

MUA Ltd
5 July 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Bond Issue	500	CARE MAU AA-; Positive [Double A Minus; Outlook: Positive]	Reaffirmed
Bond Issue	100	CARE MAU AA-; Positive [Double A Minus; Outlook: Positive]	Reaffirmed
Bank Facility	200	CARE MAU AA-; Positive [Double A Minus; Outlook: Positive]	Reaffirmed
Proposed Bond Issue	200	CARE MAU AA-; Positive [Double A Minus; Outlook: Positive]	Assigned

Ratings Rationale

The rating assigned to the bond issues and bank facility of MUA Ltd continue to derive strength from the long-standing and successful track record of operations in both life and general insurance, strong promoters and highly qualified management team, diversified revenue and product profile across subsidiaries, diversified geographical presence, adherence to robust internal systems & processes, investments in healthy portfolio of financial assets as well as maintenance of a strong solvency position against regulatory requirements. The rating also factors in the fresh equity infusion from Proparco, a leading Development Finance Institute bringing in more promoter strength and improved capitalisation.

The rating is however constrained by higher levels of claims in general insurance due to increasing inflation impacting profitability, increase in debt exposing company to interest rate risk and competition from other industry players.

Rating Sensitivities:

Positive Factors – Factors that could lead to positive rating action/upgrade:

- Improved performance in East African subsidiaries
- Lower levels of claims and effective cost reduction leading to higher profitability
- Gain in market share in both life and non-life segments leading to significant growth in Gross Premium Written
- Maintaining a healthy investment portfolio and robust solvency position

Negative Factors – Factors that could lead to negative rating action/downgrade:

- Dip in regulatory ratios from current levels
- Acquisition impacting the operational and financial performance of MUA Group
- Weakening of profitability, capitalization, investment portfolio and solvency levels.

¹Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

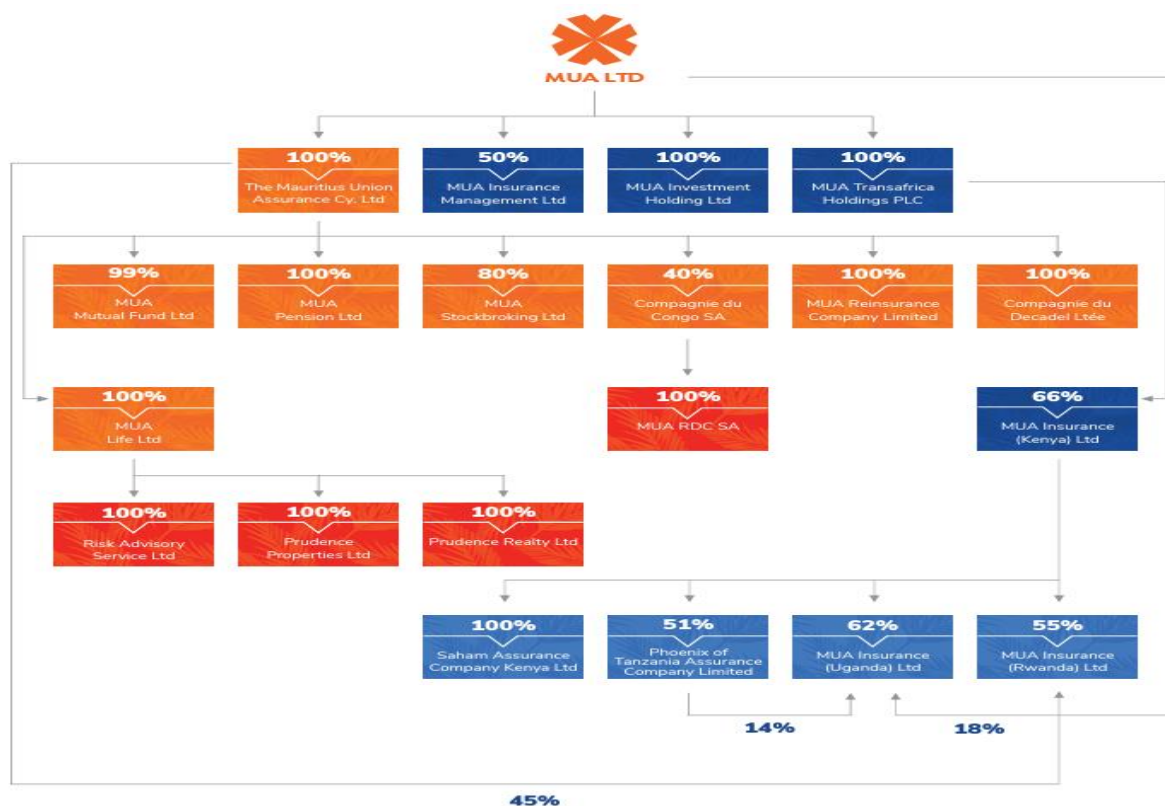
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BACKGROUND

MUA Ltd (“MUA”) was founded by Noel Coignet in 1948. It is listed on the Stock Exchange of Mauritius (SEM). Since inception, MUA offered life, pension, motor, household, fire policies amongst others to Mauritians and was also the first to provide loans at affordable rates. Over the last 70 years, it has grown its operations in Mauritius and expanded in East Africa (Kenya, Tanzania, Rwanda and Uganda).

MUA Ltd is the holding company of the MUA Group and it holds 100% stake in The Mauritius Union Assurance Cy. Ltd (MUACL; engaged in providing general insurance business) and MUA Transafrica Holdings PLC. MUACL owns 100% of MUA Life Ltd, the entity which is engaged in life insurance business while MUA Transafrica Holdings PLC holds 66% stake in MUA Insurance (Kenya) Ltd which provides General Insurance in East African countries. The Group structure is as depicted:



MUA Group has an ownership base of approximately 2,200 shareholders, with only 4 shareholders holding more than 5% of the ordinary shares as at March 31,2023. These are Kasa Investments Ltd (rated CARE MAU A (SO); Stable) – investment company of Mr. Dominique Galea – (13.27%), Succession Mr. Pierre Joseph Emile Latour-Adrien (9.76%), Societe De Promotion et De Participation Pour la Cooperation Economique S.A (“Proparco”) (7.52%) and Devlin Investments Ltd (6.36%) which collectively, hold 36.91% stake in MUA.

MUA has a major presence in 6 countries namely Mauritius, Seychelles, Kenya, Uganda, Tanzania and Rwanda. As at December 31, 2022, the company’s financial & operational highlights were as follows:

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MUR Million, except otherwise stated

Particulars	Market Share in terms of GPE*		Position in the Industry*		Amount	% of GPE	Amount	% of GPE	
	2020	2021	2020	2021	2022		2021		
Gross Premium Earned (GPE)					7,565		6,680		
<i>General Insurance Mauritius (Mauritius Union Assurance CY)</i>	<i>Overall</i>	23%	22%	No. 2	No. 2	3,174	38%	2,586	39%
	<i>Motor</i>	22%	22%	No.1	No.1				
	<i>Accident & Health</i>	20%	20%	No. 2	No. 2				
	<i>Property</i>	23%	21%	No. 2	No. 2				
<i>Life Insurance Mauritius (MUA Life)</i>		12%	13%	No. 3	No. 4	1,818	24%	1,556	24%
<i>General Insurance East Africa (MUA Kenya)</i>			2.3%		No.17	1,351	17%	1,302	19%
PAT						338		415	
Gross Sum Insured (Life Ins.)						57,000		57,000	
Solvency ratio (Group)						212%		218%	
Total assets						23,174		22,023	
Life Insurance Fund						9,058		8,902	
Return on Equity						7.89%		11.00%	
Gearing						0.17		0.15	

**Latest available FSC Statistics*

Equity Investment from Proparco

On 20 September 2022, MUA Ltd announced that it had successfully completed the private placement of 4,175,482 new ordinary shares of MUA to Société De Promotion Et De Participation Pour La Coopération Économique S.A. ("Proparco") at MUR 107 per share. Proparco is a Development Finance Institution and the private sector financing arm of Agence Française de Développement Group. The investment by Proparco was made by a cash consideration of USD 10 million (MUR 446.8 million) and same has been invested in USD denominated fixed deposits until the Company identifies new investment opportunities to deploy the funds.

Following the new equity infusion, the stated capital of MUA is now made up of 55,515,226 ordinary shares with Proparco being the third largest shareholder in MUA with a 7.52% stake.

Bond Issues

In June 2021, MUA Ltd issued a bond of MUR 100 million to redeem its preference shares (MUR 100 million). In September 2019, MUA Ltd issued a bond of MUR 500 million, partly (MUR 200 million) extended to MUACL to repay an existing bond and the balance (MUR 300 million) for part financing of the acquisition of Saham Kenya in July 2020. The Group is proposing to raise an additional MUR 200 million bond in line with its strategy of expanding into the Eastern Africa region.

In assessing the debt repayment capability of MUA Ltd, CRAF has analyzed the operational and financial performance of MUACL, MUA Life and MUA Kenya.

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CREDIT RISK ASSESSMENT

Strong Promoters and experienced management

The key promoters of MUA comprise the following with Kasa Investments Ltd holding the highest stake of 13.27%.

Shareholders	Stake (%)
Kasa Investments Ltd (CARE MAU A (SO))	13.27%
Succession Mr. Pierre Joseph Emile Latour-Adrien	9.76%
Societe De Promotion et De Participation Pour la Cooperation Economique S.A ("Proparco")	7.52%
Devlin Investments Ltd	6.36%

Kasa Investments Ltd (CARE MAU A(SO)) - KASA INVESTMENTS Ltd was incorporated in July 2005, as an investment holding company held by KASA Group Ltd, a company 100% controlled and managed by Mr. Dominique Galea and his family. Along with the investment in its subsidiaries, the company also holds investment in listed domestic companies (MCBG and United Docks).

Proparco is the private sector financing arm of Agence Française de Développement Group (AFD Group). It has been promoting sustainable economic, social, and environmental development for over 40 years and provides funding and support to both businesses and financial institutions in Africa, Asia, Latin America and the Middle East. It occupies key development sectors such as infrastructure, mainly for renewable energies, agribusiness, financial institutions, health, and education.

As on December 31, 2022, MUACL was governed by a 10-member Board, under the chairmanship of Mr. Dominique Galea. The board members comprise 2 Executive directors, 5 Non-executive directors and 3 Independent directors having experience in banking, insurance and finance sectors. The day-to-day operations of the company is headed by Mr. Joerg Weber who is the Executive director and Group CEO. MUA also has a highly qualified and experienced employee pool. Each vertical is managed by an experienced individual and a team of professionals. The CEO reports to the Board.

Strong Financial and operational parameters of MUA CY Insurance Limited (MUACL)

MUACL, a wholly owned subsidiary of MUA Ltd, was incorporated in 1948, and has been providing both general and life insurance. In January 2011, following the changes in the insurance legislations in Mauritius – that an insurance company cannot undertake both life (long term) and non-life/general (short term) insurance businesses, MUA segregated its operations with MUACL managing the general insurance business while its wholly owned subsidiary, MUA Life would conduct life insurance business. MUACL is regulated by Financial Services Commission (FSC).

Strong market share and network - MUACL is one of the leading players in the general - insurance business in Mauritius with 22% market share (No. 2 player in General Insurance market of Mauritius). At December 31, 2022, it had a network of 9 branches across Mauritius.

Comfortable financial position - MUA Group has been consistently making profits over the last few years. The management adopted the following measures which have enabled them to achieve steady growth in terms of Gross Written Premium and PAT over last few years:

- Process review with the aim of achieving greater efficiency in terms of subscription, administration, and claims.
- Continued focus on digitalization and innovative solutions, notably with the launch of an insurance Mobile Application.

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Below is the underwriting performance of MUACL over the last four years:

MUR Million

Financial year ending December 31,	2019	2020	2021	2022
Gross Premium Written	2,350	2,497	2,586	2,866
Operating Profit (Underwriting profit+ investment income +other income)	286	370	242	379
PAT	193	256	148	277
Claims Ratio	59%	54%	62%	64%
Expense Ratio	21%	21%	20%	22%
Commissions Ratio	13%	13%	13%	13%
Combined Ratio	93%	88%	95%	99%

In FY21, the GPE registered a growth of 11%. Motor, accident & health, and property insurance are major revenue contributing segments for MUACL. During FY22 & FY21, these three segments collectively contributed 73% of the total GPE. In FY22, MUACL's PAT increased significantly by 87% mainly on the back of higher premium and investment income.

Sound investment portfolio - MUACL had an investment portfolio of MUR 1,489 million as on December 31, 2022 (MUR 1,550 million as on December 31, 2021), break up of which is as under:

As at December 31,	2020		2021		2022	
	MUR Million	%	MUR Million	%	MUR Million	%
Govt. Securities	625	52	651	42	568	38
Listed Equity	211	17	267	17	286	19
Un-listed Equity	20	2	27	2	35	2
Unlisted Bond	-	-	-	-	-	-
Listed Bond (SBM)	25	2	28	2	28	2
Mutual Funds	64	5	76	5	69	5
Fixed Deposits	79	7	341	22	354	24
Loans to customers	188	15	159	10	149	10
Total	1,212	100	1,550	100	1,489	100

The investments comprised of Govt. Sec (FY22: 38%), which are readily marketable in nature thus providing sufficient liquidity cushion to the company. As at Dec 31, 2022, the company had a total of MUR 196 million (FY21: MUR 225 million) in cash at bank and MUR 354 million (FY21: MUR 341 million) invested in fixed deposits.

Investment in subsidiaries within permitted concentration limit

As at December 31,	2020	2021	2022
	MUR Million		
Property	90	90	90
Subsidiaries (including receivables)	390	390	415

At December 31, 2022, total investment in subsidiaries and related companies was MUR 415 million, which is well within the concentration limit of MUR 472 million (10% of the Total Asset as on December 31, 2022, i.e. MUR 4,721 million).

Satisfactory Solvency Position - MUACL has a satisfactory solvency position with a ratio of Excess Capital Available to Required Capital margin standing at 212% (FY21: 218%) against the statutory limit of 150% as per Insurance (General Insurance Business Solvency) Rules 2007. As informed going forward, the company intends to maintain minimum solvency margin of around 220%.

Re Insurance – The general insurance business is sufficiently protected through a carefully designed reinsurance programme consisting of both proportional and non-proportional treaties with highly rated and internationally recognised reinsurers in line with the Company's risk appetite. MUACL has taken re-insurance from international reputable re-insurance companies with strong credit ratings.

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SUMMARY OF FINANCIALS: The Mauritius Union Assurance Cy. Ltd**MUR Million**

Financial Year Ending December 31,	2020	2021	2022
	Audited		
Gross Premium Written (GPW)	2,497	2,593	2,866
Net Premium Earned (NPW)	1,828	1,991	2,150
Net Claims Incurred	985	1,232	1,385
Net Commission	(226)	(284)	(276)
Operating expenses related to insurance business +	370	385	454
Net Underwriting Profit	247	89	36
Net Investment Income	123	153	344
Operating Profit	370	242	379
Finance cost	16	15	17
PAT	256	148	277
Tangible Networkth	1,029	1,088	1,181
Claims Outstanding	892	1,197	923
Investments	1,132	1,209	1,135
Cash & bank balances	415	567	550
Total assets	3,805	4,273	4,454
Ratios			
GPW growth (%)	6.26	9.40	10.54
NPW growth (%)	4.34	8.93	8.00
Claims Ratio (%)	53.89	61.90	64.39
Combined Ratio (%)	87.40	96.30	99.14
Investment Yield (%)	5.48	6.48	17.97
RONW (%)	25.55	13.98	24.41
ROTA (%)	6.99	4.60	7.99

Strong financial and operational parameters of MUA Life Limited

MUA Life Limited ("MUA Life") is a wholly owned subsidiary of Mauritius Union Assurance Cy Limited (MUACL), which in turn is wholly owned by MUA Ltd. MUA Life is one of the leading players in the life insurance business in Mauritius with 13% market share. The Company has a wide range of products in traditional/non-linked and unit-linked insurance businesses.

Strong Solvency Position

As per the Mauritius Long-term Insurance Act and associated Regulations, MUA Life is required to maintain shareholders fund to cover the Minimum Capital Requirement (MCR) by at least 1 time. For the last three years, the Company managed to maintain shareholders' capital well above the minimum requirement, as shown below, hence demonstrating its strong solvency position.

Particulars	2020	2021	2022
	MUR Million, except otherwise stated		
Shareholders' capital used to cover MCR	1,195	1,422	1,402
Minimum Capital Requirement (MCR)	527	523	641
MCR cover multiple	2.27 x	2.72x	2.19x

Reinsurance – MUA Life has contracted reinsurance agreements with internationally recognised reinsurers to transfer the risks of facing large claims, in exchange for reinsurance premiums. The below table shows the total benefits insured by the company and the risk retained on its books:

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As at December 31, MUR Million	2020		2021		2022	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Total benefits Insured	87,230	36,433	97,108	40,489	126,182	47,454
Insurance Contract liabilities	7,778		8,902		9,058	
Policyholders Investment	9,274		10,400		10,279	

Strong asset quality

MUA Life had an investment portfolio of MUR 12,017 million (FY21: MUR 11,721 million) as on December 31, 2022, which is well diversified across various asset classes. The portfolio benefits from adequate safety with 56% being invested into government securities, and the mix of unit-linked funds and cash & FDs provides satisfactory liquidity cushion.

Particulars (MUR Million)	2020	% of total investment	2021	% of total investment	2022	% of total investment
Government Securities	4,750	51%	6,069	52%	6,783	56%
Unit Linked policies (listed equity /Mutual funds and listed Bonds)	3,291	36%	4,044	34%	3,064	30%
Loans and advances to customers	535	6%	466	4%	415	4%
Corporate Bonds (Unlisted)	370	4%	594	5%	686	6%
Fixed Deposit/Short term Deposit/ Cash with bank	188	2%	417	4%	399	3%
Investment in Property	131	1%	131	1%	131	1%
Total	9,265	100%	11,721	100%	12,017	100%

Loans & advances to customers (3% of the total portfolio at December 31,2022), are well managed within the company with NPL ratio as at December 31, 2022 standing at less than 5% for the loans and advances portfolio.

A substantial portion of MUA Life's investments (around 90% as on December 31, 2022) are readily marketable thereby extending it good liquidity support.

Profitability

MUA Life's gross premium grew by 17% from MUR 1,566 million in FY21 to MUR 1,818 million in FY22, driven by 23% growth in protection business and 19% growth in Unit linked business.

MUA Life reported net profit of MUR 269 million on NPE of MUR 1,613 million in FY22 (FY21: PAT of MUR 291 million on NPE of MUR 1,365 million). PAT witnessed a slight drop of 7% in FY22 due to an increase in direct claims & operating expenses and a fall in investment returns.

SUMMARY OF FINANCIALS: MUA Life Limited

Financial Year Ending December 31,	MUR Million		
	2020	2021	2022
	Audited		
Gross Premium Written (GPW)	1,311	1,556	1,818
Net Premium Earned (NPE)	1,145	1,365	1,613
Net Claims Paid	1,017	1,015	1,025
Net Commission	(34)	(50)	(71)
Operating expenses related to insurance business	152	169	206
Net Underwriting Profit/(Loss)	(58)	131	311
Net Investment Income	206	1,457	126
PBT	97	322	309
PAT	85	291	269
Tangible Network	1,195	1,422	1,402
Technical Reserve (Policyholders Fund)	7,778	8,902	9,058

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Financial Year Ending December 31,	2020	2021	2022
	Audited		
Investments	8,541	10,838	11,204
Cash & bank balances	188	417	399
Loans	535	466	415
Total assets	10,298	11,898	12,228
Ratios			
NPW growth (%)	18.90	19.21	18.22
Claims Ratio (%)	81.05	70.06	61.93
Combined Ratio (%)	98.50	87.76	81.88
Investment Yield (%)	2.14	13.97	1.15
RONW (%)	7.74	22.22	19.04
ROTA (%)	0.84	2.62	2.23
Solvency ratio (times)	2.27x	2.75x	2.19x

Moderate Financial and operational parameters of MUA Insurance (Kenya) Limited

In FY14, MUA Ltd expanded its presence in Africa by acquiring controlling stake (66%) in Phoenix of East Africa Assurance Company Limited, thereafter rebranded as MUA Insurance (Kenya) Limited. MUA Kenya has been providing General Insurance products since 1912 and has further developed its insurance activities in Tanzania, Uganda and Rwanda. MUA Insurance (Kenya) Ltd is regulated by The Insurance Regulatory Authority (IRA), which is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and develop the insurance industry.

In July 2020, MUA acquired Saham Assurance Company Kenya Limited, MUA Kenya at an aggregate cost of USD 12.35 million (financed by funds raised from bond issue in 2019 and rights issue in 2020). Saham Assurance Company Kenya Limited was established in 1993 as a composite insurance company and it is one of the most dynamic insurance companies in Kenya. While Saham assurance has both life and general insurance business, MUA has acquired only the general insurance business. MUA has received approval from the Insurance Regulatory Authority (IRA, Kenya) and both the companies merged their operations during FY21. The standing of MUA Insurance (Kenya) Ltd in each country of operation is as under:

Country	Market Share	Position	Revenue (MUR Million)		PAT/(Loss) (MUR Million)		Combined ratio	
			2021	2022	2021	2022	2021	2022
Kenya*	2%	17 th out of 36 Insurers	1,354	1,351	(100)	(51)	120%	110%
Tanzania	5%	4 th out of 24 Insurers	655	802	69	33	89%	109%
Rwanda	17%	5 th out of 9 Insurers	347	407	25	55	101%	90%
Uganda	4%	10 th out of 20 Insurers	273	337	18	14	97%	105%

* MUA Kenya and Saham Kenya combined

#Includes adjustments relating to non-operational cost from acquisition of Saham, and implementation of IFRS 17.

Overall, the East African Operations has gained momentum and has shown an increase of 13% in revenue from KES 3,419 million (MUR 1,354 million) in FY21 to KES 3,848 million (MUR 1,351 million) in FY 22 along with a satisfactory top line performance from Tanzania, Uganda and Rwanda.

For the first year of combined operations, MUA Kenya's loss after tax widened from KES 131 million (MUR 48 million) to KES 277 million (MUR 100 million), due to adjustments relating to non-operational costs of MUR 54 million on the back of merger costs and IFRS 17 implementation and prior years reserve adjustments of MUR 71 million. In the year 2022, the operations of the company have improved with a registered PAT of KES 63 million (MUR 21 million) against the loss of

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KES 11 million (MUR 4 million) incurred on FY21. This positive result is due to growth in premium and investment yield as well as a fall in interest payment. In Q1FY23, the East African entities posted both strong growth and improvements in their profitability compared to the prior period. MUA Kenya profits increased by 103% against the loss made in the corresponding period for 2022. The profit of the company was boosted by a lower motor loss ratio and dividends paid by subsidiaries. The GPW in the regions has jumped by 27% and favorable operational metrics such as lower loss and commission ratios have been witnessed.

Strong Solvency Position

An Insurer carrying on general insurance business in Kenya shall keep at all times admitted assets of not less than the aggregate value of its admitted liabilities and KSHS 600 million or 20% of its net earned premiums of the preceding financial year, whichever is the greater.

The solvency position of MUA Kenya is illustrated below:

Particulars	2020	2021	2022
	MUR Million, except otherwise stated		
Shareholders' capital used to cover MCR	248	387	279
Minimum Capital Requirement (MCR)	225	305	265
Solvency Margin	110%	127%	105%

Strong asset quality

MUA Kenya engages in short term insurance contracts and funds its insurance liabilities with a portfolio of equity and debt securities. More than half of the company's investment portfolio remained concentrated in debt securities to mitigate the impact of volatility of equity prices experienced in recent years. MUA Kenya (including subsidiaries) had an investment portfolio of MUR 2,438 million as on December 31, 2022. The breakup of investments for the last 3 years is as under:

As at December 31,	2020		2021		2022	
	MUR Million	%	MUR Million	%	MUR Million	%
Government Securities	1,230	51	1,424	53	1,405	58
Equity	100	4	87	3	75	3
Deposits with Financial Institutions	651	27	594	22	494	20
Investment in Property	289	12	315	12	298	12
Cash & Bank	130	6	250	9	167	7
Total	2,400	100	2,670	100	2,438	100

Exchange Rate of KESH/MUR:0.3559 as at December 2022

As at December 31, 2022, 81% of Group 's investments (FY21: 78%) were readily marketable thereby extending its good liquidity support. Around 58% (FY22: 53%) of the investments were in G-Sec, and deposits with FIs & Banks made up 27% (FY21: 31%) of the portfolio, indicating adequate liquidity cushion to settle unexpected volume of claims.

Profitability

MUA Kenya (Consolidated) posted mixed results over the last 3 years. The group reported net loss of MUR 4.2 million (Profit of MUR 38 million in FY20) on NPE of MUR 1,275 million in FY21 (FY20: MUR 847 million). The performance was impacted by prior year adjustments and non-operational costs.

Following the full integration of Saham into the operations of MUA Kenya, the resultant growth in GPW was offset by a more than proportional increase in net claims incurred leading to an underwriting loss of MUR 104 million. While higher investment income of MUR 229 million (FY20: MUR 185 million) have partly mitigated those losses, impairment losses of MUR 18 million and interest payable on the bond issue for the acquisition of Saham Kenya amounting to MUR 31 million, led to a loss of MUR 4 million. In the year 2022, the loss incurred has been recovered by a pick in PAT attaining MUR 21

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million. This increase is due to a combination of different elements including a boost in GPW, the claim ratio dropping to 62.3% from 66.5% in FY21 and investment income contained at MUR 200 million.

SUMMARY OF FINANCIALS: MUA Insurance (Kenya) Limited

MUR Million

Financial Year Ending December 31,	2020	2021	2022
	Audited		
Gross Premium Written (GPW)	1,590	2,437	2,507
Net Premium Earned (NPE)	847	1,275	1,349
Net Claims Incurred	394	848	841
Net Commission	(38)	(48)	(79)
Operating expense. related to insurance business	514	483	560
Net Underwriting Profit	(100)	(104)	(131)
Net Investment Income	185	229	220
Operating Profit	85	125	88
Profit/(Loss) after Tax	38	(4)	21
Tangible Network	1,068	1,222	1,226
Claims Outstanding	984	1,125	979
Investments	1,633	1,807	1,710
Cash & bank balances	780	831	645
Total assets	3,105	3,549	3,337
Ratios			
GPW growth (%)	37.90	53.27	2.87
NPW growth (%)	29.12	50.53	5.78
Claims Ratio (%)	46.58	66.52	62.33
Combined Ratio (%)	111.76	108.17	109.74
Investment Yield (%)	8.88	8.56	8.68
RONW (%)	3.40	N/A	1.71
ROTA (%)	1.44	N/A	0.61

Industry Risk

Mauritius has a well-developed insurance industry which is regulated and supervised by the Financial Services Commission (FSC) under the Insurance Act 2005, with a regulatory framework aligned with International Association of Insurance Supervisors (IAIS) standards and principles. The FSC has set up a regulatory framework for Captive Insurance (Pure Captive Insurance Business) under the Captive Insurance Act 2015, Government Notice No. 105 of 2016, which establishes the framework for the licensing, regulation, and supervision of captive insurance business. The insurance sector in Mauritius offers a modern regulatory framework and a vast pool of actuarial, insurance and brokerage experts poised to serve both the local and regional markets. The insurance sector in Mauritius is mostly privately owned and the domestic market is increasingly controlled by few major players. It caters for a comprehensive range of products and solutions, in essence life, general and reinsurance and others (health, education, motor vehicles, travel and marine insurance and specialized insurance products such as property and liability insurance, directors and officer's liability, employers' liability, third party liability inter alia). This sector is critical to the financial stability of the Mauritian financial system since insurance companies are among the largest investors after the banks. It contributed to 2.2% of the economy's GDP in 2021 and has over the years experienced a steady growth from 2.7% in 2021 to 3.2% in 2022. The below chart illustrates the performance of the Mauritian insurance industry over the last four years:

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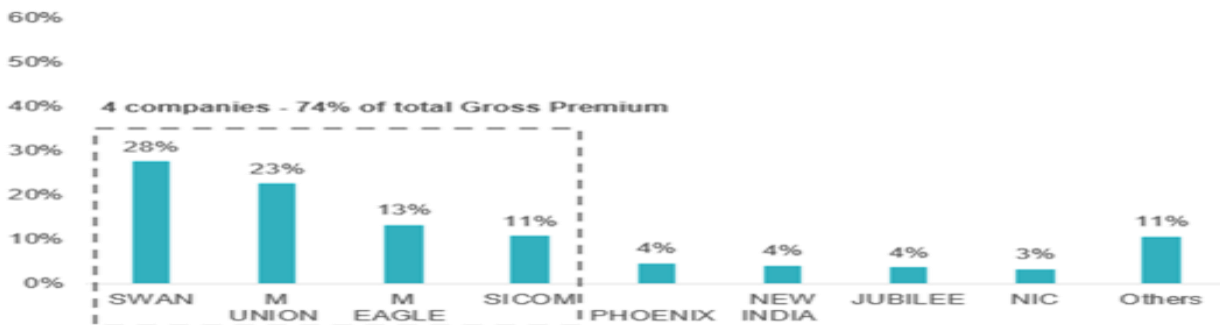
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General Insurance business in Mauritius

For the year 2021, there were 15 general insurance companies in Mauritius which generated gross premiums of MUR 12 billion during the year while total gross claims amounted to MUR 6 billion. A total of 575,758 general insurance policies were issued in 2021 and the industry had close to MUR 24 billion in assets under management. It is worth noting that four companies namely, SWAN, MUA, Mauritian Eagle and SICOM made up 75% of the general insurance market’s Gross Premium in 2021



The motor insurance segment continues to make up the lion’s share of the general insurance business, accounting for 34% of total policies while the remaining share is distributed among other insurance product classes, namely Accident, Property, Marine, Engineering, Transportation, and Guarantee insurance make up the remaining share.

Life Insurance business in Mauritius

The Life insurance segment comprises of 10 players, which registered total gross premiums of around MUR 12 billion in 2021 while total gross claims for the same period was MUR 8 billion. The segment is further distributed into Life Assurance (55%), Pension (19%) Permanent Health and Unit Linked Insurance making up the remaining 26% share of the segment. The total number of long-term insurance policies in force for the year 2021 was 553,116. This segment of the insurance industry remains dominated by Swan Life (44%) and SICOM (21%), while NIC and MUA control 14% and 13% of the market share respectively, in terms of GPW.

General Insurance business in Kenya

The General Insurance industry in Kenya comprised of 38 insurers in 2021 which collectively had underwritten KES 147 billion (equivalent to MUR 49 billion).

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Kenya's insurance industry is mostly concentrated into medical, and motor (private and commercial), both making up close to 66% of the sector. In terms of GPW, the top five general insurance providers in Kenya are; UAP Insurance Company (8.85%), CIC General Insurance Company (7.70%), APA Insurance Company (7.13%), Jubilee Health Insurance (6.33%) and Britam General Insurance (6.73%). The industry is regulated and supervised by The Insurance Regulatory Authority of Kenya.

Financials of MUA Ltd for 9MFY22:

Period ended/ as on 30 September	9MFY21	9MFY22
	MUR million	
Gross Premium Written (GPW)	4,962	5,728
Net Premium Earned (NPE)	3,493	3,969
PAT	254	149
Networth	3,957*	4,552
Total Debt	604	600
Retention Ratio (%)	70.40	69.30

*as on December 31, 2021

Despite a 15% growth in GPW for 9MFY22 compared to 9MFY21, the profitability of MUA td was down by 41%. Higher costs due to rising levels of claims weighed heavily on the Group's performance over the period. The rising interest environment and high volatility in equity markets significantly impacted the investment return of MUA Ltd.

MUA Kenya registered satisfactory growth of 16% in GPW. However, rising claims level and cost as well as competition have led to the East African business making losses for the 9MFY22.

Financials of MUA Ltd (Standalone)

Financial Year Ending December 31,	MUR Million		
	2020	2021	2022
	Audited		
Dividend received from MUA CY Ltd. and other subsidiaries	174	163	224
Interest received from MUA CY	7	7	22
Total Income	181	170	246
Administrative expenses	15	19	19
Interest cost on Bond Issue	21	18	23
PAT	137	133	201
Dividend Paid	137	148	158
Tangible Net worth	2,266	2,341	2,854
Borrowings	500	604	800
Ratios			
PAT growth (%)	7	(14)	29
Gearing Ratio (times)	0.22	0.26	0.28
RONW (%)	7	6	8

Financials of MUA Ltd (Consolidated)

Financial Year Ending December 31,	MUR Million		
	2020	2021	2022
	Audited		
Gross Premium Written (GPW)	5,237	6,680	7,565
Net Premium Earned (NPE)	3,825	4,673	5,295
Net Claims Incurred	2,369	4,239	3,494
Investment income	571	1,880	552
PAT	365	415	338
Dividend paid	137	148	158
Tangible Network	3,453	3,976	4,574
Borrowings	605	604	800

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Financial Year Ending December 31,	2020	2021	2022
Investments	11,437	15,046	15,602
Cash & Bank	1,247	1,097	1,270
Ratios			
Annual growth in GPW (%)	17	28	13
PAT Growth (%)	-	14	(19)
Claims Ratio (%)	62	61	62
Combined Ratio (%)	86	84	81
Investment Yield (%)	9	10	10
Gearing Ratio (times)	0.15	0.15	0.17
RONW (%)	12	11	8
ROTA (%)	2	2	2
Group Solvency ratio	217%	218%	212%

Details of Instruments

Instruments/ Facility	Amount (MUR Million)	Repayment
Bond Issue	500	Year 10 – MUR 500 million (September 2029)
Bond Issue	100	Year 10 – MUR 100 million (June 2031)
Bank Facility	200	The facility shall be available for one or more drawdowns with minimum drawdown amount of MUR 25 million. The tenor of each drawdown shall be up to 12 years.
Proposed Bond Issue	200	Year 7 – MUR 200 million (2030)

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.

In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating.

CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Annexure I**Rating Symbols****Long /Medium-term Instruments**

Symbols	Rating Definition
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

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