquidity position.

The liquidity ratios considered by CARE (Credit Analysis & Research) rating are shown in the table below;

Ratio	Formula	Significance in Analysis
Liquid assets vis-à-vis technical reserves	Liquid assets/Technical Reserves	Technical reserves are reserves created to take care of 'expected' claims that may arise. While an insurer may not be expected to maintain liquid assets equal to technical reserves, a higher proportion of liquid assets would help the insurer in taking care of these 'expected' claims.
Current Liquidity	Liquid assets/Current Liabilities	This ratio indicates an insurer's ability to settle its current liabilities without prematurely selling long term investments or to borrow money. If this ratio is less than one, then the insurer's liquidity becomes sensitive to the cash flow from premium collections

Source: (Credit Analysis & Research (CARE rating), 2016)

2.1.4-liquidity theories

There is a plenty of theories that dwell on liquidity and performance. These theories include liquidity preference theory, financial intermediation theory, securitization theory, commercial loan theory (also known as real bill doctrine), shift ability theory and anticipated income theory.

(a) Liquidity Preference Theory

As cited in Ngwili (2016), Keynes (1936) was the first to develop the concept of liquidity in his book. The General Theory of Employment Interest and Money to explain determination of the interest rate by the supply and demand for money. Liquidity preference refers to the demand for money, considered as liquidity. The idea that investors demand a premium for securities with

longer maturities, entail greater risk, because they would prefer to hold cash, which entails less risk. The more liquid an investment, the easier it is to sell quickly for its full value. Because interest rates are more volatile in the short term, the premium on short versus medium-term securities will be greater than the premium on medium- versus long-term securities. For example, a three-year Treasury note might pay 1% interest, a 10-year treasury note might pay 3% interest and a 30-year treasury bond might pay 4% interest.

(b) Financial Intermediation Theory

Financial intermediation is basically a mediatory service performed by insurances by linking economic agents with surplus funds and economic units with deficit funds. This is critical in capital formation for real investment (Allen & Santomero, 1998), reduction of informational asymmetries (Scholten & Wensveen, 2003). Intermediation provides insurances with the capacity to mobilize deposit and provide credit (Diamond, 1984).

(c) **Commercial Loan Theory**

The essence of the theory is that short term loans are preferred by insurance companies as they will be repaid from the proceeds of transactions they facilitate and finance. A proposition that has been immensely subjected to criticism Dodds (1982) and Nwankwo (1992).

(d) Shift Ability Theory

The shift ability theory is premised on the argument that liquidity is a function of their capacity to acquire assets that are convertible or marketable to other lenders or investors should there be imminent need for cash. Noting that the insurance company assets should be marketable to the other financial institutions at discounted values. Thus this theory recognizes marketability or transferability of insurance companies asset is a basis for ensuring liquidity.

(e). Liability/Liquidity Management Theory

Liquidity management theory according to Dodds (1982) is a strategic plan on the acquisition funds from depositors and other creditors, and the determination of an appropriate (term based) mix of such funds for a particular insurance company. It focuses on the liability side balance sheet on the ground that supplementary liquidity could be derived from the liabilities of a company. Nwankwo (1992) supports this position by arguing that given company's capacity to

purchase all requisite funds, it is inappropriate to have liquidity on the asset side (liquid asset) of the statement of financial position.

(f). Anticipated Income Theory

This theory holds management of liquidity can be enhanced by adequate phasing and structuring of the loan commitments to the customers. According to Nzotta (1997) the theory focuses on the earning capacity and borrowers' credit worthiness as the ultimate guarantee for liquidity adequacy. It drives transactions in self-liquidating commitments (Nwankwo, 1991); and encourages the adoption of ladder effects in investment portfolio of the companies (Ibe, 2013).

2.2. Empirical Studies

Many researchers have studied liquidity from different views and in different environment. A study conducted by (Eljelly, 2004) indicated that efficient liquidity management involves planning and controlling, current assets and current liabilities in such a manner they eliminates the inability to meet due short term obligation and a voids excessive investment in these asset. The relation between profitability and liquidity was examined as measured by current ratio and cash conversion cycle on a sample of joint stock companies in save; The study found the cash conversion cycle was more important as a measure of liquidity than current ratio that affects profitability. It is found to have significant effect on profitability as the industrial level. The results were stable and have important implication for liquidity management in various saved; companies. First it is clear that there is a negative relationship between profitability and liquidity indicator such as current ratio and cash gap in the saved; sample examines second the study also revealed that great variation among industries with respect to the significant measure of liquidity. Deloof (2003) discussed that most firms had a loss amount of can in working capital. It can therefore be expected that the way in which working capital is managed will have a significant impact on profitability of this firms wing correlation and regression tests. On the basis of their results be subsists that mangers could create value for their shareholders by reducing the number of day account receivables and inventories are a notable minimum.

Mohammed, (2014) concluded that there is a relationship between liquidity and profitability of insurance companies in some selected insurance companies of Ethiopia. The QR ratio takes into account short-term investment and assets which are more liquid. Striving to maintain financial

liquidity on a high level indicates keeping a large share of current assets, especially cash. Companies with more liquid assets are less likely to fail because they can realize cash even in difficulty situations. In addition, there is a negative but significant relationship between leverage ratio and ROA in insurance companies. This means that insurance companies are able to manage their economic exposure to unexpected losses. Moreover, this study concludes that there is a positive relationship between log of net premiums and ROA in insurance companies. Therefore the study concludes that liquidity level influences profitability of insurance companies. Further, the study sought to establish the relationship between liquidity ration and profitability of Insurance companies in Ethiopia. The study concludes that a significant but negative relationship exists between liquidity ration and profitability (Mohammed, G. 2014).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter highlights about the research methodology of the study and comprises research approach, research design, target population and sampling unit, sampling design and sample size, and data analysis.

3.2-Research Approach

The aim of this research is to assess the liquidity of selected Ethiopian insurance company. Therefore, in order to achieve the aforementioned objective, the researcher employed both qualitative and quantitative research approach. That is to mean the researcher used both quantitative and qualitative data in this study.

3.3. Research design

According to Durrheim (2004) research design is a strategic framework for action that serves as a bridge between research questions and the execution, or implementation of the research strategy. The purpose of this study is to investigate and assess the liquidity of Ethiopian insurance companies. To achieve the stated objective, this research was adopted a descriptive research design. Because it provides an opportunity of collecting data from manager and employees of each insurance company and also it attempts to describe systematically a situation, problem, service or provide information toward an issue.

3.4. Data Type and Source

As indicated above, in this study, the researcher employed both qualitative and quantitative data. Since, using both types of data is vital to offset the limitations inherent with one method with the strength of other method (Creswell, 2003). The study had used both primary and secondary data sources to get consolidated data so as to reach on concrete findings. As part of primary sources data are also obtained from key informants. The secondary data was obtained from the company's balance sheet through document analysis.

3.5. Data Collection Instruments

The researcher used both close and open ended questionnaires for employees and interviews for managers of selected insurance companies. In addition, the secondary data was obtained from the company's balance sheet and through questionnaires.

3.6. Target population

The target population/sampling frames in this study were insurance companies found in Ethiopia.

3.7. Sample size and Sampling technique

Among Ethiopian insurance companies, this study selected in five selected insurance companies. The five insurance companies are Nib insurance company, Oromia insurance company, Wegagen insurance company, Debub global insurance company and Abyssinia insurance company and from a total population of 155 the study have taken 55 populations as a sample including 5 managers and 50 employees from the selected insurance companies by using purposive sampling technique. Out of 55 participants 50 were properly filled and returned the questionnaire. The researcher used purposive sampling techniques due to their ease of access to the researcher. The researcher would have been interested if he had used only secondary data like balance sheet and income statement of the above mentioned insurance companies. However, the researcher used primary data in detail due lack of interest of the administrative bodies of these insurance companies to show the secondary data and to triangulate secondary data with the primary one.

3.8. Method of data analysis

Once the data was collected from primary and secondary sources, it was analyzed through various techniques. First, the collected data was arranged in the manner that would make it easy for analysis. Secondly, the arranged data was analyzed and interpreted using different statistical tools like, tables and percentages.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

In this chapter, the data collected using the procedures discussed in detail in the previous chapter were presented and summarized to find the results of the study. Once the results have been summarized and reported then those findings have been discussed and interpreted in detail.

Background

For the primary data collected using the questionnaire a sample of five managers, one from each of the five selected insurance companies. Although the study is not particularly about the characteristics of the employees themselves, the characteristics of insurances itself is reflected on the employees and they can explain the practices and challenges of insurances. Hence a group of experts in the area of liquidity were selected out from the insurance institution. In the following pages, the liquidity of the selected insurance companies of Ethiopia was discussed.

4.1. Results for primary data

Liquidity Identification

1. Liquidities are easily identified and prioritized in the insurance companies

The first section of the questionnaire contains statements on liquidity identification for which the respondents were asked to give their opinion on the process practiced in the five insurance companies of Ethiopia. As stated in the literature review, liquidity identification is the first activity in the liquidity management process. In that order these issues were raised first in the questionnaire and the first report of the results in this research begins with the liquidity identification issues.

Table 1: Descriptive Statistics for liquidity Identification

No	Name of insurance companies	Liquidity level
1	Nib	3.4
2	Oromia	3.5
3	Wegagen	3.4
4	Debub global	3.6
5	Abyssinia	3.5

As it is clearly stated in table one, in response for statement one which states that liquidities are easily identified and prioritized in the insurance companies of Ethiopia, an average score of 3.53 was obtained in a scale of 1 to 5, 1 being the scale for strong disagreement and 5 for strong agreement. This shows that on average the respondents fairly agree that liquidities are easily identified. The overall result for the liquidity identification process in Ethiopian insurance companies is 3.48 which can be approximated to an agreeable level. This implies that there is an above average efficiency in liquidity identification process in the insurance companies of Ethiopia.

Table 2: Liquidities are easily identification and prioritization

No	Question items	**Response**				
		SA	**A**	**N**	**D**	**SD**
1	Liquidities are easily identified and prioritized in the insurance companies		2	10	24	14

Keys: SA= strongly agree, S = agree, N= uncertain, D = disagree, SD = strongly disagree

As it is indicated in table two, only two respondents are agreed with the simplicity of identifying liquidity in Ethiopian insurance companies. Ten of them (20%) are neutral. Twenty four of the respondents (48%) disagreed with the simplicity liquidity identification. The rest fourteen (28%)

respondents strongly disagreed on liquidity identification simplicities. This indicates that there is difficulty in identifying and prioritizing liquidities in insurance companies.

Table 3: frequency and regularity of liquidity identification

No.	Question items	**Response**				
		SA	**A**	**N**	**D**	**SD**
1	Liquidity identification process is undertaken frequently and regularly		11			39

Keys: SA= strongly agree, S = agree, N= uncertain, D = disagree, SD = strongly disagree

Table three indicates frequency and regularity of liquidity identification process. As indicated in the table, eleven or 22% of the respondents are agreed that liquidity identification process is undertaken frequently and regularly. All the rest respondents (78%) strongly disagreed with frequency and regularity of liquidity identification process in Ethiopian insurance companies. Thus, it is possible to infer that liquidity is identification process is not undertaken regularly and frequently.

Table 4: Regular follow up of grass root level activities

No	Question items	**Response**				
		SA	**A**	**N**	**D**	**SD**
1	There is a regular follow up of grass root level activities in order to identify liquidity		2	5	17	26

Keys: SA= strongly agree, S = agree, N= uncertain, D = disagree, SD = strongly disagree

As indicated in table four, the majority 52% and 34% of the respondents strongly disagreed and disagree with the regular follow up of grass root level in order to identify liquidity in insurance companies of Ethiopia. Five or 10% respondents are neutral and only two individuals agreed with the presence of regular follow up at a grass root level in Ethiopian insurance companies.

From this data, it could be inferred that there is no regular follow up of grass root level activities in order to identify liquidities.

Table 5: Staffs' responsibilities

No	Question items	**Response**				
		SA	**A**	**N**	**D**	**SD**
1	All staffs are responsible for identifying the liquidity which are facing insurance companies	1	19	5	13	12

Keys: SA= strongly agree, S = agree, N= uncertain, D = disagree, SD = strongly disagree

Table five indicates the staffs' responsibility of identifying liquidity that faces the insurance company. As indicated above, twelve or 24% respondents strongly disagreed with the concept- all staffs are responsible for identifying the liquidity which are facing in selected insurance companies in Ethiopia. Another thirteen/ 26% respondents agreed with this concept as well. Five respondents remained neutral. However, nineteen/ 38% respondents are agreed with staff responsibility to liquidity identification and only one responder strongly agreed. This implies that there is no common understanding among staffs regarding their responsibility of identifying liquidity of insurance company.

Table 6: Staffs responsibility for liquidity analysis, evaluation and treatment

No	Question items	**Response**				
		SA	**A**	**N**	**D**	**SD**
1	All staffs are responsible for liquidity analysis, evaluation and treatment in insurance companies	1	1	6	10	32

Keys: SA= strongly agree, S = agree, N= uncertain, D = disagree, SD = strongly disagree

As indicated on the above table, the majority of respondents (32 out of 50) or 64% of the respondents strongly disagree with the concept that says all staffs are responsible for liquidity analysis, evaluation and treatment insurance companies. In addition, ten respondents disagree whereas six respondents remain neutral. On the other hand, one and another one respondents strongly agree and agree respectively regarding the concept. This indicates that the vast majority 84% of respondents perceive that liquidity analysis, evaluation and treatment are not the responsibility of all staffs in insurance company.

In fact, in liquidity management process, the next basic activities after determining or identifying the liquidity is to analyze, evaluate and treat liquidity. Though the main focus of this research is not on these issues it is important to get the foundations right. As a result, the researcher asked two basic questions that are important to shed light on how the process is conducted and what results these processes have delivered in selected insurance companies of Ethiopia. The question in this context is whether the liquidities the bank faces are assessed in terms of occurrence likelihood. An assessment of liquidity is the determination of the value of liquidity management related to a recognized threat. As such the quantification of those threats by itself is not enough in making managerial decisions based on them unless they include the likelihood of occurrence. Since liquidity and return are two very related and interconnected phenomena, the decision made toward a situation of liquidity with lower occurrence likelihood and a high liquidity with high likelihood of occurrence would not be the same.

Liquidity Risk Analysis, Evaluation and Treatment

In the following section, the data regarding the liquidity analysis, evaluation and treatment were presented and analyzed.

Table 7: Liquidity Risk Analysis, Evaluation and Treatment

No	Question items	**Response**				
		SA	**A**	**N**	**D**	**SD**
1	In the last few years the level of liquidity faced by the selected insurance companies in Ethiopia has decreased		2	6	18	24

2	Monitoring the effectiveness of liquidity management is an integral part of routine management reporting.	8	15	9	10	8
3	Selected insurance companies of Ethiopia have the best practice of liquidity management.	2	32	3	8	5
4	Selected insurance companies of Ethiopia liquidity management strategies are efficient enough to manage liquidity.	1	8	18	12	11
5	Selected insurance companies should have a better procedure for managing liquidity risks than the one being implemented	18	19	5	6	2

Keys: SA= strongly agree, S = agree, N= uncertain, D = disagree, SD = strongly disagree

As it is clearly indicated above, significant numbers of respondents (18/ 36%) disagreed with decrement of liquidity's which faces Ethiopian insurance companies in the last few years and vast majority (24/ 48%) of them strongly disagreed with the point. Six respondents remained neutral and the rest two agreed on the decreasing of liquidity problems in the targeted insurance company. Thus, it could not be difficult to deduce that the liquidity problem is not decreasing in the insurance company.

As it is indicated in in table seven, majority of respondents 8/ 16% and 15/ 30% agree and strongly agree respectively with the second point which says monitoring the effectiveness of liquidity management is an integral part of routine management reporting. And the rest 10 and 8 of respondents disagree and strongly disagree with the same concept whereas 10/ 20% respondents remained neutral with monitoring effectiveness of liquidity management as integral part of routine reporting. This indicates that there is no common understanding among

employees regarding monitoring the effectiveness of liquidity management and making it an integral part of routine reporting.

With regard to the third point which says the targeted insurance companies of Ethiopia have the best practice of liquidity management, the vast majority of respondents (32/ 64%) agreed on the presence of effective liquidity management those insurance companies. Effective liquidity management requires a reporting and reviewing structure to ensure that liquidities are effectively identified and assessed and that appropriate controls and responses are in place. Changes in the organization and the environment in which it operates must be identified and appropriate changes should be made to liquidity management procedures. It is one of the focuses this research that monitoring the effectiveness of liquidity management is an integral part of management reporting. Although the management reporting includes a regular review of the effectiveness of the liquidity management processes, as it appears these strategies have not been found efficient enough to manage the liquidity's faced by selected insurance companies of Ethiopia. This result is substantiated by the lack of confidence for the statement that states the opposite. Regarding the third point, 18(36%) of the respondents took a neutral position on efficiency of liquidity management strategies of the selected insurance companies. And also significant numbers of the respondents 12 and 11 (24%and 22%) took opposite sides agreeing and disagreeing. The average result for this issue is 2.52 which is not a good number to conclude that there are efficient strategies.

Concerning the fifth point that is selected insurance companies should have a better procedure for managing risks than the one being implemented, the majority of the respondents 18 and 19 (36% and 38%) of the respondents strongly agreed and agreed. That is to mean, above the average numbers of respondents agreed in selected insurance companies should have a better procedure for managing liquidity than the one being implemented. 5 respondents or 10 % of the respondents remained neutral. The rest 12 % of the respondents disagreed with the concept.

The Results for the Secondary Data

For the secondary data, the researcher prepared same questions to use them as a guide line to review the documents. Then the researcher requested the managers for the cooperation. Although the study is not particularly about the characteristics of the employees themselves, the

characteristics of insurances itself is reflected on the employees and they can explain the practices and challenges of insurances. Hence a group of experts in the area of liquidity management were selected out from the insurance institution. In the following pages, the reports were described very briefly. All the reports were from the liquidity balance sheet monthly reports of the selected insurance companies of Ethiopia. The reports were prepared through reviewing the liquidity balance sheet monthly reports of the selected insurance companies of Ethiopia. The reports were gained on behalf of the company's managers from the five insurance companies. These five insurance companies are Nib, Oromia, Wegagen, Debub global and Abyssinia.

1. What does the average annual liquidity ratio during the last three years?

Liquidity Ratios

4.2.1 Current Ratio

This ratio is general and quick measure of liquidity of a firm. It represents the margin of safety or cushion available to the creditors. It is an index of the firm's financial stability. It is also an index of technical solvency and an index of the strength of working paper. The year wise details about the current ratio of the company are given in the table 4.1

Table 4.1 Current Ratio

Year	2016	2017	2018	AVG
Current ratio	1.98	2.33	1.85	2.05

Source: Financial statement of BGI Ethiopia S.C

From the above table the current ratios for the three years are highly fluctuating at high rate. The lowest CR in sample years was 1.85 in 2018 and the highest CR was 2.33 in 2017 on an average the CR of the company was 2.05. From this we conclude that the Ethiopian insurance company has ability to meet its short term financial obligations.

4.2.2 Quick Ratio (Acid Test)

The quick ratio is very useful in measuring the liquidity position of firm. It measures the firm's capacity to pay off current obligations immediately and is more rigorous test of liquidity than current ratio. It is used as a complementary ratio to the current ratio. Liquid ratio is more rigorous test of liquidity than the current ratio because it eliminates inventories and prepaid expenses as a part of current assets. Usually high liquid ratios are indication that the firm is liquid and has the ability to meet its current or liquid liabilities in time and on the other hand a low liquidity ratio represents that the firm's liquidity position is not good. As a convention, generally, a quick ratio of one to one (1:1) is considered to be satisfactory.

Table 4.2 Quick Ratio

Year	2016	2017	2018	AVG
Quick ratio (QR)	0.23	0.34	0.56	0.38

Source: Financial statement of Ethiopian insurance company

Table 4.2 gives clear picture about the quick ratio of the company for the periods of three years. The lowest QR in sample years was 0.23 in 2016 and the highest QR was 0.56 in 2018. On average the QR of the company was 0.38. From this we conclude that the QR of the company is less than the standard (1.1)

4.2.3 Cash Ratio

The cash ratio is an indication of the firm's ability to pay off its current liabilities if for some reason immediate payment were demanded.

Table 4.3: Cash Ratio

Year	2016	2017	2018	AVG
Cash ratio	0.02	0.09	0.04	0.05

Source: Financial statement of Ethiopian insurance company

The table 4.3 explains the amount of cash ratio. The lowest cash ratio was 0.02 in 2016 and the highest cash ratio was 0.4 in 2017. This indicates in 2017 the company was high ability to pay immediate payment when demanded the others especially comport to 2016 performance.

3. What does average annual liquidity level in selected insurance companies for a period of September 2018 look like?

The results for the secondary data were obtained from the five selected insurance companies of Ethiopia on liquidity management. The selected companies' liquidity balance sheets were the sources of data. The data were available in a weekly format for the period of September 2020. For analysis and convenience purpose the researcher had to summarize it in to a monthly report by taking the average of the weekly figures of a given month. This summary incorporates data on liquid assets, liability, and liquidity requirement. The results are summarized in the following table.

Table 8: Average annualy Liquidity levels of selected insurance companies of Ethiopia for the period September 2020

No	Name of insurance companies	Liquidity position
1	Nib	25%
2	Oromia	25%
3	Wegagen	24%
4	Debub global	25%
5	Abyssinia	26%

The liquidity requirement set by the governing body of Ethiopian insurance companies dictated that all insurance companies should maintain a bucket of liquid assets equivalent to at least 25% of their current liabilities. In the above table the liquidity requirement shows the 25% of the total current liabilities of the five selected insurance companies at a given point of time. This is the

minimum required amount of liquid assets. For most of the period under consideration maintain enough liquidity assets that are above the required level. The assets and the liabilities show a steady growth for most of the time.

Liquidity Position of the insurance companies of Ethiopia

25% of net current liabilities excess/deficiency (total liquidity requirement). The trend of the movement of the two important variables is similar throughout the period under review. The stock of liquid assets in each period is barely above the required level and it shows that it is vulnerable for huge shocks. On the other hand, the cash holding is steady over the whole period which is good because when the time comes when the liabilities have to paid off, the first quick asset that can be used first is cash as the other liquid assets have to be converted to cash to be used to settle commitments.

4.3. General Liquidity Risk Management Practices

The researcher interviewed the managers of the selected insurance companies to have general picture of liquidity risk management practice. After conducting interview with the managers, researcher boiled down the concepts together. According to the interview data regarding general attributes of liquidity risk management practices in insurance companies, the insurance company's liquidity management practice looks like as follow:

1 The responsibility for risk management within selected insurance companies are well understood

2 Ethiopian selected insurance companies are able to allocate appropriate resources in support of risk management policy and practice.

3 Selected Ethiopian insurance companies risk management policy is made known to all staff.

4 The level of risk tolerance by insurance companies is high.

5 There is high level of resource commitment by insurance companies that could lead to high liquidity risk exposure.

6 The pace with which insurance companies are raising funds is high enough to cover the future needs for payment and settlement.

7 Ethiopian insurance company's strategies to raise funds maintain efficiency and competitiveness in the market.

8 Ethiopian insurance companies have the potential to recover in a short period of time if faced with liquidity shortage.

9 There is well developed mitigation framework for liquidity risk in selected insurance companies in Ethiopia

10 There were times when selected insurance company's operations were disrupted due to liquidity shortages.

4. In your opinion what are the challenges for managing liquidity risks?

4.4. Challenges for Liquidity Management

In managing liquidity, any risk for that matter, could have many obstacles or challenges in achieving desired outcomes. Ethiopian insurance companies are no exception for this and thus the challenges it could be facing in the near future in managing its liquidity has been explored in the questions posed for the respondents. Accordingly, the following are the major challenges that are likely to faces the insurance companies according to the respondents of the participants of this research.

- The selected insurance companies are required to finance mega projects and make major payments that are not yet made. So when the time comes due to make those major payments, there may be liquidity shortfall.

- Raising sufficient funds to match the huge commitments that the bank has may be a challenge in the near future after all the fund raising means are exhausted.

- The inability to fund its increasing asset and deterioration of asset quality, expansion of its business

- Resource allocation is not based on an incremental deposit.

RESULTS AND DISCUSSION

- Excessive growth and expansion that is underway now may lead to creation of loopholes that can cause liquidity risks and managing them becomes harder and harder as the expansion continues.

- Tougher competition and absence of secondary markets that might lead to deterioration of funding sources as the competitors scramble the customer bases of the bank and the lack of the secondary markets to raise funds would add to that problem.

- Failing to meet the increasing (investment) demands of public and private sector customers (customers' expectation) due to lack of sufficient liquidity

- Being state-owned bank, insurance company's strategy highly depends on the nation's strategy (GTP) hence there may be a great disparity among the response options to manage the identified risks and the need of the nation's strategy.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summarized form of the findings of this research and based on that conclusion and recommendations are presented. The conclusions are based on the research questions that were stated in the first chapter. These conclusions have led the researcher to present her recommendations in order to have a sound liquidity risk management.

5.1 Conclusions

To begin with, the general objectives this research paper started to accomplish were to show the practices and challenges of liquidity insurance companies of Ethiopia and to check whether these practices were in accordance with international principles for liquidity management, spec. The specific questions this paper intended to answer are:

1 What kinds of liquidity strategies and objectives predominantly used in selected insurance companies of Ethiopia?

2. What is the current liquidity status of selected insurance companies in Ethiopia?

3. What measures are taken to avoid liquidity by selected insurance companies while it exists?

In this research, the researcher focused on the liquidity management process of selected insurance company of Ethiopia. This is the result of increasing expansion and growth of the insurance companies in Ethiopia. Both the government and the whole insurance companies in Ethiopia have brought responsibilities and duties to be laid on it by the government.

The growth and transformation plan of the country is a very stretched and a demanding plan. This has implications on the insurances in such a way that the management of liquidities and its risks is not solely reliant on the risk identification and analysis procedures of the insurances rather on meeting the government's expectations. This has led to increasing commitments by the companies and hence more vulnerability to risks. The liquidity identification and assessment mechanisms that are laid out in the insurance companies to help identify liquidity are mostly stress testing, gap analysis and ratio analysis. These are the commonly used practices in the world to identify liquidity level and risks. Stress testing involves applying stress situations to the

model of liquidity management within the liquidity tolerance of the insurance companies and checking how much of stress it can withstand. The gap analysis, in the other hand, involves determining the future liquidity requirement and the expected liquidity position that could be had and calculating the gap between the need and the possession of the liquidity. Ratio analysis is the application of predetermined liquidity risk measurement ratios such as current assets to current liability ratio and loan to deposit ratio to determine the level of liquidity.

Regarding the liquidity risk identification process, it is observed that risks are easily identified as a regular undertaking of liquidity identification process. However, this process mainly focuses on the major activities of the insurance companies and does not monitor the grass root level activities. This would lead to an overlooking of important liquidity sources that are not easily observed and cause major problems. It was found that focus is given to the liquidity level that are identified easily, and this could be the result of focusing only on the bigger horizon and ignoring the small things that could add up and become real risks.

Liquidity mitigation techniques are those techniques an institution implements to reduce or avoid the liquidity that it has identified. In this line, it is observed that the major tool that is used to mitigate liquidity is an extensive and aggressive deposit mobilization. One of the main reasons for insurances to undergo an elaborate expansion process is to raise the huge funds required for the massive commitments that it has entered into. The other tools used in mitigating liquidity risk include: diversifying funding sources, putting in place sufficient back-up liquidity and contingency plan, managing credit and operational risk that could lead to liquidity, intensive cash and cash equivalent management, and managing loan concentrations. This leads us to the point of whether the insurances are at its best liquidity management practice. The results show “No”.

Although there is a sound process for identifying, measuring, monitoring and controlling liquidity, it is not the best that can be had. To this effect, most of the respondents believe that there should be a better procedure that could lead to better risk management practices. Another point that contributes to the increasing risks faced by the institutions to the lack of best practice is that liquidity costs, benefits and risks are not being incorporated in the current product pricing, performance measurement and new product approval processes. Having the continued growth

and expansion of the companies in mind, this result in adding more risk factors to the portfolio by not considering the effect of these practices in creating and/or adding more risks to the insurance companies.

The Basel's sound liquidity management practices are the internationally recommended tools for best practice in liquidity risk management that insurance companies lack. The results of this research show that insurance companies have an above average compliance to those principles. This implies that the insurance companies needs to work more on better meeting these principles in order to achieve the best practices of liquidity management. In the process of managing the present and future liquidity risks there are some challenges that the bank is likely to face. The most prominent and serious challenge is the inability to fund its increasing asset and deterioration of asset quality. This is the result of the above mentioned excessive growth and ever increasing commitments. On top of this, the increasing competition in the deposit market leads to exhaustion of funding sources that would enable insurance companies meets its huge commitments. If this continues, the insurance companies will not be able to match the ever increasing demand of the private and public customers for credit and other resources.

5.2 Recommendations

Based on the findings and conclusion of this research, the following recommendations are given by the researcher in order to insurance companies to practice a robust, resilient and sound liquidity management system. These recommendations are provided based on the information that was availed to the researcher and the results found by analyzing those data.

- Ethiopian insurance companies should be able to incorporate liquidity costs, benefits, and risks in the processes of product pricing, performance measurement and new product approval. This would enable the bank to track and tackle new sources of liquidity.

- The insurance companies should actively manage its collateral positions and differentiate burdened and unburdened assets. This would help make better decisions in the liquidity risk management process by steering away from activities that would add more pressure on the burdened assets and increase the risk exposure and focusing on the less burdened assets.

- The insurance companies should disclose information to the public more on a regular basis about the soundness of its liquidity risk management framework and liquidity position to help market participants make an informed judgment. This will best to show more confidence on the stakeholders about the insurance companies and encourage increased and sound business transactions with the others.

- The insurance companies need more autonomy in the process of product development and new investments in line with the other companies own risk and benefit analysis rather than being guided by government pressures. This might be difficult as the government has full ownership of the insurance companies but it is worth a consideration since a failure by this bank would cripple the whole economy and needs to be taken seriously.

- In its quest for huge deposit mobilization, the insurance companies should give due consideration to diversification and focus more on raising long term liabilities that would enable stability in liquidity management.

- The insurance companies should maintain consistent liquidity well above the minimum required liquidity to be able to absorb and withstand market shocks better.

- The insurance companies have scored higher on the role of supervisors in liquidity management and this should be maintained and strengthened more to have a well prepared and capable supervisory team.

- The insurance companies should be able to review and revise its risk management procedures and practices in pursuit of best practices. To help this endeavor, the Basel's recommended principles for sound liquidity management should be strictly considered and efforts should be made to practice those principles to the fullest possible extent.

- The liquidity position of Ethiopia insurance companies is relatively good but for the immediate payment some modification is needed. In order to modify the researcher advice, the managers to improve the cash management practice of the firm

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APPENDIX

Questionnaire for employees and managers

Dear Respondent,

First I would like to thank you for willing to participate in this research. This is a questionnaire prepared to collect data on the research topic **"Liquidity Risk Assessment in selected insurance companies of Ethiopia:** for the partial fulfillment of the requirements for BA degree in accounting. The researcher would like to assure that this research is done merely for academic purpose and your information is kept with the utmost confidentiality.

Thank you very much for your cooperation

I. Background

1. Job title/position: _____
2. Educational Level Diploma….. Master's Degree….. Other Bachelor Degree….. PHD…..
3. Major Field of study; Accounting…… Economics……. Management…… Banking……. Others……..
4. Work experience; Below 5 years……. 10-20 Years…….. 5-10 Years……. Above 20 years……..

APPENDIX I

Please mark any of the numbers that correspond to your level of agreement to the statements below.

The scales

1. Strongly Disagree

2. Disagree

3. Neutral

4. Agree

5. Strongly Agree

Risk Identification

1. Risks are easily identified and prioritized in the selected insurance companies 1…. 2…. 3…. 4…. 5….
2. Liquidity identification process is undertaken frequently and regularly1…. 2…. 3…. 4…. 5….

3. There is a regular follow up of grass root level activities in order to identify risks. 1…. 2…. 3…. 4…. 5….

4. All staffs are responsible for identifying the risks facing selected insurance companies in Ethiopia 1…. 2…. 3…. 4…. 5….

Liquidity Risk Analysis, Evaluation and Treatment

1. In the last few years the level of risk faced by the selected insurance companies in Ethiopia has decreased. 1…. 2…. 3…. 4…. 5….

2 Monitoring the effectiveness of risk management is an integral part of routine management reporting. 1…. 2….3…. 4…. 5….

3 Selected insurance companies of Ethiopia have the best practice of risk management. 1…. 2…. 3…. 4…. 5….

4 Selected insurance companies of Ethiopia risk management strategies are efficient enough to manage risks 1…. 2…. 3…. 4…. 5….

5 Selected insurance companies should have a better procedure for managing risks than the one being implemented. 1…. 2…. 3…. 4…. 5….

6 All staffs are responsible for risk analysis, evaluation and treatment in the selected Ethiopian insurance companies 1…. 2…. 3…. 4…. 5….

APPENDIX 2

II. The following questions are used to review the liquidity balance sheet in selected insurance companies.

1. What does average monthly liquidity balance sheet in selected insurance companies for a period of September 2020 look like?

_____

_____

2. What are the major principles utilized to identify and assess liquidity risks?

_____

_____

3. What practices are made to manage liquidity in the selected insurance companies of Ethiopia?

_____

_____

5. what are the challenges for managing liquidity risks?

Note: the researcher used the above questions as a semi structured interview guide to conduct interview with the managers of selected insurance companies.

DECLARATION

I declare that this research is my original work, prepared under the guidance of Mr Muridu. All sources of materials used for the research have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Researcher name Sefinesh Belachew Signature & Date……

Balance sheet as at June 2018 in 000s

	EIC	Awash	Global	Nile	Nice	Africa	Nib	Nyala	Unic	Oromia	Lion	Abay	Berhan	Tsehay	ELIG	Bunna	Lucy	Total
ASSETS																		
Property,Plant and E	240,938	746,853	58,410	298,566	23,512	85,727	132,114	180,164	376,811	44,192	165,801	27,725	16,283	22,915	17,368	19,621	24,027	2,481,026
Intangable Assets		6,130		3,687	0	4,806			1,098	66561	9,996	4,619	10					96,895
Investment Properties		247,604	12,140		4,387	147,038	23,029	121,570	178,768	4726	-	-			19,645		0	758,907
Leasehold land		7,043	12,543		0	1,640	23,357	1,605	4,340			-	-				0	50,528
Statutory Deposit	88,800	40,968	17,917	40,180	13,535	23,811	35,350	36,011	38,606	25144	13,898	26,767	1,608		8,089	14,176	15,629	440,489
Investment Securities					0													
Available for sale	191,566	182,757	19,416	154,072	67,707	141,910	123,162	132,715	111,184	83,653	50,259	52,282	33,018	47,491	17,738	61,055	34,724	1,504,710
Loans & Receiab	26,167	10,003			0				238	3340	2,500		11,500				0	53,748
Government Securitie	150,941	-	656		2,869	21,100	9,271		-	-	-			11,195	3,846		0	199,878
Reinsurance Assets	3,136	144,481	32,262	62,286	96,149	133,338	231,362	415,029	154,879	133643	61,170	55,808	62,715	153,718	110,053	34,014	50,882	1,934,926
Deffered acquisition costs		18,026	2,020	14,662	9,235	8,423	16,341	6,156	11,792	3292	9,743	5,468	2,440	14,855	4,293	5,962	5,755	138,443
Deffered income tax				649	0	-	3,687				-							4,336
Insurance receivables	225,157	12,970	502		0	958	29,073		1,049	8118	-	56,056	12,095		-	57,349		403,327
other receivables	161,439	113,865	9,280	73,211	16,468	127,530	67,600	47,091	86,597	16245	62,441	29,649	8,769	18,789	21,351	14,312	8,567	883,195
Cash & Cash Equival	2,551,281	644,414	138,084	371,799	260,905	279,914	574,365	760,452	371,477	505,859	229,062	353,643	167,790	228,120	124,510	145,095	190,678	7,897,448
Total Assets	**3,639,425**	**2,175,114**	**303,230**	**1,019,112**	**494,747**	**976,186**	**1,268,711**	**1,700,793**	**1,336,837**	**894,763**	**604,870**	**612,017**	**316,228**	**497,083**	**326,893**	**351,584**	**330,262**	16,847,855
LIABILITIES					0													
Insurance Contract lia	1,682,441	800,760	102,008	475,912	272,264	473,399	749,567	742,185	541,074	480,824	355,018	234,411	169,162	310,487	162,043	154,502	157,715	7,863,772
Deferred income tax		213,349	2,806		976	8,999		62,744	2059	1433	4,741	1,707	746	1,311		989	328	302,188
Differed Commission income		-	3,449			11,917	12,633	34,437	10225		-		-	4,328	2,080	5,449	0	84,519
Retirement benefit obligations		6,123		1549	1,770	14,926	1,963	7,691	2162	2544	1,204	589	-	1,264	691	474	400	43,350
Financial Lease/ Borrowings		-							68,258		-		-				0	68,258
Current income tax lia	225,154	15,288	1,897	4,997	3,471	2,792	4,393	3,407	4118	10227	1,297	2,323	-	835	1,125		2,280	283,603
Creditors arising from	267,735	62,745	27,522	74,902	42,040	71,273	96,139	76,535	44,284	50231	49,464	94,105	12,721	34,928	51,804	68,035	24,131	1,148,593
other payables	298,880	92,195	18,015	86,884	25,561	108,810	86,667	144,921	57181	51458	47,836	38,865	24,154	12,490	15,065	16,096	6,545	1,131,646
Total Liabities	**2,474,210**	**1,190,464**	**155,697**	**644,244**	**346,101**	**692,116**	**951,362**	**1,071,920**	**729,361**	**596,717**	**459,560**	**372,000**	**206,783**	**365,643**	**232,808**	**245,545**	**191,399**	10,925,931
EQUITY																		
Share capital	512,719	277,127	115,100	267,700	89,257	163,650	230,000	310,062	250,000	196,406	93,145	159,675	88,196	87,280	74,841	91,926	104,193	3,111,278
Share premium	-	778	80		1,198	14,324	161	-	-	579	689	1,081	1,256	764	-	692	1,554	23,156
Legal reserve	267,641	67,120	13,135	45,509	19,426	35,888	41,291	70,591	152,218	36728	10,924	23,533	3,816	7,570	3,557	2,511	6,558	808,016
Retained earnings	384,855	639,625	19,218	61,659	38,764	70,208	45,897	248,220	205298	64333	40,552	55,727	16,177	35,826	15,687	10,914	26,558	1,979,478
Total Equity	**1,165,215**	**984,650**	**147,533**	**374,868**	**148,646**	**284,069**	**317,349**	**628,873**	**607,476**	**298,046**	**145,310**	**240,016**	**109,445**	**131,440**	**94,085**	**106,043**	**138,863**	5,921,927
Total Equity & Lia	**3,639,425**	**2,175,114**	**303,230**	**1,019,112**	**494,747**	**976,186**	**1,268,711**	**1,700,793**	**1,336,837**	**894,763**	**604,870**	**612,016**	**316,228**	**497,083**	**326,893**	**351,588**	**330,262**	16,847,858
	(0.00)	0	0	0	-0.001	0.34	0	0	0	0	0	1	0	0	0	-4	0	-2.663400002

Ethiopian Insurance Industry

Balance Sheet-Non-life

For the year ended June 30, 2017

Item	EIC	Awash	Global	Nile	Nice	Africa	Nib	Nyala	Unic	Oromia	Lion	Abay	Berhan	Tsehay	Ethio Life & Gen.	Bunna	Lucy	Total		
	Company																			
Current Assets																				
Cash and bank balances:																				
Cash on hand	16,933,270.66	5,938,265.00	1,072,956.63	4,843,412.00	127,376.00	1,421,594.00	14,449,049.00	157,992,141.00	2,758,848.00	3,096,255.00	2,064,102.00	693,857.00	245,766.48	175,909.54	**2,890.00**	**32960**	**65000**	211,913,652.31		
Cash at bank	374565581.7	59,534,713.00	28,618,553.91	31,340,599.00	48,281,643.00	85,017,031.00	64,682,049.00		17,856,720.00	60,147,808.00	48,180,923.00	15870877	22,270,810.34	41,143,465.17	**37,205,100.00**	**30,552,698.54**	**24,573,724.00**	989,842,296.70		
Petty cash																		-		
Revenue stamp																		-		
Bearing interest Deposites :																		-		
Banks	1,907,771,325.60	362,202,852.00		302,841,979.00			424,127,038.00	440,974,970.00	225,622,689.00									3,663,540,853.60		
Non bank finan. Inst.			197,477.00															197,477.00		
Others (specify)																		-		
Trade debtors	621,903,404.01	23,537,735.00	2,957,131.15	19,898,505.00	10,548,746.00	50,058,008.00	29,647,513.00	22,757,330.00	20,565,875.00	17,191,507.00	5,866,239.00	444,372.00	627,851.07	-	395.55			826,004,611.78		
Less: prov. for bad debtful a/c	(382,593,901.50)	(23,537,735.00)	(2,012,431.56)	(19,898,505.00)	(10,548,746.00)	(50,058,008.00)	(29,647,513.00)	(22,757,330.00)	(20,084,771.00)	(10,423,677.00)	(5,866,239.00)	(444,372.00)	(347,871.21)					(578,221,100.27)		
Other debtors (specify)	41,209,850.53	14,559,852.00	6,510,329.74	8,532,794.00	509,134.00	65,389,089.00	22,496,510.00	33,343,852.00	8,758,227.00	2,941,288.00	11,119,415.00	2,354,202.00	956,744.86	1,739,316.74	1,407,495.38	3,964,363.89	379,418.00	226,171,882.14		
Less: prov. for bad debtful a/c	(11,038,426.11)	(1,732,241.00)			(1,604,650.00)			(2,185,900.00)										(16,561,217.11)		
Accrude interest recievable	44,734,340.20	20,767,791.00	4,491,878.77	17,670,671.00	12,033,764.00	14,641,808.00	24,498,030.00	23,791,867.00	8,382,077.00	20,102,497.00	7,311,985.00	17,777,210.00	6,470,163.39	9,657,051.47	5,424,783.04	4,607,586.56	6,880,222.00	249,243,725.43		
Less: prov. for bad debtful a/c																		-		
Due from reinsurers	18,535,894.04	99,743,113.00	9,494,829.79	3,201,610.00	60,019,138.00	840,119.00	26,606,333.00	2,240,292.00		36,177,151.00	17,072,270.00	30,496,611.00	6,786,276.54	33,990,144.25	32,207,172.00	30,654,528.02		408,065,481.64		
Less: prov. for bad debtful a/c																		-		
Due from ceding companies														199,335.11				199,335.11		
Less: prov. for bad debtful a/c																		-		
Prepayments	69,887,212.81	10,549,175.00	1,171,148.02	5,462,935.00	2,340,225.00	5,466,767.00	25,997,085.00	6,729,778.00	70,767,947.00	15,374,680.00	25,870,309.00	4,033,451.00	1,757,231.30	1,698,399.46	5,350,884.24	4,798,749.99	9,202,941.00	266,458,918.82		
Withhold tax recievables		4,631,133.00		3,339,615.00		4,533,708.00	3,004,931.00			4,683,297.00	1,844,525.00	569,169.00	1,046,249.71		484,354.27	1,437,926.76		25,574,908.74		
Short term investments																		-		
Fixed time deposites	1,975,294.84		81,500,000.00		178,869,510.00	176,047,861.00				387,115,350.00	96,003,848.00	289,600,000.00	118,048,204.04	155,792,225.13	95,799,168.14	80,535,315.59	121,000,000.00	1,782,286,776.74		
Special savings accounts																		-		
Current account life									(302,472.00)									(302,472.00)		
Current account non- life		1,904,501.00					7,437,837.00											9,342,338.00		
Others (specify)	14,684,079.08	673,994.00	367,855.21	40,170,025.00	4,829,176.00	596,033.00	157,500.00	183,452,801.00		3,452,671.00	5,550,327.00	3,270,166.00	2,241,000.00	345,222.59	616,761.09		547,374.00	260,954,984.97		
Total Current Asset	**2,718,567,925.90**	**578,773,148.00**	**134,369,728.66**	**417,403,640.00**	**305,405,316.00**	**353,954,010.00**	**613,456,362.00**	**846,339,801.00**	**334,325,140.00**	**539,858,827.00**	**215,017,704.00**	**364,665,543.00**	**160,102,426.52**	**244,741,069.46**	**178,499,003.71**	**156,584,129.35**	**162,648,679.00**	8,324,712,453.60	180,249,926.00	
Investment																		-		
Equity Investment	219,250,648.51	155,036,000.00	19,068,000.00	131,250,000.00	56,691,950.00	101,674,000.00	120,226,565.00	119,186,000.00	80,978,084.00	63,659,745.00	49,770,000.00	47,856,000.00	27,000,000.00	37,468,615.00	9,681,625.01	42,500,000.00	28,605,576.00	1,309,902,808.52		
Treasury bills	12,439,635.44							1,181,600.00										13,621,235.44		
Other (specify)	138,501,364.56	6,000,000.00	630,000.00		2,000,000.00	21,100,000.00	9,000,000.00		5,432.00	3,200,000.00	2,500,000.00	772,000.00	11,500,000.00	10,000,000.00				205,208,796.56		
Sub total	**370,191,648.51**	**161,036,000.00**	**19,698,000.00**	**131,250,000.00**	**58,691,950.00**	**122,774,000.00**	**129,226,565.00**	**120,367,600.00**	**80,983,516.00**	**66,859,745.00**	**52,270,000.00**	**48,628,000.00**	**38,500,000.00**	**47,468,615.00**	**9,681,625.01**	**42,500,000.00**	**28,605,576.00**	1,528,732,840.52		
Statutary deposit	88,800,000.00	33,397,800.00	12,058,400.00	25,969,800.00	11,072,732.00	23,739,600.00	34,198,500.00	29,829,300.00	**33,760,677.00**	16,587,000.00	**9,993,976.00**	**18,176,250.00**	**1,349,600.00**		**10,662,099.00**	**11,825,640.00**	**14,851,650.00**	376,273,024.00		
Deferred Charges	(10,697,273.58)				15,824.00			641,519.00		1,062,733.00			**502,863.09**				**2,749,597.00**	(5,724,737.49)		
Fixed Assets																		-		
Land &building	222,414,390.25	202,876,079.00	22,481,580.25	170,785,610.00	7,843,571.00	247,612,763.00	100,595,648.00	29,623,619.00	342,029,881.00		106,271,718.00		7,209,669.75					1,459,744,529.25		
Less: Accum. Depr.	(109,766,375.92)	(34,337,443.00)	(9,132,891.75)	(8,576,606.00)		-43903341	(5,816,664.00)	(7,511,851.00)	(23,209,577.00)		(3,286,739.00)							(245,541,488.67)		
Furn.,fixt. and office equip.	41,179,947.02	25,310,789.00	2,796,189.42	36,664,107.00	6,160,785.00	7,986,246.00	10,221,396.00	11,954,100.00	9,139,950.00	8,874,166.00	7,527,979.00	2,469,237.00	3,507,760.86	2,851,800.83	**3,350,318.00**	**2,328,621.04**	**3,039,203.00**	185,362,595.17		
Less: Accum. Depr.	(22,510,634.33)	(15,952,916.00)	(1,936,182.68)	(7,105,483.00)	(3,601,074.00)	(6,258,500.00)	(7,640,277.00)	(6,370,869.00)	(5,854,271.00)	(5,213,124.00)	(3,185,329.00)	(1,303,895.00)	(2,465,522.20)	(1,469,486.02)	(2,072,167.00)	(776,965.46)	(1,437,275.00)	(95,153,970.69)		
Comp.r equip. and software	67,994,871.33	6,542,504.00	1,985,380.52	8,531,949.00	5,073,866.00	10,775,421.00	16,840,590.00	10,882,268.00	12,084,565.00	3,261,318.00	3,744,958.00	2,762,209.00	1,309,579.78	1,801,496.50	1,884,705.00	2,040,059.68	2,455,529.00	159,971,269.81		
Less: Accum. Depr.	(41,142,193.28)	(3,227,325.00)	(1,242,643.13)	(6,216,486.00)	(3,252,755.00)	(9,376,380.00)	(5,670,889.00)	(8,454,166.00)	(8,912,196.00)	(2,014,807.00)	(2,329,474.00)	(1,068,265.00)	(874,646.71)	(1,119,436.86)	(1,317,588.00)	(778,276.81)	(1,146,101.00)	(98,143,628.79)		
Motor vehicles	142,570,639.13	92,155,729.00	10,509,641.73	37,108,169.00	17,173,871.00	29,051,697.00	44,317,386.00	33,852,135.00	29,546,343.00	37,200,983.00	35,852,427.00	26,529,166.00	9,307,215.48	17,348,651.91	15,245,984.00	13,907,323.56	13,294,768.00	604,972,129.81		
Less: Accum. Depr.	(109,783,357.53)	(48,431,214.00)	(6,021,451.55)	(24,265,456.00)	(10,405,708.00)	(17,191,142.00)	(28,139,454.00)	(20,502,185.00)	(16,171,847.00)	(18,071,002.00)	(16,559,440.00)	(12,512,041.00)	(6,008,349.98)	(7,523,671.85)	(6,907,200.00)	(4,698,708.74)	(5,486,610.00)	(358,678,838.65)		
Other (specify)	1,683,314.08	774,727.00	5,825,449.00	52,960.00			132,450.00	53,869,105.00		1,121,250.00				848,053.35				64,307,308.43		
Less: Accum. Depr.	(518,817.52)	(745,176.00)	(2,202,339.80)	(43,766.00)				(17,405,877.00)						(138,673.14)				(21,054,649.46)		
Intangible assets(land lease+others)		8,255,398.00		31,669,479.00	6,378,366.00	2,143,403.00	14,703,419.00	2,412,300.00	5,420,958.00	2,289,123.00	2,925,340.00		3,021,660.17	385,391.33	1,914,947.00	1,438,798.14		82,958,582.64		
Less: Ammortization		(1,379,894.00)		(4,993,766.00)	(933,408.00)		(1,534,755.00)	(767,245.00)	(1,531,612.00)	(1,187,095.00)	(160,646.00)		(1,076,692.58)	(202,330.43)	(1,867,072.00)	(562,581.26)		(16,197,097.27)		
Total fixed asset	**192,121,783.23**	**231,841,258.00**	**23,062,732.01**	**233,610,711.00**	**24,437,514.00**	**220,840,167.00**	**138,008,850.00**	**81,581,334.00**	**342,542,194.00**	**26,260,812.00**	**130,800,794.00**	**16,876,411.00**	**13,930,674.57**	**12,781,795.62**	**10,231,927.00**	**12,898,270.15**	**10,719,514.00**	1,722,546,741.58		
Total Assets	**3,358,984,084.06**	**1,005,048,206.00**	**189,188,860.67**	**808,234,151.00**	**399,623,336.00**	**721,307,777.00**	**914,890,277.00**	**1,078,759,554.00**	**791,611,527.00**	**650,629,117.00**	**408,082,474.00**	**448,346,204.00**	**214,385,564.18**	**304,991,480.08**	**209,074,654.72**	**223,808,039.50**	**219,575,016.00**	11,946,540,322.21		
Current liability																		-		
Insurance Funds																		-		
Provision for un earned premiums	866,030,895.28	217,630,113.00	33,599,881.20	174,558,328.00	107,175,196.00	172,836,034.00	165,344,546.00	154,000,153.00	159,644,299.00	154,415,229.00	138,656,249.00	72,396,616.00	42,141,307.90	101,897,832.38	**41,035,102.00**	**55,373,177.77**	**51,704,187.00**	2,708,439,146.53		
Other technical provisions	499,976,213.63		6,210,668.08	36,790,898.00		18,901,205.00	32,189,454.00			24,482,898.00		13,917,485.00	7,551,145.16	14,549,915.69	**6,570,611.00**	**8,187,175.12**		669,327,668.68		
Inward business reserve																		-		
Special reserve-guarantee bonds							5,000,000.00											5,000,000.00		
Special reserve-disputed claims																		-		
Insur, provid.,and pens. Fund																		-		
Other (specify)									26,887,300.00									26,887,300.00		
Outstanding claims	360,707,618.90	228,092,855.00	29,021,069.24	176,783,373.00	116,920,864.00	143,884,908.00	231,026,397.00	313,822,137.00	138,273,018.00	228,742,963.00	136,406,695.00	69,605,572.00	44,150,351.00	65,454,719.48	26,461,323.43	32,028,521.46	34,023,399.00	2,375,405,784.51		
Bank overdraft														1,202,619.87				1,202,619.87		
Short term loan																		-		
Due to reinsurers	196,958,059.22	123,183,597.00	24,524,901.14	55,031,175.00	38,160,103.00	61,290,150.00	87,214,582.00	69,042,851.00	31,605,994.00	5,330,917.00	8,702,596.00	65,469,295.00	17,693,659.70	12,930,590.18	52,864,093.05	50,103,787.42	9,217,802.00	909,324,152.71		
Due to ceding companies													2,562,763.38	1,765,233.30				4,327,996.68		
Provision for																		-		
Tax	162,130,534.62	13,976,220.00	1,917,916.08	8,803,287.00	4,718,101.00	1,620,959.00	3,176,793.00	3,765,868.00	4,739,803.00	981,925.00	3,464,458.00	7,388,966.00		340,878.68	330,107.39		739,448.00	218,095,264.77		
Devidend payable	278,568,386.60		2,680,504.24	8,116,643.00	805,013.00	5,372,414.00		11,618,952.00			3,291,123.00						462,302.00	310,915,337.84		
Director's remuneration					520,000.00								270,000.00	719,424.50				1,509,424.50		
Creditors and accruals	80,396,045.08	60,645,651.00	9,775,275.43	24,540,417.00	10,865,808.00	88,236,751.00	72,891,604.00	96,136,908.00	41,965,983.00	34,624,716.00	24,904,004.00	13,739,996.00	6,542,158.36	7,950,526.69	6,397,847.12	3,951,091.33	6,291,623.00	589,856,405.01		
Employees' liabilities																	-	-		
Current account-life										2,053,234.00								2,053,234.00		
Current account(non-life)								15,795,190.00										15,795,190.00		
Other (specify)				21,093,281.00		508,433.00			73,873,291.00		3,117,644.00	18,585,953.00	1,375,557.73		2,962,907.00			121,517,066.73		
Total Current Liability	**2,444,767,753.33**	**643,528,436.00**	**107,730,215.41**	**505,717,402.00**	**279,165,085.00**	**492,650,854.00**	**596,843,376.00**	**664,182,059.00**	**476,989,688.00**	**450,631,882.00**	**318,542,769.00**	**261,103,883.00**	**122,286,943.23**	**206,811,740.77**	**136,621,990.99**	**149,643,753.10**	**102,438,761.00**	7,959,656,591.83		
Long term liability																		-		
Land lease payables			5,989,971.61	7,383,977.00			7,490,776.00		**1,702,785.00**				781,200.00					23,348,709.61		
Total liability	**2,444,767,753.33**	**643,528,436.00**	**113,720,187.02**	**513,101,379.00**	**279,165,085.00**	**492,650,854.00**	**604,334,152.00**	**664,182,059.00**	**478,692,473.00**	**450,631,882.00**	**318,542,769.00**	**261,103,883.00**	**123,068,143.23**	**206,811,740.77**	**136,621,990.99**	**149,643,753.10**	**102,438,761.00**	7,983,005,301.44		
Net Asset																		-		
Financed by																		-		
Shareholder's Fund																		-		
Paid up Capital	512,719,371.66	231,583,500.00	102,935,000.00	173,132,000.00	73,818,215.00	158,264,000.00	227,990,000.00		225,071,177.00	140,151,000.00	66,440,800.00	121,175,000.00	86,548,212.63	74,473,718.63	**71,080,659.30**	**78,837,600.00**	**99,011,000.00**	2,443,231,254.22		
Share premium		777,500.00	69,900.00			14,235,140.00	159,500.00	236,798,000.00	1,637,050.00	578,850.00	215,968.00	1,080,800.00	1,237,799.78	666,851.33		**692,130.00**	**1,550,240.00**	259,699,729.11		
Legal reserve	198,444,039.09	48,333,811.00	10,651,485.15	39,158,842.00	16,091,825.00	30,849,296.00	37,329,225.00	57,856,997.00	41,477,106.00	18,437,513.00	7,987,863.00	15,473,775.00	1,792,331.97	5,058,259.16	1,266,022.59		3,998,930.00	534,207,320.96		
Genaral reserve	12,926,656.00		290,485.00							7,412,542.00								20,629,683.00		
Retained earnings	247,374,004.76	2,500,000.00	12,727,603.37	63,016,279.00	30,548,211.00	31,119,167.00	45,077,398.00	98,012,353.00	44,733,721.00	33417325	14,895,074.00	49,139,606.00	1,739,076.57	17,980,910.19	11,030,178.17	(5,365,443.60)	12,576,084.00	710,521,547.46		
Inter business current account	(70,740,803.29)			19,825,650.00		(5,810,679.00)									(10,924,198.50)			(67,650,030.79)		
Other (specify)	13,493,062.51	78,324,961.00																91,818,023.51		
Total Shareholder's Fund	**914,216,330.73**	**361,519,772.00**	**126,674,473.52**	**295,132,771.00**	**120,458,251.00**	**228,656,924.00**	**310,556,123.00**	**392,667,350.00**	**312,919,054.00**	**199,997,230.00**	**89,539,705.00**	**186,869,181.00**	**91,317,420.95**	**98,179,739.31**	**72,452,661.56**	**74,164,286.40**	**117,136,254.00**	3,992,457,527.47		
Total Liability & Shareholder's Fund	**3,358,984,084.06**	**1,005,048,208.00**	**240,394,660.54**	**808,234,150.00**	**399,623,336.00**	**721,307,778.00**	**914,890,275.00**	**1,056,849,409.00**	**791,611,527.00**	**650,629,112.00**	**408,082,474.00**	**447,973,064.00**	**214,385,564.18**	**304,991,480.08**	**209,074,652.55**	**223,808,039.50**	**219,575,015.00**	11,975,462,828.91		
																		Nonlife	life	total
																	Industry	3,992,457,527.47	57,532,000.00	4,049,989,527.47
																	State	914,216,330.73	4,000,000.00	918,216,330.73

Ethiopian Insurance Industry

Balance Sheet-Non-life

For the year ended June 30, 2016

Item	Company																	
	EIC	Awash	Global	Nile	Nice	Africa	Nib	Nyala	Unic	Oromia	Lion	Abay	Berhan	Tsehay	Ethio Life & Gen.	Bunna	Lucy	Total
Current Assets																		
Cash and bank balances:																		
Cash on hand	25,250,911.90	8,368,459.00	1,367,510.00	2,296,893.00	148,089.00	3,810,765.00	8,115,468.00	130,868,197.00	11,337,705.00	10,112,496.00	2,048,492.00	30,343.00	657,931.00	103609.36		**6074.1**	**1654289**	206,177,232.36
Cash at bank	357,694,538.10	34,592,064.00	40,253,299.00	21,779,414.00	52,591,856.00	45,769,907.00	63,083,319.00		411,033.00	55,754,017.00	34,695,204.00	19955936	4,342,397.00	25,969,531.72	**21,359,932.00**	**20,707,265.61**	**16,292,491.00**	815,252,204.43
Petty cash																		-
Revenue stamp																		-
Bearing interest Deposites :																		-
Banks	1,480,923,889.12	296,514,413.00					373,621,292.00	345,974,970.00	9,497,383.00		2,824,719.00	191,790,633.35	31,694,116.00					2,732,841,415.47
Non bank finan. Inst.			197,477.00															197,477.00
Others (specify)																		-
Trade debtors	298,795,179.04	23,537,735.00	3,179,496.00	20,079,725.00		50,067,978.00	29,647,513.00	32,299,324.00	20,770,172.00	17,513,511.00	4,360,275.00	518,361.00	375,483.00	-	592.00			501,145,344.04
Less: prov. for bad debtful a/c		(23,537,735.00)	(2,032,658.00)	(20,372,328.00)	(1,604,650.00)	(50,067,978.00)	(29,647,513.00)	(2,185,900.00)	(20,585,237.00)	(7,956,929.00)	(6,287,834.00)	(524,852.00)	(347,871.00)					(165,151,485.00)
Other debtors (specify)		18,925,864.00	5,926,174.00	8,819,099.00		37,032,920.00	14,816,414.00	697,534.00	7,795,405.00	1,997,115.00	9,031,125.00	649,573.00	782,740.00	1,269,112.76	159,241.00	3,744,000.45	623,973.00	112,270,290.21
Less: prov. for bad debtful a/c		(1,732,241.00)		(1,127,523.00)														(2,859,764.00)
Accrude interest recievable		14,960,092.00	4,613,822.00	12,931,901.00	8,217,161.00	12,790,005.00	18,681,429.00	14,856,040.00	5,904,876.00	18,397,451.00	7,468,318.00	5,486,630.00	3,188,434.00	6,183,149.64	3,644,425.00	5,150,269.54	4,352,354.00	146,826,357.18
Less: prov. for bad debtful a/c																		-
Due from reinsurers	1,332,135.27	61,040,314.00	12,137,810.00		40,677,683.00	42,648.00	25,372,690.00	115,429,249.00		34,482,299.00	16,562,724.00		10,868,488.00	37,349,248.15	18,134,418.00	11,427,871.59	6,762,027.00	391,619,605.01
Less: prov. for bad debtful a/c																		-
Due from ceding companies																		-
Less: prov. for bad debtful a/c																		-
Prepayments	2,829,531.81	18,266,112.00	817,408.00	6,304,704.00	3,413,110.00	5,310,660.00	45,788,236.00	7,212,947.00	21,772,879.00	7,728,861.00	23,571,678.00	1,301,771.00	930,410.00	1,302,199.73	5,235,992.00	1,273,791.65	6,178,299.00	159,238,590.19
Withhold tax recievables		4,007,950.00		3,364,442.00		1,968,944.00		361,518.00		2,154,460.00		1,498,377.00	460,420.00		820,578.00	712,290.47	202,968.00	15,551,947.47
Short term investments																		-
Fixed time deposites	77,301,364.55		90,100,000.00	275,082,591.00	152,338,321.00				201,872,289.00	353,641,484.00	74,898,766.00		75,971,884.00	121,631,636.01	86,651,321.00	82,152,635.00	99,000,000.00	1,690,642,291.56
Special savings accounts												258,398.00						258,398.00
Current account life									3,740.00						2,880,629.00			2,884,369.00
Current account non- life		8,744,065.00																8,744,065.00
Others (specify)	(7,376,446.57)	673,994.00		33,087,668.00	4,324,232.00	3,074,365.00	88,667.00	6,287,380.00	462,558.00	1,620,490.00	2,269,758.00		358,523.00	413,308.54	177,086.00		1,709,035.00	47,170,617.97
Total Current Asset	**2,236,751,103.22**	**464,361,086.00**	**156,560,338.00**	**362,246,586.00**	**260,105,802.00**	**109,800,214.00**	**549,567,515.00**	**651,801,259.00**	**259,242,803.00**	**495,445,255.00**	**171,443,225.00**	**220,965,170.35**	**129,282,955.00**	**194,221,795.91**	**139,064,214.00**	**125,174,198.41**	**136,775,436.00**	6,662,808,955.89
Investment																		-
Equity Investment	103,582,510.21	127,619,000.00	18,720,000.00	100,000,000.00	45,962,625.00	93,320,000.00	110,638,300.00	100,178,000.00	71,172,118.00	58,691,748.00	40,232,710.00	9,990,000.00	15,728,000.00	22,652,500.00	8,716,953.00	23,342,000.00	16,447,500.00	966,993,964.21
Treasury bills	12,473,635.44					185,399,034.00		4,000,000.00										201,872,669.44
Other (specify)	266,941,512.31	6,000,000.00	630,000.00	25.00	2,000,000.00	21,100,000.00	9,000,000.00		82,629,075.00		2,500,000.00	772,000.00	4,500,000.00	9,500,000.00			**11,250,000.00**	416,822,612.31
Sub total	**382,997,657.96**	**133,619,000.00**	**19,350,000.00**	**100,000,025.00**	**47,962,625.00**	**299,819,034.00**	**119,638,300.00**	**104,178,000.00**	**153,801,193.00**	**58,691,748.00**	**42,732,710.00**	**10,762,000.00**	**20,228,000.00**	**32,152,500.00**	**8,716,953.00**	**23,342,000.00**	**27,697,500.00**	1,585,689,245.96
Statutary deposit		23,090,625.00	12,058,400.00	24,730,000.00	10,374,101.00	19,810,650.00	32,022,525.00	29,829,300.00	**32,865,542.00**	12,002,400.00	**9,993,976.00**	**10,092,025.00**	**6,414,450.00**		**10,662,099.00**	**11,283,696.00**		245,229,789.00
Deferred Charges										718,367.00			**859,830.00**				**792,694.00**	2,370,891.00
Fixed Assets																		-
Land &building	216,871,343.35	187,022,781.00	22,446,999.00	108,408,464.00	6,069,908.00	237,894,955.00	86,592,601.00	79,544,274.00	201,048,635.00		93,960,156.00		6,775,440.00					1,246,635,556.35
Less: Accum. Depr.	(105,577,933.86)	(26,015,676.00)	(8,019,043.00)	(7,491,533.00)		-33892982	(4,462,051.00)	(21,579,042.00)	(1,002,253.00)		(2,465,055.00)							(210,505,568.86)
Furn.,fixt. and office equip.	41,552,546.55	23,316,282.00	2,125,175.00	10,098,227.00	5,117,207.00	7,248,561.00	9,566,633.00	10,836,996.00	8,743,109.00	7,482,546.00	4,336,048.00	1,807,574.00	3,029,804.00	2,147,672.73	**2,800,745.00**	**1,562,020.22**	**2,297,469.00**	144,068,615.50
Less: Accum. Depr.	(23,936,381.96)	(13,609,915.00)	(1,721,181.00)	(6,182,919.00)	(3,356,954.00)	(5,339,378.00)	(6,552,710.00)	(5,586,355.00)	(5,248,953.00)	(3,991,272.00)	(2,476,637.00)	(854,971.00)	(2,078,229.00)	(998,236.39)	(1,540,448.00)	(402,417.73)	(911,154.00)	(84,788,112.08)
Comp.r equip. and software	62,942,811.87	3,840,531.00	1,400,646.00	8,529,529.00	4,304,099.00	10,069,846.00	12,027,031.00	9,914,038.00	11,630,968.00	2,427,946.00	3,206,608.00	1,583,105.00	1,076,205.00	1,385,051.50	1,617,805.00	1,298,900.19	1,990,894.00	139,246,014.56
Less: Accum. Depr.	(36,057,312.53)	(2,801,279.00)	(995,064.00)	(5,386,284.00)	(2,354,376.00)	(8,434,837.00)	(4,812,677.00)	(7,792,899.00)	(8,365,716.00)	(1,589,861.00)	(1,948,245.00)	(764,892.00)	(697,495.00)	(830,749.01)	(968,505.00)	(441,881.70)	(693,583.00)	(84,935,656.24)
Motor vehicles	131,695,909.37	79,790,039.00	7,201,474.00	37,824,470.00	14,874,960.00	25,685,842.00	35,326,421.00	28,698,120.00	25,921,996.00	25,249,251.00	26,810,483.00	18,672,232.00	8,410,231.00	12,058,583.80	11,471,193.00	9,918,628.44	8,721,451.00	508,331,284.61
Less: Accum. Depr.	(100,728,238.08)	(38,544,810.00)	(4,899,404.00)	(21,523,843.00)	(8,512,415.00)	(13,101,710.00)	(23,555,423.00)	(16,447,867.00)	(14,155,854.00)	(14,829,867.00)	(13,166,687.00)	(6,742,080.00)	(4,738,764.00)	(4,783,499.67)	(4,557,309.00)	(2,626,261.79)	(3,176,017.00)	(296,090,049.54)
Other (specify)		774,727.00	5,825,449.00	52,960.00	933,408.00					1,111,781.00		231,502.00		831,430.35				9,761,257.35
Less: Accum. Depr.		(744,999.00)	(1,892,947.00)	(36,558.00)	(903,201.00)							(95,723.00)		(97,106.05)				(3,770,534.05)
Intangible assets(land lease+others)		8,255,398.00	13,519,382.00	45,202,896.00	2,000,000.00	2,157,094.00	16,152,606.00	2,412,300.00	5,420,958.00	1,633,416.00	2,925,340.00		1,302,000.00	385,391.33	1,914,947.00	1,438,798.14		104,720,526.47
Less: Ammortization		(1,268,607.00)	(2,381,696.00)	(4,618,078.00)			(1,300,049.00)	(727,040.00)	(1,338,476.00)	(1,004,019.00)	(122,457.00)		(22,448.00)	(163,791.30)	(1,484,083.00)	(418,701.45)		(14,849,445.75)
Total fixed asset	**186,762,744.71**	**220,014,472.00**	**32,609,790.00**	**164,877,331.00**	**18,172,636.00**	**222,287,391.00**	**118,982,382.00**	**79,272,525.00**	**222,654,414.00**	**16,489,921.00**	**111,059,554.00**	**13,836,747.00**	**13,056,744.00**	**9,934,747.29**	**9,254,345.00**	**10,329,084.32**	**8,229,060.00**	1,457,823,888.32
Total Assets	**2,806,511,505.89**	**841,085,183.00**	**220,578,528.00**	**651,853,942.00**	**336,615,164.00**	**651,717,289.00**	**820,210,722.00**	**865,081,084.00**	**668,563,952.00**	**583,347,691.00**	**335,229,465.00**	**255,655,942.35**	**169,841,979.00**	**236,309,043.20**	**167,697,611.00**	**170,128,978.73**	**173,494,690.00**	9,953,922,770.17
Current liability																		-
Insurance Funds																		-
Provision for un earned premiums	709,867,417.35	196,174,515.00	36,520,001.00	182,673,756.00	94,754,459.00	128,693,956.00	155,778,078.00	153,491,725.00	130,322,300.00	128,518,067.00	119,554,348.00	56,944,076.58	36,245,673.00	72,394,037.35	**35,809,424.00**	**42,614,596.62**	**35,504,822.00**	2,315,861,251.90
Other technical provisions	488,315,648.31		6,005,458.00	32,598,324.00		14,972,330.00	30,855,486.00		4,600,716.00	26,620,369.00			4,714,344.00	10,589,506.81	**4,806,881.00**	**6,463,244.72**		630,542,307.84
Inward business reserve																		-
Special reserve-guarantee bonds							4,500,000.00											4,500,000.00
Special reserve-disputed claims																		-
Insur, provid.,and pens. Fund			152,225.00															152,225.00
Other (specify)																		-
Outstanding claims	421,930,788.22	224,746,493.00	23,602,656.00	133,505,018.00	92,506,306.00	160,044,556.00	197,895,379.00	225,692,748.00	116,784,919.00	231,288,849.00	98,753,305.00	48,628,281.26	25,299,470.00	45,142,601.02	17,772,448.00	25,548,795.66	28,606,096.00	2,117,748,709.16
Bank overdraft																		-
Short term loan																		-
Due to reinsurers	112,355,040.48	78,575,521.00	26,585,798.00	44,544,520.00	29,983,907.00	46,666,629.00	79,281,087.00	70,948,696.00	35,370,122.00	11,897,997.00	1,630,832.00	37,507,955.62	24,687,213.00	23,394,829.96	35,140,044.00	26,425,841.29	5,641,540.00	690,637,573.35
Due to ceding companies														1,263,659.59				1,263,659.59
Provision for																		-
Tax	106,223,726.15	8,890,465.00	4,270,182.00	1,367,622.00	4,528,753.00	2,591,001.00	3,591,603.00		5,688,562.00		2,484,485.00	4,484,526.15		270,408.44			2,047,737.00	146,439,070.74
Devidend payable	196,293,150.95		3,866,425.00	7,595,111.00	9,763,741.00	923,835.00		9,742,564.00	7,831,003.00		22,619,725.00						415,348.00	259,050,902.95
Director's remuneration			810,049.00		155,834.00									300,000.00				1,265,883.00
Creditors and accruals	68,225,987.91	55,266,762.00	4,756,163.00	22,365,490.00	10,036,739.00	63,799,387.00	48,534,290.00		36,090,929.00	32,076,582.00		5,593,532.27	5,442,949.00	3,610,533.55	3,894,446.00	4,783,503.32	2,786,303.00	367,263,597.05
Employees' liabilities																	-	-
Current account-life										4,257,035.00								4,257,035.00
Current account(non-life)								16,163,802.00										16,163,802.00
Other (specify)				2,446,638.00	478,555.00	508,433.00		78,925,768.00	24,093,314.00				52,080.00				106,790.00	106,611,578.00
Total Current Liability	**2,103,211,759.37**	**563,653,756.00**	**106,568,957.00**	**427,096,479.00**	**242,208,294.00**	**418,200,127.00**	**520,435,923.00**	**554,965,303.00**	**360,781,865.00**	**434,658,899.00**	**245,042,695.00**	**153,158,371.88**	**96,441,729.00**	**156,965,576.72**	**97,423,243.00**	**105,835,981.61**	**75,108,636.00**	6,661,757,595.58
Long term liability																		-
Land lease payables			4,380,627.00	7,410,942.00			8,900,666.00		**1,897,902.00**				833,280.00					23,423,417.00
Total liability	**2,103,211,759.37**	**563,653,756.00**	**110,949,584.00**	**434,507,421.00**	**242,208,294.00**	**418,200,127.00**	**529,336,589.00**	**554,965,303.00**	**362,679,767.00**	**434,658,899.00**	**245,042,695.00**	**153,158,371.88**	**97,275,009.00**	**156,965,576.72**	**97,423,243.00**	**105,835,981.61**	**75,108,636.00**	6,685,181,012.58
Net Asset																		-
Financed by																		-
Shareholder's Fund																		-
Paid up Capital	446,793,861.79	175,269,500.00	81,819,500.00	164,859,000.00	60,000,000.00	147,428,000.00	213,483,500.00	198,862,000.00	219,133,287.00	100,180,000.00	66,440,800.00	69,291,500.00	77,613,892.00	63,292,584.53	**71,080,659.00**	**75,224,640.00**	**82,247,000.00**	2,313,019,724.32
Share premium		777,500.00	9,900.00			14,106,970.00	127,200.00		6,834,737.00	578,850.00	215,968.00	1,303,000.00	1,109,250.00	640,601.33		**692,130.00**	**1,522,736.00**	27,918,842.33
Legal reserve	148,342,381.18	39,531,037.00	9,136,207.00	32,156,636.00	12,697,579.00	27,367,908.00	32,220,624.00	46,966,736.00	37,835,402.00	14,400,180.00	8,005,187.00	5,603,418.07	796,574.00	2,982,602.54			2,601,588.00	420,644,059.79
Genaral reserve	12,926,656.00		290,485.00							5,393,876.00								18,611,017.00
Retained earnings	157,191,020.51	2,500,000.00	18,372,852.00	18,039,564.00	21,709,291.00	36,282,346.00	45,042,808.00	64,287,046.00	42,080,759.00	28135889	15,524,815.00	26,299,651.67	(6,952,748.00)	12,427,678.09	(806,293.00)	(11,623,772.88)	12,014,731.00	480,525,637.39
Inter business current account	(75,495,446.46)			2,291,321.00		8,331,934.00												(64,872,191.46)
Other (specify)	13,541,273.77	59,353,390.00																72,894,663.77
Total Shareholder's Fund	**703,299,746.79**	**277,431,427.00**	**109,628,944.00**	**217,346,521.00**	**94,406,870.00**	**233,517,158.00**	**290,874,132.00**	**310,115,782.00**	**305,884,185.00**	**148,688,795.00**	**90,186,770.00**	**102,497,569.74**	**72,566,968.00**	**79,343,466.49**	**70,274,366.00**	**64,292,997.12**	**98,386,055.00**	3,268,741,753.14
Total Liability & Shareholder's Fund	**2,806,511,506.16**	**841,085,183.00**	**220,578,528.00**	**651,853,942.00**	**336,615,164.00**	**651,717,285.00**	**820,210,721.00**	**865,081,085.00**	**668,563,952.00**	**583,347,694.00**	**335,229,465.00**	**255,655,941.62**	**169,841,977.00**	**236,309,043.21**	**167,697,609.00**	**170,128,978.73**	**173,494,691.00**	9,953,922,765.72
		-																

	Nonlife	life	total
(1.00)	4.45	57,532,000.00	57,532,004.45