



# CENTRIQ

INSURANCE INNOVATION

## Financial Highlights - Year Ended 31 December 2009

	2009 R'000	2008 R'000	% Change
Gross Written Premiums	2 038 246	1 870 027	9,7%
Nett Income After Tax	39 694	40 998	21,5%
Assets Under Management	2 129 602	2 133 399	4,0%

Reported gross written premium (GWP) grew by 9.0% for the year, although GWP for 2008 was abnormally reduced by a premium refund to a client of R396m. Excluding this refund, GWP would have been R2.266bn in 2008. The withdrawal of a large crop underwriting facility during 2009 contributed to the decline in GWP volumes compared to 2008 together with some declines attributable to the overall economic slowdown.

Fee income received from clients was marginally down compared to 2008 due to the decline in premium volumes and lower investment fees on the back of lower investment yields. Net income after tax declined by 3.2% due to lower investment earnings on shareholder capital.

Assets under management remained static at R2.13 billion. The operating environment continued to grow more complex over the period. Underwriting margins in commoditised personal lines and commercial books remain under pressure mainly as a result of poor motor loss ratios. A concerted industry response is required to improve the motor portfolio results including engaging government on improved driver education, infrastructure maintenance and upgrading and minimising cost of repairs. Regulatory scrutiny of outsourcing models has intensified and we await new regulations in this regard to determine what changes will be necessary to ensure future compliance and viability.

An intensified focus on margins, credit risk and capital management during the period highlighted a number of required changes and improvements in our operations and business structures. In certain cases this has necessitated changes to business arrangements with clients and further changes may be required on the back of future regulations. Sustainability of insurance facilities will depend on sound underwriting, solvency management, administrative efficiencies, skills and experience and compliance with laws and regulations.

### Prospects

Centriq is well positioned to capitalise on opportunities arising from changing regulatory requirements and a flight to quality. Our independent positioning in the market, coupled with our 100% shareholding by Santam stands to benefit the group in the turbulent times ahead.

We wish to thank our clients and business partners for their continued support as we strive to become the leading alternative insurance group in the southern African market.