INTEGRATED **REPORT**

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EMERGING...RISING TO SHINE!

EMERGING...RISING TO SHINE!

After the most challenging period in our 44-year history, we are striding into a future that holds much promise for our people, products and prosperity.

SASRIA AND ITS ROLE

The South African Special Risk Insurance Association (Sasria) is unique in that it is the only non-life insurer in the nation that provides cover against special risks such as civil commotion, public disorder, strikes, riots and terrorism.

It was a product of the 1976 Soweto riots that saw the youth rise up against the use of Afrikaans as a medium of education. Unfortunately, it revisited its roots during 2021, when riots of the kind that created it took hold again, but on a more destructive scale.

Amid doubts that it would continue as a going concern, ironically after having celebrated the best-performing year in its history, the company prevailed to continue its essential work.

OUR DUAL MANDATE

As a state-owned entity, we report to the Minister of Finance via National Treasury. We serve two strategic directives, the first a legislative one of providing cover for special risk events in terms of the Sasria Act and of research and investigation into risks that can be considered to be of national interest, and the second contributing to the transformation of the financial services industry in line with the National Development Plan (NDP). This creates a sustainable economic and social environment for South Africans.

See pages 64 to 67 for more information on Sasria's corporate social investment (CSI).

More information on Sasria's Vision 2024 goals appears on page 23.

As with all South African insurance companies, ours operates in a well-developed framework stipulated in the Financial Sector Regulation Act. This community includes the Prudential Authority of the South African Reserve Bank (SARB), which maintains and enhances financial stability, and the Financial Sector Conduct Authority (FSCA), a market conduct regulator outside SARB.

Sasria is a member of the South African Insurance Association (SAIA) and the International Forum for Terrorism Risk (Re)Insurance Pools.

Our current five-year strategic cycle ends on 31 March 2024, after which a new strategic plan will run from 2024/25 to 2028/29. It is hoped that the scope of our mandate will expand, which will enhance our contribution to the fulfilment of NDP goals by, for example, enabling us to insure against natural phenomena such as droughts.

VISION

Special risk covered

MISSION

To provide special risk solutions for stability in South Africa

We provide peace of mind through responsible, disciplined, professional and well-governed business practices. We also play a meaningful role in society by offering products that will assist in the protection of assets in South Africa against potentially catastrophic special risk events. We are proudly South African and are determined in our quest to accelerate our company's growth and business transformation goals.

CORE VALUES

FAIRNESS
Treating all stakeholders impartially and with respect, recognising our accountability to them

ETHICS
Conducting ourselves in a manner that is transparent and ethical, courageously doing what is right, honouring our commitments and communicating honestly

SERVICE EXCELLENCE
Consistently applying our knowledge, experience and best efforts to deliver a relevant and professional service of an exceptional standard

COLLABORATION
Engaging with our stakeholders, assuming positive intent, respecting diversity and working together to create uniformly positive outcomes

INNOVATION
Applying thought and creativity to the application of new solutions

Throughout this report, we use icons to direct readers to more information and indicate how our activities link to our capitals, strategic focuses and strategic enablers.

MARKERS

Directs readers to a page in this integrated report with supplementary information.

Tab navigation and section markers

NAVIGATION

NAVIGATING THIS REPORT

OUR CAPITALS

Our capitals allow us to prosper and grow and are the engine for the goals set for our strategic focuses, which are achieved through our strategic enablers.

FINANCIAL CAPITAL

Funds from gross written premiums and investment returns used to settle claims, cover employees' costs, pay suppliers, invest, pay taxes and dividends, and channel into social investment.

HUMAN CAPITAL

Our people's competencies, knowledge, skills and talents, and their commitment to Sasria's mandate and customers.

SOCIAL and RELATIONSHIP CAPITAL

Our collaborative and transformative relationships with our stakeholders, which enable us to meet legislative requirements and transformation responsibilities

INTELLECTUAL CAPITAL

Our intangible infrastructure, including brand value, goodwill, software, rights, data, information and licences, and our tacit knowledge, systems, processes and protocols.

MANUFACTURED CAPITAL

Our own infrastructure and the physical assets of our customers, which we insure against special risks.

NATURAL CAPITAL

Natural resources affected by our investment, risks insurance, claims settlement and procurement activities. Climate risk and extreme weather events present opportunities to expand our mandate for common good.

OUR STRATEGIC FOCUS AREAS

Our strategic focuses align with the strategic objectives against which we measure our annual performance.

SUSTAINABILITY

Sustainability is measured by sustainable capital growth and sound corporate governance. Despite low economic growth and continued social unrest incidents, our product remains affordable and valuable for our growing customer base and we are confident that we will continue to grow.

CUSTOMER-CENTRICITY

Customer-centricity is based on the value-add we provide to customers and the maintenance of a culture conducive to prosperity and growth. We continue to improve our operational efficiencies to increase customer satisfaction. The claims rejection ratio remains negligible and turnaround times are improving, particularly given the processes enacted following July 2021.

SOCIO-ECONOMIC IMPACT

Our building of capacity in the financial sector through skills development, our education of youngsters with potential to become assets in our industry and our commitment to enhancing the lives of South Africans nationwide.

DIGITALISATION

Our well-advanced digitalisation journey is enabling us to improve interdepartmental collaboration through integrated processes and information sharing. We have greater and more flexible accessibility and have improved our records security and management. We attract talent with simplified and efficient processes.

OUR STRATEGIC ENABLERS

The tools that enable us to implement strategic focuses and meet our performance targets.

CAPITAL MANAGEMENT

We preserve our capital and manage investments prudently to ensure long-term sustainability, thus remaining at the forefront of governance among state-owned entities. This enabler is linked to the financial capital.

DISTRIBUTION CHANNELS

We develop our channels responsibly and sustainably, constantly reviewing and reinforcing our network of agents and adapting our product portfolio to close market gaps. The distribution channel enablers talks directly to the social and relationship capital as it relates to our stakeholders.

TALENT

We ensure that our employees are a strong, united and committed team, operating in a high-performance environment, focused on common goals and equipped through training and development to achieve them. We also prioritise attracting new talent to the company to further our growth plans and ensure a wide scope of expertise and skills for continued sustainability. Human capital links the talent enabler.

BUSINESS INTELLIGENCE

We invest in tools and information that allow us to meet the changing needs of our customers and prepare for new customers. These investments are underpinned by modern business enterprise systems and internal infrastructure. This enabler is linked to the Sasria natural-, manufactured and intellectual capitals.

Refer to page 24 for details of our expanded strategy from 2024 to 2029

GUIDED BY THE SUSTAINABLE DEVELOPMENT GOALS

We remain mindful of national and global imperatives to improve life for the world's citizens and tailor our product and socio-economic offerings to advance the ideals contained in the NDP and the United Nations Sustainable Development Goals (SDGs). We make a meaningful contribution to the NDP through our incubation programme for emerging fund managers (see page 41) and to both the NDP and SDGs through our socio-economic investments (page 65).

EMERGING... RISING TO SHINE

While still navigating the new world following Covid-19's disruption, Sasria found itself in the most challenging period of its history when the unrest took hold in July 2021, one that would demand unwavering commitment and gargantuan effort from every team member. The circumstances, causes and outcomes of the event have been well documented, but we are now looking forward with hope, optimism and a fresh business approach shaped by the lessons delivered, intent on serving our shareholder and our stakeholders, all of whom supported us in our time of need and are now standing with us in our triumph.

We are well and truly emerging … emerging into a new chapter. And we're rising to shine, as we head into a future that holds much promise for our people, products and prosperity.

'Emerging … rising to shine' was chosen by the Integrated Report Steering Committee from 10 entries.

Scan this QR code for quick access to the digital version of the integrated report 2023

CONTENTS

2023

ABOUT THIS REPORT

This integrated report, aligned to the Integrated Reporting Framework of the International Integrated Reporting Committee, covers our activities from 1 April 2022 to 31 March 2023 and shows the value added during the year as we moved on from the events of 2020/21, wiser for the experience and better prepared for any curveballs ahead.

We demonstrate in the report more about our expertise in special risk, our products and how our dual mandate allows us to enrich the lives of South Africans.

We explore our capitals and how each adds value, and detail how we determine and manage material issues and risks inherent in our type of business.

STRUCTURE OF THIS REPORT

The report starts with a foreword from the Minister of Finance (page 10) who, in his capacity as representative of the shareholder, receives the integrated report for tabling in Parliament. The Chairperson's report follows, in which Moss Ngoasheng shares his thoughts on the year past.

On pages 52 to 55, we review our performance for the financial year, the fourth of our five-year strategic cycle, and present our outlook. Also covered are our environmental, social and corporate governance approaches and activities and the role of the Board and its committees in supporting the sustainability of the company and the economy. Our comprehensive annual financial statements for 2022/23 with explanatory notes complete the report.

The content is informed by the legislative environment in which Sasria operates, particularly the following:

- Constitution of the Republic of South Africa
- Companies Act 71 of 2008
- Conversion of Sasria Act 134 of 1998
- Department of Trade and Industry's Code of Good Practice for Broad-based Black Economic Empowerment (BBBEE)
- Financial Sector Charter (FSC)
- Financial Sector Regulation Act 9 of 2017
- Insurance Act 18 of 2017
- International Financial Reporting Standards (IFRS)
- King IV Report on Corporate Governance for South Africa 2016
- Public Finance Management Act 1 of 1999 (PFMA)
- Treasury Regulations of the PFMA.

MATERIALITY

From page 22, we cover the social, economic and governance issues that are material to our ability to create value for stakeholders. A matter is material if it can substantively affect an organisation's ability to create value. Determining materiality requires an assessment of the entity, its industry and the perspectives of its stakeholders. We look here at issues that have a material impact on our six capitals and our ability to remain sustainable. Sasria's Executive Committee (Exco) annually revisits the material issues identified previously to establish changes in their importance and influence, their relevance to value creation, protection and erosion, and their effect on the ability to pay claims and the company's reputation.

A materiality workshop held on 17 May 2023 was attended by Exco and key internal stakeholders.

The process involved the following steps:

Research and analysis of potential issues

- Past material issues
- Risks and opportunities
- Stakeholder engagement
- Corporate reports
- Peer reports
- Industry and economic issues
- Discussions with executive management

Evaluation and review of current issues

Evaluate the risks in the light of Sasria's strategic objectives, stakeholder issues, risks and capitals used to create value over the short-, medium- and long term

Confirmation of the issues

Link identified risks to Sasria's strategic output-oriented goals, then group them into themes based on the executives' assessment of their potential impact

Disclosure

Approve and disclose the identified material issues in the integrated report

INTEGRATED REPORT APPROVAL

The information in this report was collected and prepared using similar methods and timeframes as in the previous year, unless stated otherwise.

The annual financial statements in this report were prepared in line with IFRS and audited by our external auditors, SizweNtsalubaGobodo Grant Thornton Inc and AM PhakaMalele Inc. Financial information included elsewhere in this report was extracted from the audited annual financial statements.

A combined assurance approach was used in compiling the report. Exco contributed input and material for the contracted service provider to draft the content in a transparent and comprehensive way. The Integrated Report Steering Committee reviewed the content for completeness and accuracy.

Without issuing an opinion on the report, the external auditor ensured its consistency with the audited annual financial statements. Exco then recommended the report, the Audit Committee reviewed it and the Board signed it off.

SCOPE AND BOUNDARY

The report covers our strategy and performance for 2022/23. The scope and boundary remained as they were in the previous financial year and no restatements were made, unless otherwise indicated in the report. The report reviews our operational and financial performance, strategies, activities, outcomes and risks. Reporting considers perspectives of key stakeholders that influence or are interested in our ability to achieve our mandate.

FORWARD-LOOKING STATEMENTS

Certain forecasts of future results have been disclosed, including gross written insurance premium growth levels, underwriting margins and investment returns. Since these are not yet determinable, they involve inherent risks and uncertainties. Actual results may differ considerably. Forward-looking statements apply only to the date this report was signed off by the Board.

BOARD RESPONSIBILITY AND APPROVAL STATEMENT

The Board acknowledges that it is ultimately responsible for the integrity and completeness of this report. With the Board committees, it has reviewed the content and audited annual financial statements. It believes that the report deals with all material issues and fairly presents the company's integrated performance, outlook, strategy and perspective on future value creation in accordance with the Integrated Reporting Framework.

JULY 2021 PERSPECTIVES (from the Sasria documentary)

Until these events, platforms such as this didn't exist to work together. It brought home that private property owners, municipalities and communities should collaborate to resolve issues and protect assets.

Neil Gopal — CEO South African Property Owners Association

For more details on the documentary, refer to page 20

OUR 2022/23 HIGHLIGHTS

TOTAL VALUE ADDED/DEPLETED

Financial Capital

R4.571 BILLION
Gross written premiums
2021/22: R3.152 billion

R1.723 BILLION
Net claims Incurred
2021/22: (R25.890 billion)

R3.176 BILLION
Cost of other services
2021/22: (R1.711 billion)

R694 MILLION
Investment income
2021/22: (R324 million)

Total value added/(depleted)
2021/22: (R24.125 billion)
R3.812 BILLION

THE VALUE WE DISTRIBUTED

Human Capital
R192 MILLION
Employee remuneration
2021/22: R145 million

Social and Relationship Capital
R6 MILLION
Socio-economic development
2021/22: (R24 million)

Government
NIL
Shareholder dividend
2021/22: NIL

Tax
R31 MILLION
Income tax
2021/22: (R837 million)

Manufactured Capital
R8 MILLION
Capital spend on infrastructure
2021/22: R29 million

Financial Capital
(R3.582 BILLION)
Retained income before transfer to reserves
2021/22: (R24.125 billion)

Value distributed
R3.812 BILLION
Total value distributed
2021/22: (R24.125 billion)

OTHER HIGHLIGHTS

Human Capital
131
Permanent employees
2021/22: 135

Financial Capital
R10.734 BILLION
Assets under management
2021/22: R14.616 billion

FOREWORD FROM THE MINISTER OF FINANCE

Enoch Godongwana
Minister of Finance

To introduce this annual integrated report from Sasria is both a pleasure and a privilege. Following the unprecedented events of July 2021, there was doubt whether the organisation could survive the immense toll the unrest exacted on its financial reserves. At the time, performance was at its peak, as it had topped R1.5 billion in net profit at the close of 2020/21. But faced with claims amounting to R32 billion, its resources were not even a noticeable drop in the ocean when the tide of claims flooded in.

South Africa could not afford to lose this vital entity, occupying such an essential niche role in the insurance community as the only insurer providing cover against special risks such as civil commotion, public disorder, strikes, riots and terrorism. The very events that tested the organisation to the hilt solidly reinforced the need for its services. Government, and more specifically National Treasury as Sasria's shareholder, stepped in to provide the necessary support to an organisation that had operated efficiently and without fanfare for 43 years, so that it could continue to cover ordinary South Africans from perils that we have come to realise are all too real.

In 2022/23, Sasria continued to meet its claim obligations to those whose assets were destroyed and livelihoods threatened by the unrest. By year-end, 95% of valid claims had been paid out, setting claimants back on the road to profitability, restoring jobs and renewing faith among policyholders that the system works to their benefit. The remaining 5% of claims are mostly complex large-loss claims and those that require the rebuilding of infrastructure.

The behind-the-scenes activity, along with the actions and crucial decisions that followed the unrest, resulted in a much closer working relationship between National Treasury and Sasria. Regular engagements continue to explore ways to strengthen the insurer's role. These engagements are set to continue to enable Sasria to withstand future adversity and shocks to its balance sheet.

During 2023/24, the organisation will continue to restore itself to full capacity and consider new opportunities to expand its role in South African society. Its mandate may, in due course, be tailored to accommodate additional markets and business activities, but Sasria will continue to be guided by its two roles — legislatively to provide cover for special risk events and to research and investigate coverage for risks relevant to the nation, and socio-economically to play a vital role in transforming the industry for the betterment of all citizens.

There is no doubt that South Africa is richer for Sasria's accomplishments over the decades, its presence to fill what would otherwise be a chasm in the insurance landscape and its diligence in keeping citizens and businesses better protected against ills that may disrupt lives.

As stated in the budget speech of February 2023, we are facing significant risks. Uncertainty is rising and it requires us to do bold things, to put the fear of failure aside and execute the difficult trade-offs needed to get from where we are now to where we want to be.

In the way the organisation has handled the difficulties presented to it over the last two years, Sasria has done just that. It can proudly call itself South African and we, as the Ministry of Finance, are honoured to accompany it along its way.

ACKNOWLEDGEMENTS

In the words of Malcolm X: 'There is no better teacher than adversity. Every defeat, every heartbreak, every loss contains its own seed, its own lesson on how to improve your performance the next time.'

The Board of Sasria met the challenge head-on and provided strong and decisive leadership throughout the year, overseeing and ensuring the efficiency of claim payments to enable beneficiaries to return to productivity promptly. This provided a degree of comfort in the most trying circumstances and delivered hope of rebirth among devastated business owners.

The Sasria team, led by Mpumi Tyikwe in his first full year as Chief Executive Officer, worked around the clock to serve clients and customers and help get the country back on its economic feet.
The Ministry of Finance greatly appreciates the effort and long hours invested in righting the wrongs of this unfortunate episode in our history, and notes with interest the exciting work being done by Sasria as it completes its Vision 2024 of a 'new world of work' and starts to craft plans, programmes and goals for its next multi-year strategy from 2024/25 to 2028/29.

Enoch Godongwana
Minister of Finance

CHAIRPERSON'S REPORT

In 2022/23, Sasria emerged from the impact of the devastating events of July 2021 to re-establish itself once again as a reliable insurer of special risks in South Africa. Decisive leadership, commitment and sheer hard work of the shareholder, the Board, executives and staff are building a solid foundation for the company to be more resilient against future events of that magnitude. While it has some way to go to proclaim a complete recovery, it has been a valiant effort thus far.

To recap briefly on those defining moments in the company's history, it had to contend with more than 17 000 claims amounting to R32 billion emanating from the unrest of July 2021. At the time, there was doubt that it would survive, let alone be able to pay all the claimants. National Treasury stepped in with R22 billion in capital, our panel of reinsurers worldwide agreed to settle initial claims in good faith and in the absence of any accurate estimate of the total amount needed to cover the losses, investments were liquidated and staff worked tirelessly to ensure that customers were neither denied nor delayed in their efforts to rebuild their lives and livelihoods. By 31 March 2023, we had settled R30 billion worth of claims.

Even though the previous year tested the company's mettle to the hilt, the work continued during the year, with attention focused beyond processing payments onto building up resources, bolstering systems and regaining the company's strength and capabilities.

Our financial position and performance improved significantly during 2022/23 to set us on the path to regaining stability. This improvement is attributable mainly to growth in premiums written, positive claims experience and increase in investment returns. Our solvency capital requirement continued to improve and is now well above the regulated capital requirement. Consequently, we no longer have to report monthly to the Prudential Authority, which had constantly monitored our recovery progress.

Now the company can focus on risk planning as it future proofs the business to be more financially strong, agile and ready for the next challenge. Hindsight is a powerful teacher and it has led us to institute regular engagements with government to find innovative capital solutions that can be approved by the Prudential Authority in the context of hardened reinsurance markets. The company's reinsurance premiums continue to soar while cover continues to reduce due to the state of the reinsurance. We are cautiously optimistic in predicting that an event as severe as that of July 2021 will not recur, but we are seeing a growing number of disturbances and protests linked to the power crisis, failing water systems, high unemployment, slow economic growth and inadequate municipal services.

Loadshedding remains the biggest threat to our economy, while spiralling fuel prices may also lead to a Sasria peril. Lack of service delivery is currently the number one driver for claims, with communities resorting to violent protests to ensure their grievances receive the necessary attention. South Africans are under considerable pressure from many fronts, including the economy, failing infrastructure and lack of employment opportunities. In this volatile scenario, we must remain alert to the possibilities of brewing crises and provide South Africans with hope that things can get better.

During this year, we will wind down the current five-year strategy while reviewing it with the learnings of the past two years to guide the years 2024/25 to 2028/29. Vision 2024 set out to maintain our relevance in a complex and rapidly changing market by emphasising customer-centricity, ensuring sustainability and delivering a positive socio-economic impact. The closing stages of this plan will focus on aspects such as Sasria's digital capability, insurance skills and market responsiveness.

APPRECIATION

My thanks go to my fellow Board members for staying the course so that we could exit the year stronger than we entered it. We bade farewell to Onkgodisitse Mokonyane, who resigned as Board member and Deputy Chairperson with effect from 31 March 2023. Christiaan van Dyk and Moipone Ramoipone's terms ended when the Board's term ended on 23 June 2023. Christiaan van Dyk was not available for reappointment and Moipone Ramoipone's appointment was not renewed.

We thank them for their service and wish them well in their endeavours. Both Onkgodisitse and Christiaan are actuaries, which is a critical part of the Board skills mix. The Remuneration Committee is studiously seeking equally qualified replacements and will submit the names of recommended candidates to the Minister in due course.

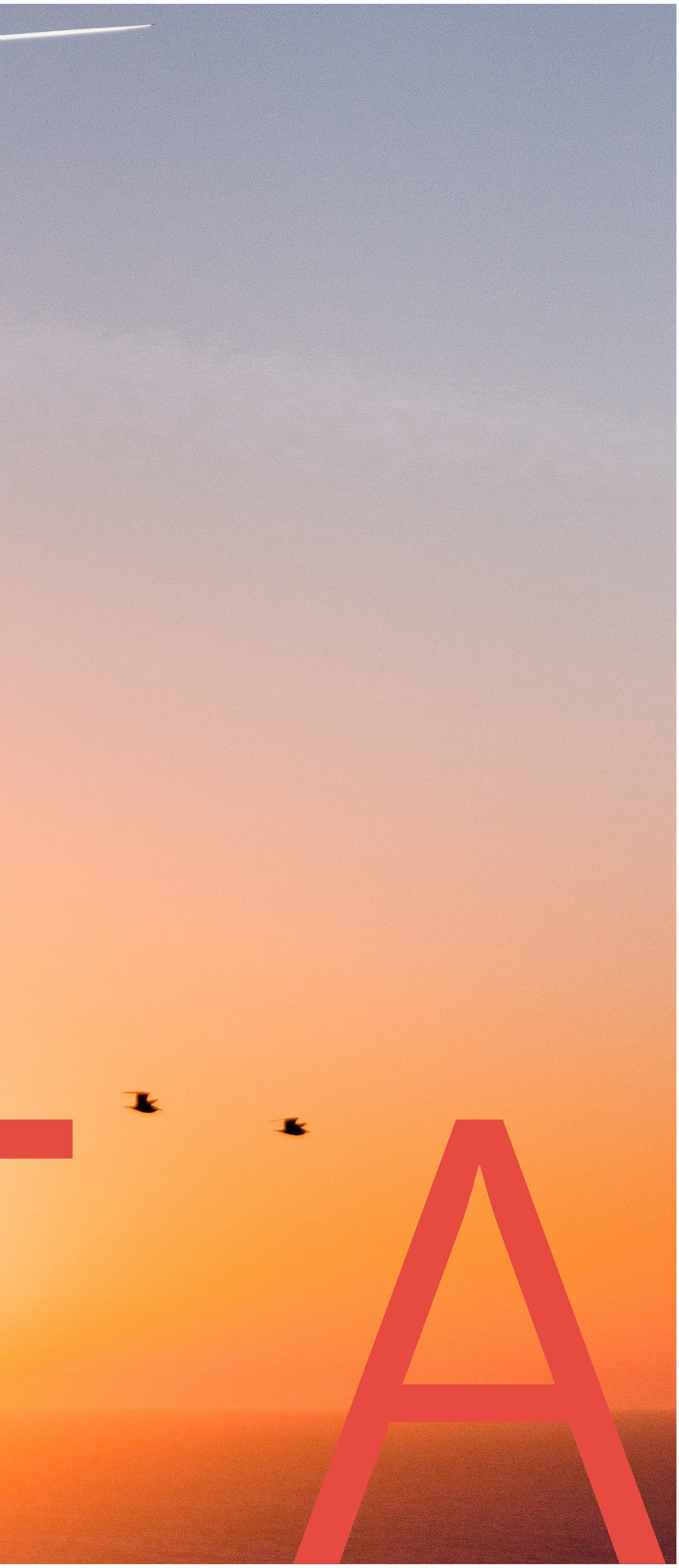
On 13 October 2022, we applied to National Treasury to consider a reappointment of the current Board members, as all non-executive directors at the time indicated their availability. We are awaiting a favourable response so that we can maintain continuity as the company consolidates its recent gains and prepares for transition to a new strategy.

The Board acknowledges the stellar leadership provided by Mpumi Tyikwe throughout the year under review and his ability to spur and encourage the team to make the sacrifices necessary to meet legislative and socio-economic mandates and restore this iconic South African institution so that it may serve citizens for many more decades to come.

Moss Ngoasheng
Chairperson

WHO WE ARE AND THE VALUE WE ADD

PART



In this chapter, we share more about Sasria, the governance structures and leaders that guide its operations and the stakeholders that influence its activities and approaches.

We also delve into the issues that affect our livelihood and sustainability and our response to these and to the many opportunities that abound in our specialised sector.

PART A

OUR KEY STAKEHOLDERS AND OUR INTERACTION WITH THEM

Stakeholder management is central to any organisation and Sasria's business model places it at the heart of its activities across the value chain. We forge and nurture relationships that enable us to refine our products, enhance our customer service and generate revenue to remain sustainable, effective and compliant with the laws and legislation governing us.

In every engagement, we aim to provide true value and convey a positive perception and attitude of the company in the minds of our audience. Our success with this depends on the depth of our understanding of stakeholder needs, interests and expectations and our ability to meet these consistently.

In creating our stakeholder engagement approach, we consider:

- Criteria for identifying, analysing, mapping and prioritising stakeholders;
- Approach, logistics and engagement mechanisms;
- Rules for engagement;
- Surveys and risk identification tools to enrich our attitude to, interest in and knowledge, perception and experience of stakeholders;
- Key stakeholder management reporting.

Our key stakeholders, their needs and our responses to them are detailed below:

Stakeholder with direct impact on Sasria's business	Stakeholder's material needs	Why these stakeholders matter	How we engage	Our response	Strategic focus areas	Strategic enablers
Shareholder	• Good corporate governance from an entity under its umbrella • Sasria's sustainability and continued ability to honour claims from its reserves • Ability to further the goals of the NDP • Ability to contribute to the country's economic and social transformation	• Provide enabling environment for Sasria • Approve company strategy and other key documents • Provide support and guidance	• Regular engagement • Reporting against strategic plans • Participation in public sector forums	• Sound corporate governance practices • Contributing to transformation • Developing inclusive products	Sustainability	Capital management
Customers	• Understanding of Sasria's role and awareness of the Sasria brand • Product satisfaction • Prompt claims settlement	Influence company growth and sustainability	• Engage commercial customers • Monitor claims turn around times • Consumer education • Monitor complaints • Monitor Ombudsman cases	• Treating customers fairly/service • Enhanced products/ relevant solutions • Efficient claims management • Insurance solutions	Digitalisation	Business intelligence

Stakeholder with direct impact on Sasria's business	Stakeholder's material needs	Why these stakeholders matter	How we engage	Our response	Strategic focus areas	Strategic enablers
Future customers	• Access to information on Sasria • Easy access to Sasria products • Prompt claims settlement	Instrumental in continued growth	• Market research • Consumer education • Monitor customer satisfaction	• New products • Marketing plan	Customer-centricity	Business intelligence
Regulators (including Prudential Authority and FSCA)	• Compliance with their regulations and prescripts • Solvency • Above-reproach market conduct	• Regulations and monitoring enable us to do business • Power to deregister organisations for non-compliance	• Regular meetings with the Prudential Authority and FSCA	• Zero tolerance to non-compliance • Sound corporate governance practices	Socio-economic impact	Talent
Insurance industry bodies (including Financial Intermediaries Association and SAIA)	• Policy fees • Brand awareness • Product knowledge • Service	Our growth strategy is dependent on them influencing their members	• Obtain feedback on products and services • Participate in industry forums	• Policy fee review • Brand and product communication	Sustainability	Distribution channels
Media	• Information • Accessibility to decision-makers during crises • Reputation	Influence company brand and people's perceptions of the company	• Ad hoc interactions • Television and radio interviews • Articles on special risk	• Media engagement • Strategic partnerships • Public relations management	Customer-centricity	Business intelligence
Employees (also refer to pages 68 to 74)	• Company sustainability to protect jobs • Development for career progression • Wellbeing through programmes such as wellness and psychosocial support • Fair and competitive remuneration	• Enable us to achieve our strategies and goals • Power to influence our brand • Influence nature of work climate	• Daily interaction • Talent management • Performance management • Wellness programme • Climate and 360° surveys	• Employee value proposition • Talent management • Succession management • Fair remuneration • Conducive environment and culture • Change management	Customer-centricity	Talent
Agents and intermediaries	• Keeping abreast of and complying with regulatory changes • Creation of brand awareness among existing and potential customers • Product knowledge • Prompt and efficient service	• Influence company growth and sustainability • Influence customer product choice	Electronic and face-to-face interaction	• Monitoring complaints and service levels • Product training • Insurance solutions	Sustainability	Distribution channels

Other significant stakeholders include asset managers, banks, reinsurers, socio-economic development partners and the South African public.

SASRIA STAKEHOLDER QUALITY RATING

Sasria's stakeholder planning framework identifies and classifies various stakeholders into groups based on their involvement, assessing their influence, expertise, orientation (combative/collaborative), vulnerability, capacity, trust and interest. Based on these findings, management and communication strategies are planned to engage each audience appropriately.

STAKEHOLDER	INFLUENCE The influence the stakeholder has over Sasria, directly or through other stakeholders	CAPACITY The degree to which the stakeholder engages at the level desired by Sasria and meets commitments	TRUST The degree of mutual familiarity and trust between Sasria and the stakeholder and the track record of both parties in meeting commitments, respecting confidentiality and participating in productive dialogue	INTEREST Stakeholders' vested interest in the success or otherwise of Sasria's business	ORIENTATION The stakeholder's willingness to engage and whether interaction is collaborative or combative	EXPERTISE The stakeholder's information, counsel or expertise on Sasria or what it does that could be helpful, such as from an expert in natural risk	COMMENTS
National Treasury	High	High	High	High	High	High	The rating remained as it was for the previous year
Prudential Authority	High	High	High	High	High	High	Trust and interest both moved. Regulator interest in Sasria has grown significantly, with closer supervision following the July 2021 unrest. Trust has grown, with Sasria having complied with solvency position conditions
Customers	High	N/A	Medium	High	N/A	N/A	Customer trust has improved with our ability to honour unrest claims registered
Agent companies	High	High	High	High	High	High	Agent companies score high on all variables and Sasria continues to foster collaborative and effective relations with these stakeholders
Media	High	High	Medium	High	High	Medium	Our orientation and relations with the media have been incredibly cooperative, which has allowed us to use this platform to communicate important messaging and provide South African society with valuable awareness of the risks involved in destroying property

STAKEHOLDER ANALYSIS LEGENDS

These legends are used to assess and categorise Sasria stakeholders based on various dimensions crucial to understand their potential role, impact and needs in relation to the business and operations of Sasria. The analysis is essential for developing effective communication and engagement strategies.

Influence:
Low: Stakeholder has limited power to directly or indirectly effect changes in the project or decisions.
Medium: Stakeholder has moderate power to influence the project or decisions — the influence is neither dominant nor negligible.
High: Stakeholder has significant power to shape the project or decisions — its actions or opinions hold substantial weight.

Expertise:
Low: Stakeholder has limited or no specific knowledge relevant to the business and operation of Sasria.
Medium: Stakeholder has moderate knowledge and skills relevant to the business and operation of Sasria.
High: Stakeholder is highly knowledgeable and skilled in areas relevant to the business and operation of Sasria and its input is considered expert.

Orientation:
Low: Stakeholder has minimal or neutral willingness to engage in the business and operation of Sasria.
Medium: Stakeholder is somewhat willing and engaged with the business and operation of Sasria, but it is not a primary concern.
High: Stakeholder has a strong alignment or is invested to engage in the business and operation of Sasria and is highly engaged.

Vulnerability:
Low: Stakeholder is relatively unaffected by the outcomes of the business and operation of Sasria.
Medium: Stakeholder is somewhat susceptible to the effects of the business and operation of Sasria, with potential for moderate impact.
High: Stakeholder is significantly susceptible to the effects of the business and operation of Sasria and the outcomes have a substantial impact on it.

Capacity:
Low: Stakeholder has limited resources (time, skills, finances) to contribute to the business and operation of Sasria.
Medium: Stakeholder has moderate time resources to invest in the business and operation of Sasria.
High: Stakeholder has substantial resources to invest and is able and willing to contribute significantly to the business and operation of Sasria.

Trust:
Low: Stakeholder has minimal trust in the business and operation of Sasria, resulting in reluctance to support or engage.
Medium: Stakeholder has moderate trust in the business and operation of Sasria, which allows for some degree of support and engagement.
High: Stakeholder has high trust in the business and operation of Sasria, resulting in strong support and active engagement.

Interest:
Low: Stakeholder has minimal or no concern about the outcomes of the business and operation of Sasria.
Medium: Stakeholder has moderate concern and interest in the business and operation of Sasria.
High: Stakeholder has a significant and keen interest in the outcomes of the business and operation of Sasria and is likely to actively follow its progress.

JULY 2021 PERSPECTIVES (from the Sasria documentary)

If we hadn't had Sasria I think the country would be in a far worse state than it is. I don't think we ever had a real claim against Sasria until 2021 but when we needed to claim, the funds were there and we got them. And they were crucial in rebuilding our infrastructure. The sadnesses are that we needed the cover and that Sasria had to pay out.

Gareth Ackerman — Pick n Pay chair and Consumer Goods Council of South Africa co-chair

For more details on the documentary, refer to page 20

PROACTIVE BRAND-BUILDING

Sasria's first brand TV commercial, 'Sasria restores you', launched in 2021/22, played a crucial role in creating brand awareness for the company amid the challenges posed by the July 2021 unrest, strengthening the positioning of its range of products and services. In 2022/23, we prioritised cost-effective brand-building exercises based on lessons learnt from the unrest. These initiatives focused on improving the clarity of claims processes, targeting small and medium enterprises with marketing campaigns and supporting affected communities.

To maintain visibility and strengthen the brand, we leveraged reputation management channels, intensified social and digital campaigns and implemented targeted above-the-line campaigns.

These campaigns demonstrated the benefits of maintaining an always-on approach to brand-building and resulted in increased engagement. A community of followers was built, engagement on digital platforms was enhanced, and audiences were made aware of Sasria's brand and products.

We relied on detailed analytics provided by social and digital media platforms to closely monitor the performance of the campaigns and make data-driven decisions to optimise them for better results.

Reputation management
During 2022/23 period, Sasria intentionally leveraged reputation management activities such as profiling and media management as a significant part of its brand communication strategy. Through this, we steered media perceptions and cultivated a favourable narrative that resonated with stakeholders throughout South Africa.

Before 2020, our approach to media engagement had been reactive, which resulted in sporadic responses to media issues as they occurred. The current proactive approach recognises the importance of consistently building relationships with the media and avoiding engaging only during times of crisis.

During the year, by managing interviews and responding to media queries with statements, we gave the media factual and positive information about the brand's journey. This helped strengthen relations and position Sasria as accessible to the media and a recognised thought leader in special risk insurance.

To instil trust in the new leadership of Sasria, the CEO and key executives were profiled. This process is ongoing to build Sasria's reputation and credibility in the media.

Embracing a future-oriented perspective, Sasria recognises the absence of absolute monopolies and appreciates the significance of continuous interaction with the media. Thus, we are committed to fostering strong connections with media experts and taking the initiative to collaborate actively with them to raise understanding and awareness of our strategic achievements.

We regularly publish thought leadership articles on the Sasria brand, addressing strategic special risk insurance issues. These articles showcase Sasria's position as a thought leader, demonstrating its commitment to providing valuable insights to the media and the public.

July 2021 documentary
A documentary focused on the events of July 2021 is part of Sasria's new approach to drive consumer awareness and education. By highlighting Sasria's rebuilding, restoration, relevance and resilience, this documentary is a crucial communication tool for stakeholders and the population. The aims are to promote responsible protesting that does not cause damage to essential infrastructure and to mitigate risk for Sasria.

The documentary educates the public about the right to protest responsibly while entrenching the Sasria brand in the minds of stakeholders and communities. Its ultimate aim is to improve the organisation's image and clarify its role during the 2021/22 period post the unrest.

Moreover, the production provides an opportunity to engage with strategic stakeholders, business associations, communities, councillors and national brand stakeholders to discuss the challenges we faced and identify mitigation strategies.

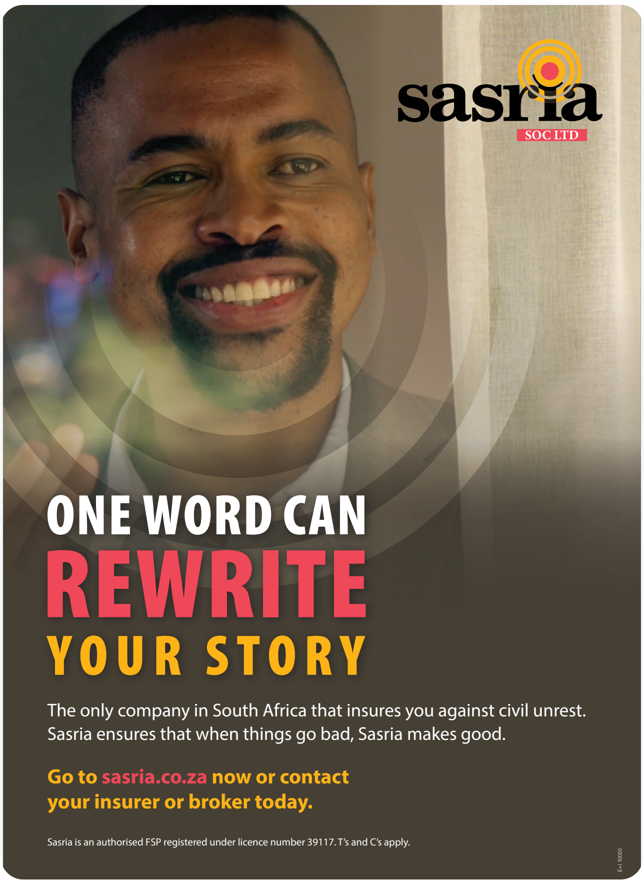
Risk mitigation
In pursuit of continuous advancement and enhancement of organisational effectiveness, meticulously designed initiatives were introduced during 2022/23, a focal point being risk mitigation. Understanding the profound impact that risk has on both our operations and stakeholder relations and following the significant losses incurred through the unrest, we adopted a multifaceted approach to strengthen relations and reduce the severity and frequency of claims lodged against us.

Community engagement

Sasria seeks to create resilient and informed communities, engaging both local communities and governmental organisations to form meaningful partnerships in risk mitigation. Through proactive collaboration, we gain a nuanced understanding of the needs and vulnerabilities of different communities, which guides the direction and thrust of our corporate social investment initiatives. Through activities that provide targeted support and resources to empower communities to protect their properties and livelihoods, we foster a culture of advocacy, encouraging individuals to actively participate in the movement against property destruction during public unrest. This approach reflects Sasria's dedication not only to safeguard assets but nurture safer and more stable, prosperous communities across the nation. Activities include:

- Partnerships with local government and non-government organisations, including community leadership, to address risks faced by communities. This involves proactive dialogues through which we seek to understand communities' unique risk profiles and develop tailored solutions that reduce risk and improve safety.
- Community education programmes focused on the impact of property destruction on communities and how these risks can be mitigated. This not only empowers citizens to protect themselves but reduces frequency and severity of claims, thus enhancing our organisational effectiveness.

Structured feedback mechanisms in communities allow us to gather important data on the effectiveness of our initiatives and continuously improve our strategies.



Customer education

A well-informed customer is the key to risk mitigation. During 2022/23, our customer education plan included:

- Workshops and webinars to educate customers about the types of insurance coverage Sasria offers, the risks that they are protected against and the measures they can take to prevent and mitigate these risks.
- Leveraging our website, social media platforms and thought leadership articles to regularly update customers about risk trends and prevention techniques.

Reducing claims severity

To reduce the financial impact of claims lodged with Sasria, we analyse the claims data to identify potential claim trends. This allows us to identify potential high-risk scenarios early and develop targeted strategies to prevent or mitigate these risks.

To this end, we are gathering intelligence, policyholder data and property data to strengthen our risk defence, which proved a weakness following the July 2021 unrest.

Products and possibilities

The current product portfolio is performing well despite high volatility in certain classes of business. However, products are constantly reviewed for profitability and to ensure that pricing is adequate for the risk that Sasria undertakes. Overall, the loss ratio has been low post the July 2021 unrest.

Pricing is reviewed annually to ensure that rates are sufficient and that we are able to achieve underwriting profit. Management is comfortable with the risk pricing. Although some customers raised concern over the increases, these were necessary for Sasria to remain profitable, increase its reserves to maintain legislative requirements and build for a catastrophic or adverse event and pricing reflective of risk.

Agent companies have implemented the new pricing, as was clear when we closed our 2022/23 financial year with gross written premium figures 45% above the previous year's numbers. Only one matter that is still with the Competition Commission — the M8 class of business for heavy commercial vehicles. This segment has been running at a loss for several years and the recent spate of attacks on trucks on the country's major roads is concerning.

The uninsured market in need of our products remain unserved, possibly through a lack of appetite for our agent company offerings to which our cover attaches. We also need to establish a distribution channel that will attract this segment and allow South Africans to buy Sasria cover without the need for the underlying policy. We will consult the market to identify required covers that are not catered for by our product offering and that give us opportunities to innovate. We are exploring, for example, partnering with private sector insurers to fill natural catastrophe insurance gaps.

MATERIAL ISSUES

Seventeen pertinent issues were identified at the materiality workshop held in May 2023, with tolerable levels of unrest risk and socio-political and -economic impact retaining their positions among the top three factors.

The top 10 material issues are outlined in the table below, with an explanation of how they affect our stakeholders and how we will address them.

MATERIAL ISSUES	Why is it material?
1. Tolerable levels of unrest risks (existing)	Sasria must enhance understanding of underlying socio-political and -economic drivers of unrest to anticipate future events. Drivers include unemployment, service-delivery/ infrastructure failures, xenophobic attacks, and political clashes and uncertainty
2. Financial position and performance (new)	Sasria's operational capability and capital position were affected significantly by the July 2021 unrest. The event also depleted Sasria's reserves and catastrophe reinsurance lines. The increased inflation worldwide, weakening rand and interest rates that continue to rise globally and in South Africa have also contributed negatively to our performance. The balance sheet needs strengthening through restored profitability and sensible use of reinsurance in a tough market.
3. Socio-political and -economic impact, including infrastructure and service delivery failure (expanded)	Making an impact on society and the economy means Sasria must lead innovation and solutions in its core business of special risk management, looking to proactive risk management approaches to special risk and participating in policy-setting, while anticipating special risk trends. Our special risk insurance cover provides vital business continuity cover for unrest disruption and damage that preserves economic, employment and service delivery capability of insured businesses. Our socio-economic investments, which reflect our sound corporate citizenship, focus on education for societal sustainability, industry skills development through learnerships, internships and leaders development; community upliftment and employee volunteerism. Infrastructure and service delivery failures, especially those of local government and metro/municipal, create certain political dynamics that underly unrest.
4. Sustainable growth and operational efficiency (expanded)	Key to Sasria's success is the ability to grow and sustain the business across all capabilities of relevance, purpose, brand awareness, customer base, balance sheet and risk management, and to achieve optimal scale and diversification against risk and value creation.
5. Data analytics, technology and digitisation, and data security and cybersecurity (expanded)	Digitalisation streamlines user experience and speeds up interaction between the business and its customers. It also results in better products and superior cost efficiency. With emerging technologies such as big data and analytics, cloud computing, mobile devices, social media, internet of things, blockchain, machine learning and artificial intelligence changing the playground and rules of competition across industries, new technologies, business process re-engineering and culture transformation will continue to guide the Sasria journey to 2024. The insurance industry faces a barrage of attacks from criminals and state actors, many of which are extremely sophisticated, and is an enticing target because of the volume of valuable data it holds. We must be able to put controls in place that prevent these cyber-attacks.
6. Talent, transformation, employee wellness, health and safety (expanded)	Talent is the key to the achievement of our goals. Attracting and retaining specialised skills and special risk experience are essential to strategy implementation. We must be able to compete against the private sector for scarce insurance, actuarial, data and information and communications technology (ICT) skills and have the ability to develop skills internally. Ensuring appropriate leadership depth and succession planning is essential. Our competency framework allows us to acquire, develop and retain the skills that we need now and in the future. Because organisational culture supersedes strategy, our culture transformation initiatives ensure that our environment is conducive to high performance and that our people are engaged and motivated to deliver excellent performance. Employee wellness, health and safety are key given the importance of mental and physical wellness of employees.

MATERIAL ISSUES	Why is it material?
7. Evolving special risk diversification and diversity and inclusion in insurance market (expanded)	This entails diversifying and expanding special risk and risk protection gap coverage to evolving areas, considering natural disasters, climate change impacts and cyber-attacks. It includes guiding policy in evolving risk areas and serving as a centre of excellence for special risk management. It also aims to address the insurance gap in the small business and informal market. We have an opportunity to enable access to insurance coverage to these underserved markets.
8. Climate change and environmental impact (existing)	The impact on communities, infrastructure and service delivery of climate change physical risks (floods, drought, fire) can lead to unrest. We can develop special risk insurance products linked to climate change transition and physical risks.
9. Customer-centricity, establishing trust, capabilities, agility and presence (combination of two existing matters)	We retain a strong focus on customer, intermediary and business partner needs and experience through understanding of products and anticipation of market needs and expectations. The ultimate aim is to serve customers in the best way and have a positive impact on the value chain through realising efficiencies. As the special risk leader in the insurance sector, Sasria must earn trust and demonstrate capability and service levels with all key stakeholders. Navigating change is key, as is agility to align with internal and external environment changes such as Covid-19 and manage new risks and regulations. We must demonstrate a solid track record of governance, risk management and compliance capability.
10. Navigating change (new)	Evolving the business model and products of Sasria as the economic, regulatory and business environment evolves alongside the evolution and disruption in the insurance and financial services sector requires innovation, agility and strong strategy development and execution capabilities.

OUR VISION 24

Vision 2024 is the current iteration of Sasria's five-year strategy, spanning 2020 to 2024. The journey began by identifying focuses providing opportunities to various stakeholders and specifically addressing risks that the government, insurers and Sasria face.

Government is expected to intervene and help South Africans in the event of a special risk disaster. Given the scale of the issues, it is unlikely to be able to perform this role on its own. Public-private partnerships are crucial in building the financial resilience to withstand any special risk disaster.

There are opportunities for Sasria to materially expand its value proposition to include:

- Viable products for the uninsured, using agent companies and alternative distribution channels
- A natural disaster pool focusing initially on drought insurance for emerging farmers
- Claims administration services for the government, leveraging our systems and expertise.

The next iteration of our five-year strategic planning cycle will consider the following items under the headings of stabilising our position, creating platforms for growth and expanding our scope:

2024-2029

STABILISE OUR POSITION

- Optimise reinsurance structure
- Obtain capital for excess of loss product
- Ensure profitability
- Streamline, automate and create capacity in claims processing
- Progressively automate systems
- Implement data analytics
- Articulate Sasria transformation agenda
- Develop human capital capacity and capability
- Progress feasibilities for other special risks
- Finalise and initiate business plan for uninsured market
- Finalise business plan for claims administrator for government
- Improve risk mitigation interventions

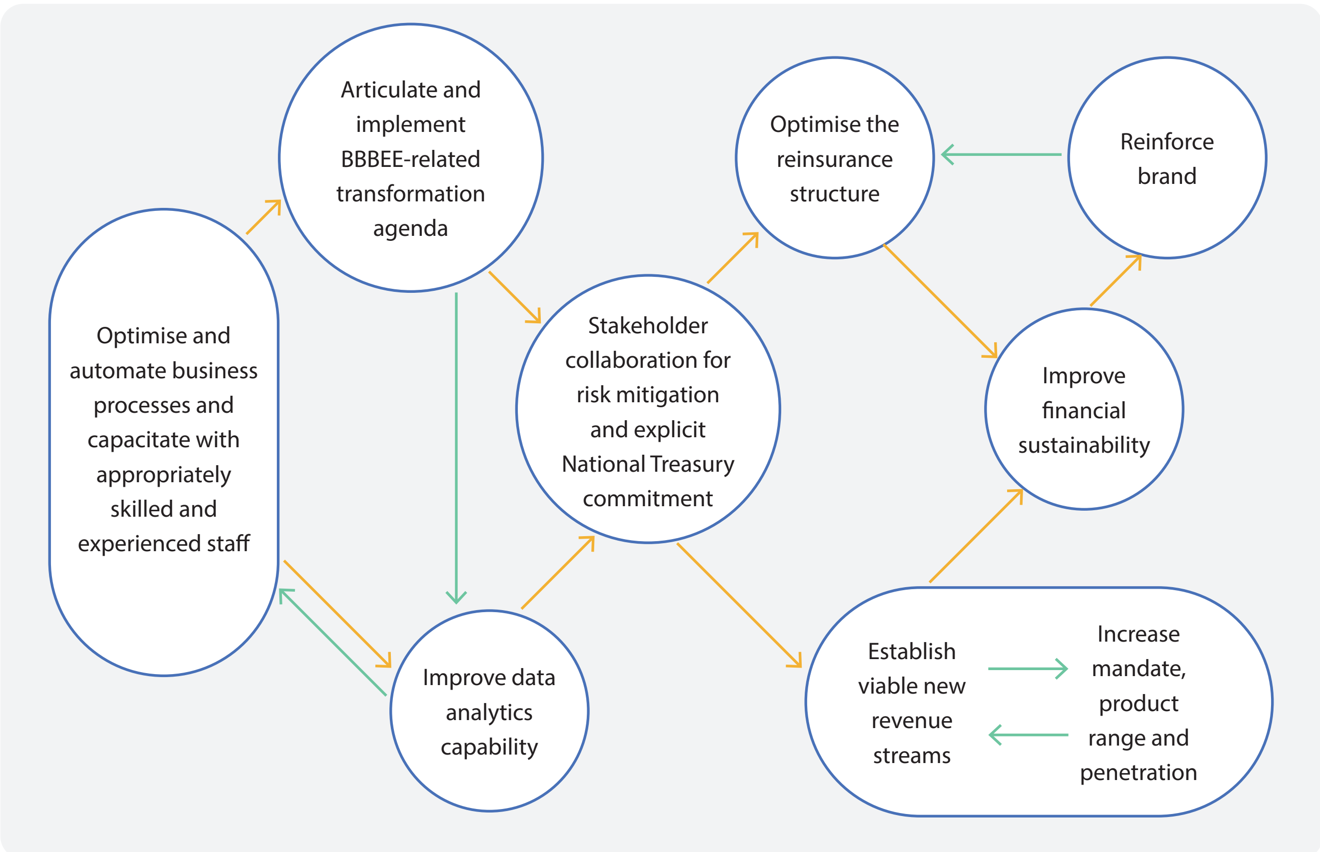
CREATE PLATFORM FOR GROWTH

- Continue building reserves
- Initiate mandate extension, including primary legislation amendment
- Increased penetration of the uninsured market
- Progress the natural disaster pool business plan
- Wider stakeholder collaboration to reduce impact of social unrest
- Reinforce brand
- Revisit CSI approach and methodology
- Implement Sasria transformation agenda
- Develop alternative distribution channels
- Initiate claims administration for government
- Data analytic capacity to support underwriting, planning and claims monitoring

EXPAND OUR SCOPE

- Balance sheet fully recovered
- Collaborative augmentation of private sector products
- Continued penetration of the uninsured market
- Broaden market penetration of the uninsured market
- Broaden market penetration through new products
- Further develop and implement alternative distribution channels
- Initiate the natural disaster pool
- Leverage off the data analytic capability
- Mature risk mitigation

The diagram that follows reflects the relationships among the elements of the extended journey. It demonstrates the need to optimise and automate the business process and ensure appropriately skilled and experienced staff to deliver strategic projects such as data and analytics, and the alternative distribution channel. This will improve financial sustainability and reinforce the brand.



One of the initiatives to improve data involves acquiring policyholder information to mitigate risks and optimise reinsurance. The following steps are taken:

Meeting mandatory compliance requirements for policy data

Prevent fines/penalties due to non-compliance of collection of policy data

Increased access to real-time data about riots

- Reduced loss ratio
- Reduction to property damage
- Impact reduction (cost management and containment)
- Minimise Sasria claims for large events

Increased and improved stakeholder communication and alert strategy

- Insured — people who own the property
- Community around the property
- South African Police Service in the area
- Immediate and proactive communication with all stakeholders

Improved risk management

- Increased risk identification, mitigation and stakeholder management
- Improved scenario planning
- Determine maximum probable losses
- Better appreciation of exposure

JULY 2021 PERSPECTIVES (from the Sasria documentary)

No insurance company could have been equipped for such an unprecedented event, but the claims process through Sasria was great, as was the communication. Claims settlements allowed us to start the redevelopment of Bridge City in preparation for reopening in May 2023 and, in the interim, to open the centre's SuperSpar as soon as possible to get essential goods and services to the community without residents having to travel long distances.

Such is our confidence in the south African economy and in the insurance cover available that we acquired another two shopping centres in KwaZulu-Natal in September 2022.

Smital Rambhai — Future Growth Asset Management portfolio manager

For more details on the documentary, refer to page 20

OUR BUSINESS MODEL

Sasria's unique business model enables the company to minimise its operating expenses, offer a very affordable product to protect the assets of South Africans against special risks and sustain its solid track record of financial performance.

The business model may be explained as follows:

Business process	Explanation	Stakeholders
Provide special risk cover	We do not sell our products directly to our end-customers. Instead, we enter into agreements with other short-term insurance companies and intermediaries in South Africa, which then, as agents, represent and sell the special risks cover to our end-customers, be they individuals, businesses, government or corporate entities. The agents and brokers (intermediaries) engage with our end-customers on policy administration and collect premiums on our behalf.	Customers
Pay fees	We pay the agents binder fees for performing administration on our behalf. We also pay intermediaries commission for selling our products to current and new customers.	Agents and brokers
Pay claims	The only contact that we have with end-customers is on the settlement of claims. Customers submit claims to the intermediaries or insurance companies, which confirm their validity prior to submission to Sasria. We receive and verify all claims before providing payment directly to the customer.	Customers
Reinsure risks	We buy reinsurance cover to protect and strengthen our balance sheet and pay reinsurance premiums to reinsurers. We receive recoveries from reinsurers when the reinsurance treaties are triggered.	Reinsurers
Pay salaries and other expenses	We incur costs in managing the business, including paying our directors, employees and service providers, as well as suppliers, for goods and services, and benefactors of our corporate social investment activities.	• Employees • Suppliers • Community
Pay taxes and fees	We pay all the relevant taxes and statutory fees to the authorities.	• Authorities • Regulatory bodies • Associations
Invest	Our premium, after payment of claims and expenses, is invested, while ensuring and maintaining the adequate liquidity levels for claims payment. Our investments earn good returns in interest, dividends and capital growth.	Investments
Pay dividends	We pay our shareholder a dividend from our distributable reserves.	Shareholders

JULY 2021 PERSPECTIVES (from the Sasria documentary)

We have an opportunity to strengthen our value proposition as a country by addressing what happened and being seen by the international community to be dealing with issues.

Tshepo Matseba — reputation analyst

For more details on the documentary, refer to page 20

CORPORATE GOVERNANCE

Sasria continued to apply sound governance structures, procedures and processes during the period under review.

The Board, as the accounting authority, is committed to the King IV principles of openness, transparency, integrity and accountability, which are formalised in company charters, policies and procedures.

To maintain sound corporate governance and ensure that we permeate strategic and operational processes, we have five Board committees, all of which are chaired by women.

BOARD OF DIRECTORS

The Board composition remained unchanged in 2022/23, with 50% female members and a combination of diverse skills and expertise spanning insurance, risk management, actuarial, financial, human capital and strategic leadership. The Board delegates specific functions to committees.

Board Deputy Chairperson and member of committees Onkgodisitse Mokonyane resigned with effect from 31 March 2023. Christiaan van Dyk's term ended and he was not available reappointment. Moipone Ramoipone's term ended and her appointment was not renewed.

Due to the requirement that the Risk Committee have executive and non-executive Board members, the Board appointed Mpumi Tyikwe to the the committee, replacing the former CEO.

The Board and the Remuneration and Nomination Committee recommended reappointment of all non-executive directors, whose tenure expired on 23 June 2023, for a further term to ensure continuity, particularly following the July 2021 unrest. In the interim, the shareholder extended the term of the non-executive directors by 12 months to June 2024 pending an independent evaluation to be conducted by National Treasury.

In the light of this evaluation, the Board did not conduct a self-assessment.

During the review year, the Board:

- Continued to guide and monitor the fast-tracking of claims arising from the civil unrest of July 2021 to assist policyholders to rebuild their infrastructure and restore their livelihoods.
- Adopted the own risk and solvency assessment for 2022/23.
- Adopted the Board report for increase in share capital and issuance of shares.
- Approved various new and revised material policies and approved other policies through its committees.
- Monitored compliance with laws applicable to Sasria.
- Approved new and revised policies reserved for Board approval, including technical provision, credit risk management, stress testing, operational risk, communicable diseases, dividend and protected equity risk mitigation policies.
- Approved the going concern statement contained in the 2022/23 integrated report.
- Approved the own risk and solvency assessment results.
- Monitored the fourth year of implementation of the 2020 to 2024 strategic plan.
- Approved the 2023/24 corporate plan.
- Approved annual salary increases and inflationary increases for non-executive directors.

BOARD MEMBERS

MOSS NGOASHENG (65)

CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

BA (Economics and International Politics), BSocSci Hons (Industrial Sociology), MPhil (Development Studies)

Economist; co-founder, CEO and deputy chairman of investment holding company Safika Holdings; chairman of Investec Property Fund, member of the boards of Sephaku Holdings, Nelson Mandela Children's Hospital and Nelson Mandela Children's Fund.

ONKGODISITSE MOKONYANE (36)

DEPUTY CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020
Resigned 31 March 2023

BSc Hons MCom (Actuarial Science), Associate Member of Actuarial Society of South Africa

Actuary, head of strategy at Discovery Insure, head of value added and ancillary products at Discovery Insure, trustee on the board of the Nelson Mandela Children's Fund.

JAPHTALINE MANTUKA MAISELA (68)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

Master's in management, Postgraduate Diploma Production Management (Japan), Executive Development Programme (Wharton Business School)

Chairman of the Motor Industry Retirement Funds, independent human resources specialist, trustee of the Government Employees Pension Fund.

REGINALD HAMAN (49)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

MBA, PDBA (GIBS), NHD, ND (CPUT), Graduate Diploma in Company Direction (GIMT), Executive Leadership Programme (GIBS) and Black Executive Leadership Programme (Mckinsey)

Group chief corporate services officer at Aspen Pharmacare Holdings.

CHRISTIAAN VAN DYK (57)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020
Term of office expired 23 June 2023

BSc (Actuarial Science), CD(SA)

Fellow of Actuarial Society of South Africa (FASSA)

Chief executive officer of Sanlam Fintech.

REFILWE MOLETSANE (52)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

B Juris Management Advancement Programme, B Hons (Insurance and Risk Management)

Head of compliance at AIG.

MOIPONE RAMOIPONE (41)

NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020
Term of office expired 23 June 2023.

National Diploma and BTech Public Finance and Accounting

Registered government auditor

Member of the Southern African Institute of Government Auditors, director: Governance monitoring and compliance in the Office of the Accountant-General at National Treasury, which she represents on the Sasria Board.

ENOS NGUTSHANE (66)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

M Public Administration (Liverpool) and Postgraduate Diploma Administrative Studies

Chairperson of the Commission for Conciliation Mediation Arbitration (CCMA) and board member of the Institute of Retirement Funds Africa.

BOARD MEMBERS CONTINUED

DR NOLWANDLE MGOQI-MBALO (52)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

BA, MSc. PhD

Chief executive officer: AON South Africa.

SATHIE GOUNDEN (64)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

BCompt CTA, CA (SA), Harvard Business School Executive Leadership Development Programme

Chair of Save the Children (South Africa), audit committee chairman of the Department of Public Enterprise and member of boards.

MARGARET MOSIBUDI PHIRI (49)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

CA(SA)

Managing director of Mohale Seoka Consulting, member of boards and audit committees.

DESMOND MARUMO (63)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTMENT DATE: 24 JUNE 2020

LLM (Corporate Law), Higher Certificate Intellectual Property Law

Executive director of DMC, a consultancy specialising in private-public partnerships and intellectual property

MPUMI TYIKWE (58)

EXECUTIVE DIRECTOR

APPOINTMENT DATE: MAY 2022

FIISA Postgraduate Diploma in Management

Chief Executive Officer of Sasria.

BAJABULILE MTHIYANE (50)

EXECUTIVE DIRECTOR

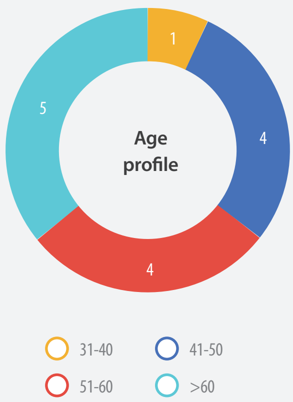
APPOINTMENT DATE: MAY 2018

BCom Hons, CA(SA), AMP (Harvard Business School)

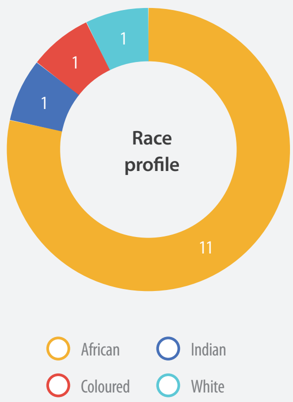
Chief Financial Officer of Sasria.

The Board during the year under review was gender appropriate, with an age profile reflecting vast experience across finance, risk, actuarial, audit and governance disciplines, resulting in sound, measured decisions on the many pressing matters tabled for discussion.

BOARD DIVERSITY



BOARD DIVERSITY



BOARD MEETINGS

Board member attendance at Board meetings: 1 April 2022 to 31 March 2023

BOARD MEMBER	AREAS OF EXPERTISE	ORDINARY MEETING 21-JUN-22	ORDINARY MEETING 22-SEPT-22	SPECIAL BOARD MEETING 23-NOV-22	SPECIAL BOARD MEETING 30-NOV-22	ORDINARY MEETING 16-MAR-23	TOTAL MEETINGS 5	TOTAL ATTENDED	PERCENTAGE ATTENDED
Moss Ngoasheng (Chairperson)	Investments	√	√	√	√	√	5	5	100%
Onkgodisitse Mokonyane (Deputy Chairperson)*	Governance, investments, risk, actuarial, recruitment and human capital	√	√	√	√	√	5	5	100%
Christiaan van Dyk**	Life insurance, short-term insurance, asset management, investment product and administration, reinsurance, actuarial, own risk and solvency assessment, risk finances audit, remuneration strategy	√	√	√	√	√	5	5	100%
Japhtaline Mantuka Maisela	Human capital, investment, social and ethics, risk management, business strategy, risk financing, insurance, governance, internal audit, forensic audit, information technology, remuneration, legal, compliance	√	√	√	√	√	5	5	100%
Reginald Haman	Risk management, business strategy, risk financing, insurance, governance, internal audit, forensic audit, information technology, human capital, remuneration	√	√	√	√	√	5	5	100%
Moipone Ramoipone***	Finance, accounting	√	√	√	√	-	5	4	80%
Refilwe Moletsane	Governance, compliance, regulatory affairs	√	√	√	√	√	5	5	100%
Enos Ngutshane	Risk, human capital, governance, fraud and fraud prevention	√	√	√	√	√	5	5	100%
Dr Nolwandle Mgoqi-Mbalo	Short-term and life insurance, employee benefits, asset management, strategy development and execution, management	√	√	√	√	√	5	5	100%
Sathie Gounden	Audit, finance, risk, governance, fraud and fraud prevention	√	√	√	√	√	5	5	100%
Margaret Mosibudi Phiri	External and internal audit, financial accounting, risk management, governance, investigations, board evaluations	√	√	√	√	√	5	5	100%
Desmond Marumo	Law	√	√	√	√	√	5	5	100%
Mpumi Tyikwe	Underwriting, insurance product development	√	√	√	√	√	5	5	100%
Bajabulile Mthiyane	Finance, investments, audit	√	√	√	√	√	5	5	100%
Percentage attained (average)									**99%**

All non executive Board members were appointed on 24 June 2020
* *Onkgodisitse Mokonyane resigned effective 31 March 2023*
** *Christiaan van Dyk's term ended and he was not available reappointment.*
*** *Moipone Ramoipone's term ended and her appointment was not renewed.*

These developments were communicated to the Minister of Finance in letters dated 23 and 24 March 2023. The Board and the Remuneration and Nomination Committee completed the process of recruiting three new non-executive directors and submitted recommended candidates to the Minister for consideration. Of the three directors, two directors are actuaries, a skill crucial to the Sasria Board.

The term of the current Board members ended on 23 June 2023. The shareholder extended its term until 24 June 2024 and is currently considering the term of office.

INVESTMENT COMMITTEE

MEMBER	ORDINARY MEETING 17-Aug-22	ORDINARY MEETING 17-Nov-22	ORDINARY MEETING 21-Feb-23	TOTAL MEETINGS 3	TOTAL ATTENDED	PERCENTAGE ATTENDED
Dr Nolwandle Mgoqi-Mbalo (Chairperson)	√	√	√	3	3	100%
Moss Ngoasheng (Deputy Chairperson)	√	√	-	3	2	67%
Sathie Gounden	√	√	√	3	3	100%
Christiaan van Dyk	√	√	√	3	3	100%
Desmond Marumo	√	√	√	3	3	100%
Percentage attained (average)						**93%**

The committee monitors, evaluates and reviews Sasria's investments, thus strengthening oversight of asset management. It confirms that it met the responsibilities set out in its terms of reference during the year under review.

AUDIT COMMITTEE

MEMBER	ORDINARY MEETING 25-May-22	ORDINARY MEETING 15-Nov-22	SPECIAL MEETING 22-Sept-22	ORDINARY MEETING 28-Nov-22	SPECIAL MEETING 27-Feb-23	TOTAL MEETINGS 5	TOTAL ATTENDED	PERCENTAGE ATTENDED
Margaret Mosibudi Phiri (Chairperson)	√	√	√	√	√	5	5	100%
Sathie Gounden (Deputy Chairperson)	√	√	√	-	√	5	4	80%
Onkgodisitse Mokonyane	√	√	√	√	√	5	5	100%
Reginald Haman	√	√	√	√	√	5	5	100%
Moipone Ramoipone	√	√	-	√	√	5	4	80%
Japhtaline Mantuka Maisela	√	√	√	√	√	5	5	100%
Percentage attained (average)								**93%**

The committee oversees financial management, technology monitoring, internal control, risk identification and mitigation, governance and the Audit Committee report included in this integrated report. It confirms that it met the responsibilities set out in its terms of reference during the year under review.

REMUNERATION AND NOMINATION COMMITTEE

MEMBER	ORDINARY MEETING 12-Jul-22	ORDINARY MEETING 9-Nov-22	SPECIAL MEETING 15-Feb-23	TOTAL MEETINGS 3	TOTAL ATTENDED	PERCENTAGE ATTENDED
Japhtaline Mantuka Maisela (Chairperson)	√	√	√	3	3	100%
Enos Ngutshane (Deputy Chairperson)	√	√	√	3	3	100%
Dr Nolwandle Mgoqi-Mbalo	√	√	√	3	3	100%
Margaret Mosibudi Phiri	√	√	√	3	3	100%
Moss Ngoasheng	√	√	√	3	3	100%
Percentage attained (average)						**100%**

The committee assesses and advises the Board on human capital matters, including training and development and remuneration. It confirms that it met the responsibilities set out in its terms of reference during the year under review.

RISK COMMITTEE

MEMBER	ORDINARY MEETING 26-May-22	ORDINARY MEETING 31-Aug-22	ORDINARY MEETING 16-Nov-22	ORDINARY MEETING 23-Feb-23	TOTAL MEETINGS 4	TOTAL ATTENDED	PERCENTAGE ATTENDED
Onkgodisitse Mokonyane (Chairperson)	√	√	√	√	4	4	100%
Reginald Haman (Deputy Chairperson)	√	√	√	√	4	4	100%
Refilwe Moletsane	√	√	√	√	4	4	100%
Christiaan van Dyk	√	√	√	√	4	4	100%
Mpumi Tyikwe	√	√	-	√	4	3	75%
Percentage attained (average)							**95%**

The committee assists the Board with governance, internal control and risk management. It ensures that risk and opportunity disclosures enhance the assurance offered to stakeholders. It confirms that it met the responsibilities set out in its terms of reference during the year under review.

SOCIAL AND ETHICS COMMITTEE

MEMBER	ORDINARY MEETING 18-May-22	ORDINARY MEETING 13-Jul-22	ORDINARY MEETING 14-Nov-22	ORDINARY MEETING 14-Feb-23	TOTAL MEETINGS 4	TOTAL ATTENDED	PERCENTAGE ATTENDED
Refilwe Moletsane (Chairperson)	√	√	√	√	4	4	100%
Desmond Marumo (Deputy Chairperson)	√	√	√	√	4	4	100%
Enos Ngutshane	√	√	√	√	4	4	100%
Moipone Ramoipone	-	-	√	√	4	2	50%
Bajabulile Mthiyane	√	√	√	√	4	4	100%
Percentage attained (average)							**90%**

The committee monitors Sasria's social and ethics activities, ensuing that behaviour meets requirements of a responsible corporate citizen and furthers progress in the achievement of transformation goals. It confirms that it met the responsibilities set out in its terms of reference during the year under review.

EXECUTIVE COMMITTEE

MPUMI TYIKWE (58)

CHIEF EXECUTIVE OFFICER

Appointed May 2022

FIISA Postgraduate Diploma in Management

Role: Executive leadership and strategy implementation

BAJABULILE MTHIYANE (50)

CHIEF FINANCIAL OFFICER

BCom Hons, CA(SA), AMP (Harvard Business School)

Role: Finance, capital management, statutory reporting, investment and procurement

NKATEKO MAYIMELE (35)

EXECUTIVE MANAGER: CLAIMS

Appointed September 2022

Bcom Hons, CA (SA), SMP (GIBS), AMP (INSEAD)

Role: Claims assessment and processing

SAM NKOSI (53)

EXECUTIVE MANAGER: BUSINESS CHANGE AND TECHNOLOGY

Resigned June 2023

Digital Transformation and Strategy (HBS), CIO Academy (Saïd Business School), ITIL (BCS), HDip BS (IBS), MSc IS (Leeds Beckett University)

Role: Information systems, technology and business change

TSHEPISO CHOCHO (43)

EXECUTIVE MANAGER: PEOPLE MANAGEMENT

BA Hons, MMDP

Role: Human capital, corporate social investment and facilities

MUZI DLADLA (41)

EXECUTIVE MANAGER: STAKEHOLDER MANAGEMENT

DipMan, MAP, MDP, MBA

Role: Stakeholder management, marketing and communications and business development

THEMBA SIBIYA (48)

EXECUTIVE MANAGER: STRATEGY AND UNDERWRITING

Appointed September 2022

ADBM, MANCOSA, PMD, GIBS, Higher Certificate in Short-term Insurance, Milpark Education, SMDP, University of Stellenbosch, DPIA, Vaal Triangle Technikon

Role: Strategic planning and underwriting

MZIWOXOLO MAVUSO (51)

EXECUTIVE MANAGER: GOVERNANCE AND COMPANY SECRETARIAT

BProc, LLB, GMP, GEDP

Role: Legal, compliance and company secretariat

Nirodh Kissun joined Sasria as Chief Actuarial Officer in January 2023 and resigned June 2023.

COMPLIANCE

During the review period, the Board and its committees continued to monitor the implementation of Sasria's compliance policy and legal compliance processes.

The Board is comfortable that compliance was satisfactory throughout the year and this was confirmed by the compliance assessment. Exceptions included the submission of the annual financial statements and integrated report for 2022/23.

The Board oversaw the implementation of the company's recapitalisation plan, which was achieved. The solvency capital requirement, including the loss-absorbing capacity of deferred taxes, was 106% at 30 June 2022.

No material loss was incurred through criminal conduct and no criminal charges arose.

We maintain a zero-tolerance approach to fraud and corruption and our ethics management policies apply to all.

Irregular, fruitless and wasteful expenditure amounting to R3.992 million was incurred during 2022/23 as a result of a penalty levied by the Ombudsman for Short-term Insurance (OSTI) and interest levied by the South African Revenue Service (SARS) for the late declaration of output vat from reinsurance receipts. This is also reported as part of the annual financial statements (note 29). Certain of these funds have been recovered, with the remaining recoveries in progress, except for the penalty levies mentioned above.

We continued to prepare for the introduction of IFRS 17 and to apply vat vendor requirements for Board fees paid to non-executive directors.

KING IV

Sasria complies with the 17 principles of the King IV Report on Corporate Governance for South Africa 2016 and strengthened its compliance through several activities during 2022/23, as indicated below.

PRINCIPLES	COMPLIANT	HOW COMPLIANCE WAS STRENGTHENED IN THE YEAR UNDER REVIEW
Governance outcome: ethical culture		
1. The accounting authority should lead ethically and effectively	Yes	Sasria's directors hold one another accountable for decision-making and act in a way that displays the ethical characteristics stated in King IV. All board members signed ethics statement by the Board espousing the Board's ethics commitment. Board members also note the declaration of conflicts of interest in all Board and Board committee meetings. Declaration of interests is a standard agenda item in these forums and any declarations are noted in the minutes of each meeting. Board member declaration of directorships is also considered at least annually at a Board meeting. The list of all directorships declared by each member is included in the Board meeting pack for other members to note and for future reference. The Board has a Social and Ethics Committee with a clear mandate and terms of reference on ethics. This committee submits quarterly written reports that are presented by the committee Chairperson to the Board. The Board also reports annually to the shareholder at the annual general meeting through the Social and Ethics Committee Chairperson on ethics. The company also has a key performance indicator in its corporate plan on management of ethics and reports against this quarterly to the shareholder.
2. The accounting authority should govern the ethics of the state-owned company (SOE) in a way that supports the establishment of an ethical culture	Yes	Sasria has an ethics policy in place that applies to Board members and employees. Ethics risks were identified during 2022/23 and are being monitored. The ethics strategy was also developed and its implementation is monitored on an ongoing basis. This follows an ethics maturity gap analysis conducted on the company by the Ethics Institute.

PRINCIPLES	COMPLIANT	HOW COMPLIANCE WAS STRENGTHENED IN THE YEAR UNDER REVIEW
3. The accounting authority should ensure that the SOE is and is seen to be a responsible corporate citizen	Yes	The Board has delegated to the Social and Ethics Committee, among others, the responsibility for monitoring the overall responsible corporate citizenship performance of Sasria *For details of Social and Ethics Committee members and meetings, refer to page 34*
Governance outcome: performance and value creation		
4. The accounting authority should appreciate that the SOE's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process	Yes	The Board assesses continually the positive and negative outcomes resulting from its business model and responds to them as highlighted in this integrated report
5. The accounting authority should ensure that reports issued by the SOE enable stakeholders to make informed assessments of the SOE's performance and its short-, medium- and long-term prospects	Yes	This integrated report provides users with a holistic, clear, concise and understandable presentation of Sasria's performance in sustainable value creation in the economic, social and environmental context in which it operates
Governance outcome: adequate and effective control		
6. The accounting authority should serve as the focal point and custodian of corporate governance in the SOE	Yes	The role and responsibilities of the Board are as set out under principle 6 of King IV. These roles and responsibilities are articulated in the Board Charter
7. The accounting authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	Yes	The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities *For more detail on the composition of the Board of Directors, refer to page 28*
8. The accounting authority should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with the balance of power and the effective discharge of its duties	Yes	The composition of the Board committees and the distribution of authority between the Chairperson and other directors are balanced and do not lend themselves to individuals dominating decision-making in governance structures or undue dependency *More detail on the composition of the Board's committees appears on pages 33 and 34*
9. The accounting authority should ensure that the evaluation of its own performance and that of its committees, its Chairperson and its individual members support continued improvement in its performance and effectiveness	Yes	Evaluations of the performance of the Board is conducted every three years , however there is an annual self assessment of the members *In this year, the Board did not perform a self-assessment (refer to page 27)*
10. The accounting authority should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	Yes	A detailed delegation of authority is in place. The Board is satisfied that Sasria is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised

PRINCIPLES	COMPLIANT	HOW COMPLIANCE WAS STRENGTHENED IN THE YEAR UNDER REVIEW
11. The accounting authority should govern risk in a way that supports the SOE in setting and achieving its strategic objectives	Yes	The Board adopted an enterprise risk management framework and approach to managing risk. The Risk Committee assists the Board with the governance of risk *Refer to page 42 for more information about risk management at Sasria*
12. The accounting authority should govern technology and information in a way that supports the SOE setting and achieving its strategic objectives	Yes	The Board is aware of the importance of technology and information as they are inter-related to Sasria's strategy, performance and sustainability. The Audit Committee assists the Board with the governance of information technology
13. The accounting authority should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the SOE being ethical and a good corporate citizen	Yes	There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, except for the incurred penalty levies *Reported on page 52*
14. The accounting authority should ensure that the SOE remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long term	Yes	Sasria remunerates fairly, responsibly and transparently to deliver on its strategic initiatives and to promote the creation of value in a sustainable manner *Refer to the remuneration report on page 72*
15. The accounting authority should ensure that assurance services and functions enable an effective control environment, and that these support integrity of information for internal decision-making and of the SOE's external reports	Yes	The Board is satisfied that the combined risk assurance model results in an adequate and effective control environment and integrity of reports for better decision-making
Governance outcome: trust, good reputation and legitimacy		
16. In the execution of its governance role and responsibilities, the accounting authority should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the SOE over time	Yes	Sasria has identified key stakeholder groupings and their legitimate and reasonable needs, interests and expectations *Refer to the section on our key relationships from page 16*
17. The accounting authority should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests	Yes	Sasria continues to be a proud signatory of the United Nations Principles for Responsible Investing (PRI) and the Code for Responsible Investing in South Africa (CRISA) 2012 *Refer to page 41 for more information*

FORENSIC CAPABILITY

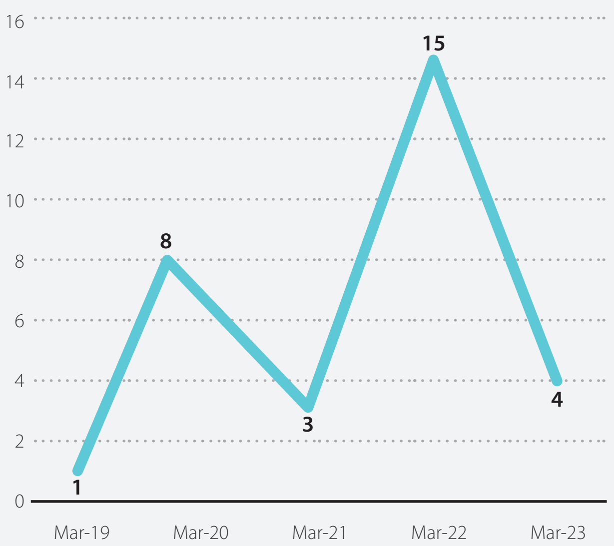
Sasria supports and fosters a culture of no tolerance for the commission or concealment of fraudulent or illegal acts. Allegations of such acts are investigated and pursued to their logical conclusion, including legal action, criminal prosecution and disciplinary action where warranted.

Being cognisant of its responsibility to set the tone for effective leadership based on an ethical foundation, the Sasria Board has accepted the need to manage organisational ethics and integrity to build an ethical corporate culture that is non-tolerant of fraud. Sasria's stance is stated in its ethics management and fraud prevention and whistleblowing policies.

The policies also detail the principles for Sasria stakeholders to report unlawful activities and misconduct, in good faith and in a proper manner. An independent service provider manages the reporting system to ensure its integrity and confidentiality. A panel of forensic investigators has been appointed to assist with forensic investigations on alleged fraud, corruption or misconduct.

During 2022/23, 16 tip-offs were received and referred for further investigations. Three were through the tip-offs line and 13 referred by the Claims department.

TIP-OFFS RECEIVED



This graph shows a decline in the number of suspicious claim matters reported through the tip-offs line during 2022/23. Investigations revealed that some claims were inflated, which indicated an estimated of R17 866 269 overpayment on 10 claims transactions. Management has requested assistance from law enforcement agencies in opening criminal cases and recovering all funds unduly paid to the insured.

At year-end, employees underwent training to create awareness of ethics management policies and whistleblowing reporting, and provide feedback on outcomes and lessons from investigations related to unrest claims. Awareness creation will continue into 2023/24, as will reinforcement of management's approach to fraud and misconduct.

RESPONSIBLE INVESTING

In keeping with the imperative of responsible investing, we:

- Support the CRISA and are a signatory of PRI
- Encourage incorporating environmental, social and governance (ESG) factors into investment decisions and processes
- Recognise that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems
- Consider ESG issues on Sasria's multimanager investment portfolio, taking a wider view by acknowledging the full spectrum of risks and opportunities facing managers to allocate our assets in a way that is aligned with our short- and long-term interests
- Recognise that effective research, analysis, evaluation and incorporation of ESG are fundamental to assessing the value and performance of an investment over the medium- and longer term, and that this analysis should inform asset allocation, security selection, portfolio construction, shareholder engagement and proxy voting.

Consequently, during the year under review, consultation continued with asset managers to align their investment approaches to CRISA 2, enhancing ESG integration and engagement and stewardship efforts. All our asset managers endorse CRISA 2 and have aligned accordingly.

As a matter of course, Sasria incorporates responsible investing on questionnaires. Asset managers are thoroughly reviewed on their responsible investing processes and ESG incorporation in investment decision-making. Our asset consultants also provide input and guidance to ensure our investing principles are adhered to and we have noted a willingness among asset managers to comply with our requirements.

We practise the principles of PRI in the following ways:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes

We strongly encourage our asset managers to be signatories of PRI or endorse CRISA. As part of the appointment and selection process of asset managers, all asset managers need to provide evidence of incorporating ESG analysis into the investment decision-making process.

Principle 2: We will be active owners and incorporate ESG issues into ownership policies and practices

Asset managers act in a fiduciary capacity, upholding ESG issues in the investment decision-making process. Our investment policy is geared strongly towards responsible investing. Asset managers are required to align investment decisions accordingly.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest

If the portfolio holds equities, asset managers disclose and explain their proxy voting results at every quarter-end and provide a report. They are also required to report to us on ESG and responsible investing, either annually or ad hoc. We solicit information on ESG issues from asset managers through the biannual operational due diligence exercise.

Principle 4: We will promote acceptance and implementation of the principles within the investment industry

We incorporate rigorous criteria for responsible investing and ESG approach in the selection, appointment and monitoring of asset managers. It also works with start-up and emerging black-owned asset managers on responsible investing.

Principle 5: We will work together to enhance our effectiveness in implementing the principles

We are an active member of PRI, having participated in both local and global conferences.

Principle 6: We will report on our activities and progress towards implementing the principles

PRI reporting is done annually and Sasria is currently preparing the report for the year ended 31 March 2023 for submission early in 2023/24.

PROCUREMENT FOR TRANSFORMATION

Sasria follows a multifaceted approach to transformation through procurement, namely preferential procurement, enterprise development and supplier development.

While we are still to be verified on BBBEE for 2022/23, we recorded 99% of spend on companies at BBBEE levels 4 to 1. The compliance target for the FSC requires a preferential procurement compliance target of 80%. However, performance fell short in black ownership, emerging micro enterprises and qualifying small enterprises due to the extent of discretionary claims-related payments made to agent companies.

The table below sets out influenceable preferential procurement spend for 2022/23:

	Spend	Total Spend	Spend %
Level 4 or better	R1 335 717 473	R1 338 678 761	99.78%
51% or more black ownership	R88 652 823	R1 338 678 761	6.62%
30% or more black woman ownership	R42 489 306	R1 338 678 761	3.17%
Supplier size = qualifying small enterprise	R32 249 536	R1 338 678 761	2.41%
Supplier size = exempt microenterprise	R21 338 845	R1 338 678 761	1.59%

The table below shows the value of contracts awarded through targeted procurement processes.

Descriptor	Outcome
Total spend	R20 003 114
51% or more black ownership	R15 844 831 (79% of total spend)
BBBEE levels 4 to 1	R18 602 114 (93% of total spend)

Procurement contributed meaningfully to black-owned companies and exceeded the FSC compliance target of 30%. Moreover, 93% of the total value of contracts was awarded to companies at levels 4 to 1, well over the FSC compliance target of 80%.

Although no new enterprise development initiatives were pursued during the year under review, given budget constraints, the seven-year relationship continued with Edge Growth, which began with a R3.7 million investment in 2020, as did the association with Black Umbrellas incubation programme, the first phase of which was reported in March 2023 to Sasria by Black Umbrellas. This phase provided entrepreneurship training, mentorship and included e-learning, coaching, business plan guidance and accounting services to 23 small and medium enterprises and entrepreneurs. Thirteen candidates are to move to the next phase to build on first-phase learning, while benefitting from mentorship, and procurement and finance readiness.

Moreover, Sasria has formed another incubation programme to support small- to medium-sized black asset managers. The incubator programme strongly promotes sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8). It also furthers SDG 10 by reducing investment industry inequalities in the investment industry. It entered its second instalment during 2022/23, with the goals of transformation, job creation, economic growth and development, and reduced inequality.

Through the programme and our partnership with the incubated managers, we contribute to the NDP by increasing employment opportunities and developing skilled, professional managers reflective of the country's demographics.

Although supplier development activities were dormant during 2022/23, we assessed the further needs of managers involved in the incubation programme with a view to financing these during 2023/24.

OUR RISKS AND AND OPPORTUNITIES HOW WE MANAGE THEM

Sasria follows a strategic, consistent and structured approach to enterprise risk management to achieve an appropriate balance between realising opportunities for gains and minimising losses.

In executing our business strategy, we are exposed to risks that need to be managed within risk appetite and tolerances to realise business strategies and objectives.

We align strategy, processes, people and technology to evaluate and manage the uncertainties we face. Growth and long-term sustainability are achievable only through integrated management of the three elements, namely threat, uncertainty and opportunity.

At 31 March 2023, the following prevailed:

Measure	Value	Status
Capital at risk (solvency capital requirement)	Solvency capital requirement: 227.2%	Below target (230%) but above threshold (180%)
Capital at risk (economic capital requirement)	254.7%	Above target (230%)
Earnings at risk	14%	Above target (10%) but below threshold (15%)
Operational risk (irregular, fruitless and wasteful expenditure)	R3.992 million irregular, fruitless and wasteful expenditure	Limit breach (R1)
Operational risk (other operational losses)	R57 414	Within target (R500 000)

Drawing on its forward-looking approach, management identified the top risks that may threaten the success of the business and its strategy. Risks were identified and assessed based on their impact or severity and the likelihood of occurrence.

Several new risks surfaced this year, while risks such as 'insufficient capital to meet solvency capital requirements', 'non-compliance with Sasria claims regulations by the distribution channel (agents and brokers)' and 'failure to adhere to manuals and procedures' were rerated and exited the top risks register.

The risks are monitored quarterly by the risk management function.

The top risks with a high inherent risk rating are detailed below:

# (last year's rating in brackets)	Risk name	Risk classification	Inherent risk	Control rating	Residual risk
1	Increased insurance risk resulting from volatile strikes, protests and other special risks, including catastrophes such as Eskom grid failure/blackout	Underwriting risk	Very high	Fair	High
2 (3)	Failure to retain critical skills in the company	Operational risk	Very high	Poor	High
3 (4)	Simultaneous occurrence of non-connected events (increasing underwriting risk)	Underwriting risk	High	Fair	High
4 (8)	Cybersecurity risk	Operational risk	High	Fair	Medium
5 (6)	Inadequate management of our distribution channel (agents and brokers)	Operational risk	High	Fair	Medium
6 (10)	Data management risk	Strategic risk	High	Fair	Medium
7 (12)	Inability to secure increased reinsurance capacity and lack of explicit commitment from the state as insurer of last resort	Strategic risk	High	Fair	Medium
8 (11)	Failure to comply with regulatory requirements and governance codes	Operational risk	High	Fair	Medium
9	Incomplete and inaccurate Sasria revenue	Underwriting/ operational risk	High	Fair	Medium
10	Loss of confidence in Sasria (institutional credibility)	Strategic risk	High	Fair	Medium
11	Failure to ensure sustainable gross written premium growth	Strategic risk	High	Fair	Medium

This table details the five most prominent risks and our responses and actions to address them.

#	Risk name	Risk description	Risk responses, mitigations and opportunities
1	Increased insurance risk as a result of volatile strikes, protests and other special risks, including catastrophic events, e.g. Eskom grid failure/ blackout	Sasria's claims are extremely volatile and are connected to various risks facing the country. In the past few years, Sasria has experienced high and increasing loss ratios because of increases in the numbers of service delivery protests, student protests and strikes. The socio-economic landscape — unemployment, poverty and inequality — remain the biggest drivers of social unrest. These factors contribute to the increased number of service delivery protests experienced in the past five years.	• Scenario analyses are performed annually to determine capital requirements and potential management actions to be implemented should the insurance risk increase drastically. • An annual technical pricing review is conducted. • Probable maximum loss studies are performed on selected known insured properties or scenarios (capping on exposure) to ensure sufficient reinsurance is purchased. These studies are used in scenario analysis to determine the impact on Sasria's earnings, solvency and liquidity. • The technical underwriting of high-risk clients is done annually at renewal stage. • Sasria is taking part in various industry initiatives to mitigate or reduce risk. • Discussions with reinsurers are ongoing to ensure that reinsurance capacity is improved. **Actions/opportunities:** • Use data as a business intelligence driver for decision making and building resilience. • Review Sasria's product offering and regulations (underwriting guidelines). • Foster closer working relationships with stakeholders such as the security cluster. • Discuss with National Treasury long-term solutions to enhance Sasria capacity and the government becoming an explicit insurer of last resort.
2	Failure to retain critical skills in the company	Retaining trained and experienced staff is key to excellent risk management. There is currently a shortage of strategists and specialised skills such as actuaries, cybersecurity specialists, programmers and underwriters in the short-term insurance market. Operational disruption is concerning, given the potential damage to the company's reputation, the low morale of remaining employees and the time and cost of filling these positions.	• Consultants or temporary staff are used where vacancies exist. • Exit interview results are reviewed to ensure trends are identified and actions taken when there is a need. • Creating succession pools for key positions and core departments in the company to ensure continuity for high-risk roles. • Two-year remuneration benchmarking exercise. • Talent forum meetings to identify and manage talent and succession risks **Actions/opportunities:** Initiatives to address loss of critical skills involve: – Employee value proposition campaigns; – Culture alignment workshops; and – Approval of new salary band.

#	Risk name	Risk description	Risk responses, mitigations and opportunities
3	Simultaneous occurrence of non-connected events (increasing underwriting risk)	Due to an increase in economically inactive citizens, policy and regulatory uncertainty affecting unemployment, poor service delivery and overall trust deficit between the state and its citizens, South Africa has deteriorated to unmanageable societal unrest and breakdown of the rule of law. This increases the underwriting risk for Sasria and the simultaneous occurrence of non-connected events, e.g. strikes by labour unions, protests on service delivery, protests on crime and national shutdown.	• Newspapers and media are reviewed to identify possible Sasria claims/events. • Claims dashboards are used to analyse frequency and severity of claims and assist in the monitoring of claims. • Ultimate loss ratios are tracked monthly and quarterly and presented to the Risk Committee. • Scenario analyses are performed annually to determine capital requirements and potential management actions to be implemented should insurance risk increase drastically. • Probable maximum loss study performed annually on selected known insured properties (capping on exposure) to ensure sufficient reinsurance is purchased. In addition, scenario analyses are performed. • Effectiveness and efficiency of reinsurance are assessed annually. **Actions/opportunities:** Using data as a business intelligence driver for decision making and building resilience.
4	Cybersecurity risk	Cyber-risk means any risk of financial loss, disruption or damage to the reputation of Sasria from some sort of failure in information technology systems. The insurance industry faces a barrage of attacks from criminals and state actors, many of which are extremely sophisticated. It is an enticing target because of the volume of valuable data it holds.	• Firewalls are deployed on Sasria's perimeter network to screen incoming and outgoing traffic. • Access control is monitored and logon credentials regularly updated and reviewed. • Daily backups are performed and restored. • Disaster recovery testing is performed biannually. • Artificial Intelligence security monitoring takes place to actively manage the security landscape of the organisation. • Staff awareness training has increased to combat the risks associated with remote working. • Continuous vulnerability assessments and penetration tests are performed for servers and end-user devices. • External service provider (Security Operations Centre) performs additional cybersecurity monitoring. • Cybersecurity insurance is in place. • Continuous data discovery and protection. **Actions/opportunities:** • Conducting incident response simulations and exercises with business to ensure the organisation is ready for an attack. • Third-party risk management activities are being implemented in the information security domain.
5	Inadequate management of distribution channel (agents and brokers)	Sasria is far removed from the end-customer due to its business model. This places it at risk of liability of omissions of its agent companies, brokers and other players in the distribution channel. Sasria has, therefore, increased its focus on full implementation of outsourcing and intermediary agreements and on its outsourcing oversight role.	• Outsource agreements are in place with agent companies that include cancellation clauses for non-performance. • Due diligence process is followed on all new agent companies. • Agent company and broker training on Sasria's products, claim regulations and technical support. • Feedback from technical visits to identify premium, systems or training issues is reported monthly to the executive manager and interventions implemented. • Continuous engagements with the distribution channel. • Annual customer survey. • Portfolio management and outsource function monitoring. **Actions/opportunities:** e-learning Sasria product training to the distribution channel.

EMERGING RISKS

Emerging risks are new or unforeseen risks that may not have been contemplated or are gaining prominence. They are risks whose potential for harm or loss is not fully known, is uncertain or not well understood. Their significance may be difficult to quantify due to lack of data and volatility. The consequences and implications may be ambiguous and they may be systemic, complex and outside an organisation's control.

In identifying emerging risks, we consider discussions with risk champions, line management and executives; review of key publications and websites, brainstorming sessions, scenario analyses, SWOT (strengths, weaknesses, opportunities and threats) and PESTEL (political, economic, social, technology, environmental and legal) exercises and review and analysis of our perils, underlined by reviews of global, local and industry risk reports such as those of the World Economic Forum and the Institute of Risk Management South Africa. Both reports ranked state failure as South Africa's top material emerging risk. The previously cited emerging risk of Mozambique terrorism was renamed to reflect the linkage of South African citizens to the Islamic State and the United States terror alert.

<table>
<tr><th>#</th><th>Material emerging risk</th><th>Emerging risk description</th><th>Management actions</th><th>Impact</th><th>Velocity</th></tr>
<tr><td>1</td><td>State failure</td><td>Common characteristics of failed states include ongoing civil violence, corruption, crime, poverty, illiteracy and crumbling infrastructure. Even if a state is functioning properly, it can fail if it loses credibility and the trust of the people.</td><td rowspan="3">• Three scenarios, namely socio-economic deterioration, economic collapse and environmental risk and climate change disasters, have been added to the 2022/23 own risk and solvency assessment scenario identification and assumptions process to address the emerging risks.
• The assessment scenarios and assumptions that have been identified were approved by the Executive Risk and Compliance Committee and Board Risk Committee in August 2023 and will form part of the 2022/23 own risk and solvency assessment (ORSA) report.</td><td>High</td><td>One year or under</td></tr>
<tr><td>2</td><td>Geopolitical instability</td><td>Global geopolitics is currently defined by deep, significant shifts in power structures that are reshaping historical systems and alliances, as well as creating instability and uncertainty. Geopolitical instability in the world in the 2020s is structural and era-shifting, leading to significant ideological changes after periods of chaotic transition, as well as destabilising powerplays in local and regional arenas that will have global effects.</td><td>High</td><td>One year or under</td></tr>
<tr><td>3</td><td>Extremely high youth unemployment</td><td>Without some decisive policy decisions and strategic actions, warns the latest report by the United Nations Development Programme and South Africa National Human Development, continued youth unemployment threatens the social and political stability of South Africa.

The report found that to tackle the high and complex youth unemployment challenge in South Africa and to take advantage of the opportunities of the future of work, the country has to invest extensively in the 21st-century skills of its younger generation.</td><td>High</td><td>One year or under</td></tr>
</table>

The ORSA scenarios detailed above have been recommended by the Executive Risk and Compliance Committee and were presented to the Board Risk Committee for approval in August 2023, together with ORSA assumptions that will form part of the 2022/23 ORSA report.

STRATEGIC OPPORTUNITIES

The Board, aware that strategy, risk and opportunity are inseparable, has in recent years governed risk and opportunity in a way that enables the organisation to define its core purpose and to set and achieve strategic objectives.

We identify opportunities based on current risks for the company, industry and the government. Given climate change, the frequency and severity of disasters are increasing. Special risks, if not adequately addressed, pose a major risk to the economy, social structure and food security.

They also have the potential to exacerbate South Africa's major problems of poverty, inequality and unemployment.

Below are Sasria's long-term opportunities.

The programme is planned in three phases:

- Restore (one to two years) – re-establish Sasria as the special risk insurer in line with its current mandate.
- Expand (two to four years) – broaden the mandate to include weather-related perils.
- Partner – become the provider of choice of value-added services to government.

F4 product for small, medium and micro enterprises (SMMEs)

Lack of insurance products for vulnerable communities exposes the government to major risk. High unemployment, lack of basic services and poverty fuel protests and violence and may lead to further losses not covered by general insurance.

These losses place an additional burden on local municipalities and government. There is a need for Sasria to develop a product for the target audience.

The following options were explored:

- Establishing a distribution channel for Sasria to market to customers directly and/or through brokers binding business through Sasria directly
- Establishing an aggregator distribution model that would allow Sasria access to a captive uninsured market through the aggregator.

Disaster relief fund (uninsured)

The government faces certain volatile, uninsurable risks. Drought is expected to continue, affecting commercial and subsistence farmers and raising the spectre of market failure. The government has recognised the impact of weather and climate shocks on agriculture and the effect on food security and rural development.

We are in the early stages of establishing a natural disaster pool focusing initially on drought insurance for emerging farmers.

Government fund administration

Our claims administration capability can deliver significant value to the government in the case of payment or grant programme or claims lodged against the government that are not covered under specific insurance.

We can perform the following for the government:

- Create a register of potential beneficiaries
- Set up early warning systems to detect disaster
- Acknowledge and assign the claim or claimant
- Determine eligibility
- Contact the insured party or claimant
- Investigate and determine the actual loss
- Restore the position of the beneficiaries through payment.

PERFORMANCE AND OUTLOOK

This section outlines our success in meeting the operational performance targets set for the year under review.

Our Chief Executive Officer and Chief Financial Officer present their views on the year past and their hopes and outlook for the period ahead.

PART B

CHIEF EXECUTIVE OFFICER'S REPORT

If the year under review has left me with one abiding impression it is the calibre of Sasria staff. Their genuine concern for clients and customers and their commitment to meeting needs no matter the extent of the effort were inspiring. The fact that nine out of 10 emails I sent to team members late at night or in the early hours were answered immediately speaks volumes.

Being my first full year at the rudder, it was a case of battling the storm while still learning the ropes. It was without a doubt an exhilarating experience to be part of a time the histories of the company and the country coincided in great challenge but with equally great response.

Sourcing capital and ensuring the organisation carried on as a going concern achieved the desired ends, but took time, mainly because the event was unprecedented, recovery complex and additional due diligence was required to reassure clients that Sasria would prevail.

Our intense focus on honouring claims resulted in some organisational changes, notably the separation of underwriting and claims functions to ensure independence and remove the perception that the head of previously combined departments was both player and referee. The division of duties reassures customers that claims are being settled fairly and is in keeping with the principles of Financial Service Conduct Authority's Treating Customers Fairly initiative.

The reinsurance programme is being managed jointly by the underwriting and actuarial departments to retain a holistic view of capital requirements, pricing, the role of the reinsurance broker and management of the contract post-renewal.

As we finalise the last few claims from 2021, we are finetuning our programmes for risk exposure analysis and understanding of the landscape. This will be supported by the possible maximum loss study planned for 2023/24.

While payments took priority during the year under review, we ensured that our traditional responsibilities didn't suffer and kept the day-to-day operations ticking over efficiently in keeping with market expectations for a high-functioning entity.

Our rejuvenated claims management system was put to the ultimate test and passed with flying colours. Encouraging strides were made in cybersecurity systems, with data-at-rest encryptions of core systems having minimised the likelihood of breaches, and constant monitoring of threats and trends.

Work continued on the five core digitalisation initiatives for Vision 2024, with notable progress on data analytics, enterprise resource planning, the adoption of IFRS 17 and the Protection of Personal Information Act and additional work on the suite of insurance products.

Sasria is gradually transitioning to a cloud environment and more than 60% of our applications are now hosted in the cloud, giving us flexibility to respond to evolving business needs.

PORTFOLIO

Our portfolio lost a valuable drawcard last year when we were forced by soaring international reinsurance rates to discontinue Sasria Wrap, which provided our corporate clients with cover of up to R1.5 billion at an affordable rate. Maintaining the product would have cost between R4.3 billion and R6.6 billion. We are currently exploring with National Treasury a viable way, whether by cash injection or subsidised reinsurance premium, to replace this gap in our offering. At present, local organisations are having to source this cover directly from the market at an unrealistic cost.

Unavoidably, certain socio-economic programmes had to be put on ice during 2022/23, but we are now revisiting these to resume implementation, using the opportunity to improve our approaches and realign them to our strategic objectives where needed.

We adopted a more proactive approach to media relations during the year, accepting and creating opportunities to speak out on recent events and on our plans. Through television and radio interviews and on our social networks, we reiterated the need for responsible protest that doesn't destroy infrastructure and force funds that could be put to excellent effect elsewhere to be funnelled into rebuilding the very fabric of our society and the essential structures designed to benefit and work for all citizens.

No matter how noble the cause that generates the need to strike – and we fully appreciate the sentiments and frustration surrounding the power crisis, for example — we've all witnessed the impact of civil disobedience. People have lost jobs they will never regain and consumers have to travel further at great cost to stock up on household supplies. Companies have packed up and left our shores for good. Small businesses, vaunted as the enginerooms of employment, are particularly hard hit.

That said, we note that we have a listening president in Cyril Ramaphosa and acknowledge that he tries to find solutions when our backs are against the wall.

PREPARATION

Through our scenario analyses, we must prepare for the worst. An event amounting to R5 billion would require a capital injection of R100 million from the fiscus and a R10 billion catastrophe will drive that up to R2.7 billion.

Our projections are that gross written premium will grow by 15% in 2023/24, 40% of which will be ceded to reinsurers, generating a profit before tax of R846 million, increasing to R1 487 million by 2025/26. Financial assets and cash are expected to be R10.4 billion by the end of 2023/24, growing to R13.3 billion by 2025/26. However, the environment is uncertain and should the untoward happen, our future may follow suit.

We strongly believe our role needs to go beyond our existing mandate to include the development of a natural disaster pool that, in collaboration with the private sector, will mitigate risks such as climate changes. Several other opportunities exist to diversify and grow our business, as mentioned in other sections of this integrated report. A proposal for the financing of special risks has been submitted to the shareholder.

I would like to see us provide cover for the smallest entrepreneurs – those who peddle their produce on street corners and at taxi ranks. They are at particular risk during disruptions as not only can they not sell their goods, but they cannot buy stock for the following day. At present, we don't have a distribution channel for this, but that can be remedied.

We are also looking at incentivising and giving virtual training to brokers to sell Sasria products. My interactions with the industry are very positive and stakeholders are more than willing to work with us to take ideas further. We are also liaising with our 65 insurance company associates on our data collection initiative so that we can amass a wealth of information that can inform our strategies and give us an early warning mechanism of possible events.

PLANNING

Planning for our next five-year strategy is well underway. It will focus on building on what the current strategy produces and on creating a bolder, nimbler and better-capacitated Sasria.

Knowing that municipality underservicing is a particular pain point with the potential to cause civil chaos, the plan I alluded to in my 2021/22 report to introduce a municipal awards programme to champion better-performing municipalities as an example to others is still in the pipeline.

Our staff appreciate the role that they've played during this difficult time but we must now fix our gaze on the road ahead. The Sasria of the future is one in which all staff, whether in accounting, marketing or human resources, are adept at processing claims when the crunch comes. Given our determination to move into new areas, they can also look forward to exciting times during which to apply their intellect and contribute even more to the South African cause.

Essentially, and this brings in a tried-and-tested element of military training, they must always be ready for something they may never have to do.

Knowing what we know now and having worked closely together over the last year, I have no doubt that Sasria is needed to ensure financial peace of mind for the public and the government and that it will definitely be here for the long haul.

Mpumi Tyikwe
Chief Executive Officer

PERFORMANCE AGAINST TARGETS FOR THE YEAR ENDED 31 MARCH 2023

STRATEGIC OBJECTIVE	WEIGHTING[1]	KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET 2022/23	ACTUAL PERFORMANCE 2022/23	VARIANCES FOR THE PERIOD
Sustainability – sustainable growth	10%	Percentage growth of gross written premium income compared to the 2021/22 financial year	24% to 38.5%	**Achieved** Actual income gross written premium: R4.571 billion Gross written premium is 45% above that of the previous year	
Sustainability – capital efficiency	10%	Percentage average gross incurred loss ratio range over a three-year rolling period, excluding incurred but not reported reserve and catastrophe event	45% to 55%	**Achieved** Budgeted loss ratio: between 45% and 55% Loss ratio: 16.6%	
Sustainability – sound corporate governance	5%	Irregular, fruitless and wasteful expenditure	-	**Not achieved** Budgeted fruitless and wasteful expenditure: R- Actual fruitless and wasteful expenditure R2.581 miillion Budgeted irregular expenditure: R- Actual irregular expenditure: R1.411 million	The fruitless and wasteful expenditure was incurred through a penalty levied by the Ombudsman for Short-term Insurance (OSTI) and interest levied by SARS for the late declaration of output vat from reinsurance receipts. The irregular expenditure was incurred through the appointment of a supplier that did not meet the mandatory requirements.
Sustainability – sound corporate governance	5%	Incidents of unethical behaviour investigated	100%	**Achieved** All reported incidents/ cases were investigated by internal audit. Three matters were reported, in May 2022, August 2022 and February 2023. Two matters were finalised and one is in progress	

STRATEGIC OBJECTIVE	WEIGHTING[1]	KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET 2022/23	ACTUAL PERFORMANCE 2022/23	VARIANCES FOR THE PERIOD
Sustainability – sound corporate governance	5%	PFMA submissions within the stipulated deadlines	100%	**Not achieved** The following submission were submitted after the due date: – Quarter four 2021/22 report on travel and subsistence – Quarter four 2021/22 procurement plans – Progress and quarterly report-for quarter one 2022/23 on travel and subsistence Annual financial statements and annual report were tabled in Parliament in January 2023.	Compliance calendar was automated and reminders are automated and sent to business on first day of each month, then 15 days and three days before the submission date, alerting management of its reporting obligations.
Sustainability – sound corporate governance	5%	Audit opinion for the financial year ending March 2023	Unqualified opinion	**Achieved** An unqualified audit opinion was received for the financial year ending March 2023	
Socio-economic impact – capacity building in the financial sector	5%	Percentage approved for personal development plans for all critical roles by 30 June 2022	100%	**Not achieved**	Personal development plans were uploaded after 30 June 2022.
Customer-centricity – deliver value-add to the customer	10%	Fast-track claims turnaround time	90% of fast-track claims settled within 25 days (where all relevant information was available)[2]	**Not achieved** 53% of fast-track claims received were settled within 25 days	Indicator was not actively monitored due to focus on finalising July 2021 event outstanding claims.
Customer-centricity – deliver value-add to the customer	10%	Large-loss claims turnaround time	70% of large losses finalised within 50 days (where all relevant information was available)	**Achieved** 79% of large-loss claims received were settled within 50 days	
Customer-centricity – deliver value-add to the customer	5%	Claims overturned by OSTI as a percentage of total claims received by Sasria	≤0.5%	**Achieved** Sasria received 39 complaints from OSTI against the 3 072 claims received during the financial year, 32 of which related to the July 2021 unrest. Three of the 3 072 claims were overturned by OSTI, which is 0.1%	

STRATEGIC OBJECTIVE	WEIGHTING[1]	KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET 2022/23	ACTUAL PERFORMANCE 2022/23	VARIANCES FOR THE PERIOD
Customer-centricity – deliver value-add to the customer	5%	Percentage reduction of the number of customer service complaints against the Claims department received against the 2021/22 baseline	≥25%	**Achieved** Planned performance: Reduce the number of complaints by 25% (the 2021/22 baseline was 63 complaints), which included the 32 related to the July 2021 unrest. Ninety-eight complaints were received, 35 were indicator related and eight of those emanated from the unrest. Effectively, 35 indicator-related complaints were received from 1 April 2022 to 31 March 2023 against a limit of 47 (75% of 63) complaints. This is a 44% reduction against the 63 complaints baseline	
Digitalisation – distribution capability	5%	Percentage increase in website and social media traffic against the 2021/22 baseline	≥10%	**Achieved** Actual performance: 26.5%	
Sustainability – sustainable growth	5%	Percentage operational expense ratio excluding depreciation, binder fees, corporate social investment and bonus provision in both short- and long-term investments	6% to 8%	**Achieved** Planned performance: 7% to 9% and actual performance: 5.27%	
Customer-centricity – conducive culture	5%	Percentage implementation of the culture project as per the planned activities for the year	100%	**Achieved** Planned and actual performance: 100% completion	

STRATEGIC OBJECTIVE	WEIGHTING[1]	KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET 2022/23	ACTUAL PERFORMANCE 2022/23	VARIANCES FOR THE PERIOD
Digitalisation – operational excellence	5%	Percentage implementation of the new policy centre[3] system as per the planned activities for the year	100%	**Not achieved** Planned and actual performance: 0% completion	Project has not yet started. The request for proposals was published but was withdrawn as senior management felt the business case was insufficient. These documents will be redrafted before resubmission to the market.
Sustainability – sustainable growth	5%	Gross written premium income from the SMME product	R2 million	**Not achieved** Actual income gross written premium: R38 000	This is a new product that is still gaining traction with stakeholders in our current distribution channel. Alternative distribution channels are being explored.

Notes

1. *The key performance indicators relevant to our key financial and claims indicators are weighted at 10%, whereas the remaining indicators are weighted at 5%.*
2. *Fast-track claims are claims of less than R250 000*
3. *Customer web portal (legacy system) replacement – including the reinsurance, rates calculator, rating capability, billing centre, and customer engage and policy administration modules.*

CHIEF FINANCIAL OFFICER'S REPORT

After the losses arising from the July 2021 unrest and the mammoth task of paying out claims during 2021/22, Sasria's financial position and performance improved significantly during the year under review.

This trend was attributable mainly to growth in premiums written, positive claims experience and increase in investment returns. Our solvency capital requirement was restored to above 100% and, consequently, the Prudential Authority relieved the company of its monthly reporting requirement. The 2022/23 financial year delivered the following highlights:

2023 FINANCIAL PERFORMANCE HIGHLIGHTS

R4.57 BILLION
Gross insurance premiums written
2022: R3.15 million

(R1.54 BILLION)
Gross claims incurred
2022: R35.145 million

(R1.57 BILLION)
Net reinsurance expense/(income)
2022: R8.60 billion

R2.93 BILLION
Net underwriting results
2022: (R24.60 million)

R0.69 BILLION
Net investment income
2022: R0.32 billion

R3.59 BILLION
Net profit/(loss) after tax
2022: (R23.46 billion)

- A sizeable increase in gross insurance premium written, from R3.15 billion to R4.57 billion, attributable to organic uptake of Sasria cover and the price increase that came into effect in February 2022.
- A positive experience for the year under review, with gross claims incurred markedly improving from the losses of 2021/22 largely as a result of the unrest, which generated losses amounting to R32 billion.
- The reinsurance arrangement for the year under review brought a net reinsurance expense of R1.57 billion, this figure decreasing from an income of R8.60 billion reported in 2021/22. The income was attributable to reinsurance recoveries of R9 billion for unrest claims.
- These highlights resulted in an increase in net underwriting results from a loss of R24.6 billion to a profit of R2.9 billion.
- Our cash and investment holding rose after receipt of reinsurance recoveries and shareholder contributions, which increased net investment income from R316 million to R682 million.
- The significant improvement in both net underwriting results and net investment income resulted in a profit after tax of R3.59 billion, a considerable improvement from a loss of R23.46 billion.

2023 FINANCIAL POSITION HIGHLIGHTS

R10.73 BILLION
Asset under management
2022: (R14.69 billion)

R10.48 BILLION
Equity
2022: (R6.9 billion)

R1.94 BILLION
Reinsurance contracts
2022: (R2.68 billion)

R3.32 BILLION
Insurance contract liabilities
2022: (R12.69 billion)

R5.152 BILLION
Solvency capital requirement
2022: R4.583 billion

Several factors weighed on the company's financial position. These included:

- Continuing settlement of unrest claims in the year under review, which decreased assets under management from R14.62 billion to R10.73 billion.
- Some reinsurance recoveries during the year, but a portion of the receivables reported in 2021/22 was reversed due to inaccurate claims estimate. This decreased reinsurance contracts from R2.85 billion to R1.94 billion.
- Improved profit for the year of R3.6 billion increased equity from R6.9 billion to R10.5 billion.
- Insurance contract liabilities dipped from R12.69 billion to R3.3 billion because of settlement of unrest claims and further estimates reversal reported in the year under review. The total settlement at the end of the year was R30 billion, comprising R27 billion settled directly and R3 billion settled on our behalf by our agent companies under mandate.

FRUITLESS AND WASTEFUL EXPENDITURE AND DUPLICATE PAYMENTS

The fruitless and wasteful expenditure reported during the period decreased significantly from that of 2021/22 due mainly to a decrease in unrest-linked claims volumes. We have made progress in recovering payments that were duplicated, but others are still being recovered.

PROCUREMENT

We continued to maintain our electronic tender portal, which was built to accept tender proposals electronically. The portal contributes greatly to our governance by creating a secure platform to receive tender proposals from suppliers and ensuring that records are safeguarded. In 2023/24, the procurement team will ascertain whether the portal could be further enhanced to improve user experience.

To advance our supplier development incubation programme, we appointed a panel of six black-owned asset managers following a tender process. Contracts were finalised in September 2022 and in the next financial year, we will review how these asset managers will be supported to increase their capacity and sustainability. In line with our commitment to enterprise development, we upheld our R3.7 million loan contribution to the Association for Savings and Investment South Africa's Supplier Development Trust. The funds were kept in the trust to fund SMMEs through various initiatives.

In the last quarter of 2022/23, Sasria responded promptly to changes in procurement regulations by amending its procedures. This has substantially changed how we approach our tenders, especially as we've excluded the adoption of BBBEE elements as mandatory tender criteria to comply with current legislation. Through the amendments, we have embedded our preferential procurement objectives through adoption of the preference point system built to encourage SMMEs (qualifying small enterprises and exempt micro-enterprises) and black-owned businesses to tender for Sasria contracts. The system also allows for large businesses to partner with SMMEs for contracts.

OUTLOOK

Two IFRS standards, IFRS 17: Insurance Contracts and IFRS 9: Financial Instruments, are effective from 1 April 2023. We have completed our impact assessment of both standards.

IFRS 17 makes provision for simplified premium allocation. Most of our policies qualified automatically for this approach and those that did not passed eligibility testing. As the premium allocation approach is similar to the current measurement model for non-life insurance contracts, the impact on profitability is not significant. However, the presentation of financial statements and related disclosures will be markedly different.

IFRS 9 has no significant impact on our classification, recognition, measurement, presentation and disclosure of financial assets and financial liabilities.

In addition, our focus for the year to 31 March 2024 includes:

- Providing business support to the asset managers in our incubation programme.
- Spending 100% of our budget to support enterprise and supplier development programmes.
- Awarding 80% of influenceable spend to companies that are BBBEE levels 4 to 1.
- Awarding 30% of influenceable spend to companies that are at least 30% black owned.

APPRECIATION

If 2021/22 taught us anything it is the value of teamwork. Again this year, we benefitted from the continued contribution of all role-players to Sasria's success and sustainability. The finance team is grateful to the shareholder, Board, Exco and all Sasria people for their efforts to ensure that Sasria emerges from the past to shine in a bright new future.

As we continue our return to full health during 2023/24, we are optimistic and energised by opportunities that will be presented by this life's challenges to come in the future.

Bajabulile Mthiyane CA (SA)
Chief Financial Officer

SUMMARISED FINANCIAL PERFORMANCE

For the year ended 31 March 2023

		2022/23	MOVEMENT 2022/23	2021/22	MOVEMENT 2021/22	2020/21
	Note	R'000	%	R'000	%	R'000
Gross insurance premiums written	1	4 570 818	45%	3 152 458	13%	2 785 825
Unearned premium reserve movement		(103 431)	12%	(117 059)	(2 188%)	(7 572)
Acquisition of insurance contracts expenses		(646 665)	(45%)	(445 778)	(9%)	(408 429)
Administration and marketing expenses		(882 147)	(37%)	(645 054)	(11%)	(580 654)
Gross claims incurred	2	1 544 737	104%	(35 145 291)	(9 892%)	(351 718)
GROSS UNDERWRITING RESULTS		**4 483 312**	**(114%)**	**(33 200 724)**	**(2 410%)**	**1 437 452**
Insurance premiums ceded to reinsurers	3	(2 886 930)	(197%)	(973 118)	(331%)	(225 860)
Reinsurance portion of claims incurred	4	178 655	100%	9 255 422	100%	-
Commission earned from reinsurers	5	1 011 564	222%	314 302	745%	37 179
NET REINSURANCE EXPENSE		**(1 568 227)**	**120%**	**8 596 606**	**4 656%**	**(188 681)**
Net underwriting results		2 786 601	(112%)	(24 604 118)	(2 070%)	1 248 771
Net investment income	6	686 088	119%	315 795	(60%)	792 271
Other income	7	7 736	(57%)	17 846	6 954%	253
Corporate social investment	8	(5 901)	75%	(23,566)	(14 629%)	(160)
Profit/(loss) before tax		**3 613 661**	**(115%)**	**(24 294 043)**	**(1 290%)**	**2 041 135**
Taxation	9	(31 169)	104%	836 970	255%	(538 574)
PROFIT AFTER TAX		**3 582 493**	**(115%)**	**(23 457 073)**	**(1 661%)**	**1 502 561**
Claims ratio		-33.8%		1114.9%		12.6%
Management expenses ratio		19.1%		20.5%		20.3%
Cost of acquisition ratio		14.1%		14.1%		14.7%
Net underwriting ratio		64.0%		(780.5%)		44.8%
Gross written premium per employee		R33 858		R23 352		R23 810
Effective tax rate		0.8%		-		26.4%
Reinsurance premiums as a % of gross premium		60.3%		30.9%		8.1%

Notes

1. *Gross written premium growth was attributable to the organic uptake of Sasria cover as well as the gross premium rates increase that was effective from February 2022.*
2. *The increase in gross claims incurred was attributable to the reversal of the July 2021 unrest claims reserves (estimate changes).*
3. *The increase in reinsurance premiums ceded to reinsurers was mainly attributable to the new quota share reinsurance cover that was introduced in the second quarter of the previous financial year as well as an increase in resinsurance premiums.*
4. *The decrease in reinsurance portion of claims incurred indicates the claim patterns returning to normal trend following the July 2021 unrest reinsurance recoveries.*
5. *The increase in commission earned from reinsurers was mainly attributable to the new quota share reinsurance cover that was introduced in the second quarter of the previous financial year as well as an increase in resinsurance premiums.*
6. *The increase in net investment income was as a result of an increase in interest rates and higher interest income earned on higher cash balances.*
7. *The decrease in other income was attributable to higher interest that was remitted by SARS in the 2022 financial year.*
8. *The reduction in CSI spend was an attempt in CSI spend in attempt to rebuild profits following the July 2021 unrest. The saving was mainly on skills development CSI programmes.*
9. *The increase in taxation from an income to an expense was attributable to the deferred tax asset relating to the assessed loss which was recognised in the previous year.*

SUMMARISED FINANCIAL PERFORMANCE

For the year ended 31 March 2023

	Note	2022/23 R'000	MOVEMENT 2022/23 %	2021/22 R'000	MOVEMENT 2021/22 %	2020/21 R'000
ASSETS						
Property, equipment and intangible assets		67 731	(16%)	81 065	8%	74 871
Deferred acquisition costs and administration fees		189 657	17%	161 966	25%	129 516
Deferred income tax	1	940 808	21%	776 713	100%	-
Financial assets at fair value through profit or loss and held for trading	2	6 546 617	1 7450%	37 302	(99%)	6 346 952
Reinsurance contracts	3	1 944 678	(32%)	2 845 137	5 094%	54 782
Cash and cash equivalents	4	4 127 328	(72%)	14 578 781	360%	3 166 600
Other assets	5	732 040	(49%)	1 428 118	418%	275 631
TOTAL ASSETS		**14 548 859**	**(27%)**	**19 909 082**	**98%**	**10 048 352**
Share capital	6	22 000 000	100%	-	-	-
Shareholder capital contribution	6	-	(100%)	22 000 000	100%	-
Retained income/(loss)	7	(11 516 135)	(24%)	(15 098 628)	(281%)	8 358 445
EQUITY		**10 483 865**	**52%**	**6 901 372**	**(17%)**	**8 358 445**
LIABILITIES						
Deferred income	8	162 584	64%	99 374	806%	10 972
Deferred income tax	1	-	100%	-	100%	59 740
Insurance contract liabilities	9	3 316 930	(74%)	12 694 166	865%	1 315 963
Other payables		**585 480**	**173%**	214 170	(29%)	303 222
TOTAL LIABILITIES		4 064 994	(69%)	**13 007 710**	**670%**	**1 689 897**
TOTAL EQUITY AND LIABILITIES		14 548 859	(27%)	**19 909 082**	**98%**	**10 048 352**

Notes

1. *The increase in deferred tax asset was attributable to an increase in deferred tax relating to the assessed loss as a result of an increase in forecasted taxable income.*
2. *The increase was mainly attributable to the implementation of an investment strategy that resulted in a reallocation of funds from cash and cash equivalents to financial assets at fair value through profit or loss.*
3. *The decrease was mainly attributable to the reinsurance payments received in the current year.*
4. *The decrease was mainly attributable to payment of the July 2021 unrest claims and reallocation to financial assets measured at fair value through profit or loss.*
5. *The decrease in other assets is mainly attributable to the claims floats refunds that were received from agent companies as well as a significant decrease in vat receivable that resulted from a decrease in vat input from the July 2021 unrest claims.*
6. *The process of issuing shares for the R22 billion capital injection from the shareholder was completed in the current year, hence the R22 billion was reallocated from shareholder capital contribution to share capital.*
7. *The decrease in accumulated loss was attributable to profit reported in the current year*
8. *The increase was attributable to an increase in ceding rate and gross written premium rate increases implemented in February 2022.*
9. *The decrease was mainly attributable to estimates reversals and payment of the July civil unrest claims.*

SUMMARISED CASH FLOW

For the year ended 31 March 2023

	Note	2022/23 R'000	MOVEMENT 2022/23 %	2021/22 R'000	MOVEMENT 2021/22 %	2020/21 R'000
OPERATING ACTIVITIES						
Cash generated from operations	1	(4 383 559)	(74%)	(17 069 679)	(2 060%)	870 956
Investment income received	2	581 472	89%	307 034	(30%)	439 096
Income tax paid	3	(175 554)	19%	(147 652)	(68%)	(460 277)
Interest paid		(404)	(93%)	(5 395)	100%	(5 066)
TOTAL ASSETS		**(3 978 045)**	**(76%)**	**(16 915 693)**	**(2 103%)**	**844 709**
INVESTING ACTIVITIES						
Net purchase of property, equipment and intangible assets	4	(8 058)	72%	(28 542)	30%	(40 794)
Net sale/(purchase) of financial assets	5	(6 456 740)	202%	6 360 615	553%	(1 403 725)
CASH FROM (USED IN) INVESTING ACTIVITIES		**(6 464 798)**	**202%**	**6 332 073**	**538%**	**(1 444 519)**
FINANCING ACTIVITIES						
Cash payment relating to principal lease liability		(8 610)	(105%)	(4 199)	38%	(6 734)
Dividends paid		-	-	-	(100%)	(102 325)
Shareholder capital contribution	6	-	100%	22 000 000	100%	-
CASH USED IN FINANCING ACTIVITIES		(8 610)	(100%)	**21 995 801**	**20 269%**	**(109 059)**
NET MOVEMENT IN CASH		(10 451 453)	192%	11 412 181	(1 242%)	(708 869)
Cash and cash equivalents at the beginning of the year		14 578 781	360%	3 166 600	(18%)	3 875 469
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4 127 328	(72%)	**14 578 781**	**360%**	**3 166 600**

Notes

1. *The decrease was mainly attributable to a decrease in the payment of July 2021 unrest claims.*
2. *The increase in investment income received was due to higher interest rates and higher interest received on higher cash balances.*
3. *The increase in tax paid was attributable to provisional tax payments for the 2023 financial year.*
4. *The decrease in net purchase of property, equipment and intangible assets was attributable to a higher software development cost incurred on the claims management system project in the previous financial year.*
5. *The decrease was mainly attributable to the implementation of an investment strategy, which resulted in a reallocation of funds from cash and cash equivalents to financial assets at fair value through profit or loss.*
6. *The decrease in shareholder capital contribution was due to a capital contribution received from the shareholder in the previous financial year.*

OUR SOCIAL PERFORMANCE

Sasria is committed to being a socially aware and responsible citizen of South Africa and prides itself on contributing to the wellbeing of communities throughout the country through education and skills upliftment programmes.

These efforts are mirrored internally in the innovative and meaningful initiatives we craft for our people and the constantly evolving value proposition we offer to attract, reward and retain high-calibre employees.

PART C

SOCIO-ECONOMIC DEVELOPMENT

Sasria's contribution as a corporate citizen with conscience and commitment to uplifting South African society for individuals' benefits, communities' comfort and the country's wellbeing was dealt a blow by the unrest of the previous year, but into the year under review, it endeavoured to maintain its focus on employment, reduction of poverty and capacity building for the financial fraternity and made meaningful achievements.

Although not able to maintain many of its CSI programmes in 2022/23, support to students who had completed a year on the bursary scheme took precedence to ensure that students already in the programme could complete their degrees.

As Sasria recovers its resources, it is revisiting its CSI initiatives, with 2023/24 plans including support for primary and high school education, and bursary students in actuarial, finance, risk management and information technology fields.

HIGHLIGHTS

Education
R2.8 million
2021/22: R15 million

Skill development
R2 million
2021/22: R5.2 million

Community upliftment
R1.955 million
2021/22: R621 750

The CSI budget for 2022/23 was considerably lower than in the previous year, with investments made to maintain active programmes at an acceptable level without placing more strain on depleted resources.

CORPORATE SOCIAL INITIATIVES’ LINK TO SDGs AND NDP OUTCOMES

SDGs		NDP OUTCOMES	FOCUS AREA	ACTIVITY AND ACHIEVEMENT	AMOUNT ALLOCATED
8 DECENT WORK AND ECONOMIC GROWTH	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Quality basic education • A skilled and capable workforce to support an inclusive growth path	Education	Sasria bursary scheme: • Psychological support • Virtual tutorials and exam tips • Funded tuition, accommodation, books and travel expenses Due to reduced funding, eight students were on the programme, 63% of whom passed and moved to the next level. One (12.5%) completed the qualification	R1 341 882
				South African Actuaries Development Programme to address a shortage of black actuarial skills Of 128 students on the programme in 2023, 40 were funded by Sasria Since inception in 2003, 530 students have graduated from the programme. Eighty-two are qualified actuaries, 51 males and 31 females	R1 million
				Primestars maths and science revision programme to provide matric examination-focused support to Grade 12 learners in underprivileged communities • 107 schools in nine provinces • 1 031 teachers • Cinema – 24 462 attendances – 19 912 mathematics and 4 550 physical science, – 12 679 (51.8%) females and 11 783 (48.2%) males – Blacks – 86.02% • 5 190 attendances in rural schools • WhatsApp – 35 006 downloads	R500 000

SDGs		NDP OUTCOMES	FOCUS AREA	ACTIVITY AND ACHIEVEMENT	AMOUNT ALLOCATED
8 DECENT WORK AND ECONOMIC GROWTH	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Quality basic education • A skilled and capable workforce to support an inclusive growth path	Skills development	Sasria hosted learners and interns to address youth unemployment and create a talent pipeline Learnerships: Five learners in business administration, two in claims, two in stakeholder management and one in people management	R1.5 million
				Insurance Institute of South Africa skills development programmes focus on critical skills through vocational training, master classes, seminars and webinars Certificate in digital insurance (54 delegates enrolled, 18 completed and 24 in progress). Eleven delegates did not start the programme Intermediary development — one webinar (83 delegates attended the presentation about demystifying cryptocurrency as a financial product)	R500 000
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Vibrant, equitable and sustainable rural communities contributing to food security for all	Community upliftment	To provide relief to the areas affected by floods in KwaZulu-Natal and Eastern Cape, we partnered with: • Gift of the Givers — R100 000 for food parcels • Simphiwe Tshabalala foundation — R15 000 for food parcels • The Ultimate Gift non-profit organisation — R10 000 for food parcels • Afrika Tikkun to rebuild flood-affected community-based organisations, and businesses employing 20 people, 30 casual workers and five contractors — R700 000	R862 368
			Risk-resilient communities/ municipalities	Teacher development project for early childhood development teachers in Breede Valley Municipality to acquire an National Qualifications Framework level 5 qualification	R1.1 million
			Sack farming to introduce sustainability programmes to vulnerable communities	Vegetable gardens and agricultural programmes. Income-generating activities (creating food-buying power) in Mangweni, Mathabata, Qwaqwa, Bushbuckridge and Matatiele. Number of beneficiaries: 465, 66% female and 44% male	
			Career day to provide learners with career advice	Sasria hosted a career day for grades 11 and 12 pupils of Thuto ke Matla Comprehensive School.	R30 000

In addition to the above initiatives, Sasria contributes to the SDGs and NDP in the following ways:

SDGs		NDP OUTCOMES	FOCUS AREA	ACTIVITY AND ACHIEVEMENT
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	An efficient, competitive and responsive economic infrastructure network	Sustainability and capital management	• Investing profits responsibly and developing infrastructure • Special construction risk insurance
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	• Create a better South Africa and contribute to a better and safer Africa in a better world • All people in South Africa are and feel safe		• Instilling investor confidence • Guaranteeing that all claims will be paid • Instilling an ethical culture in Sasria
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	• An inclusive and responsive social protection system • A diverse, socially cohesive society with a common national identity		• Affordable non-life insurance • Contributing to growth and transformation • Developing asset managers through the incubation programme • Research
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	• Economic infrastructure • Inclusive rural economy • Healthcare for all • Building safer communities	Talent	• Attracting and promoting women and supporting businesses owned by women in our procurement process
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Decent employment through inclusive economic growth	Customer-centricity and distribution channels	• Ensuring job continuity • Paying loss-of-income claims • Restoring liquidity • Developing financial sector skills • Socio-economic development initiatives • Talent management
	Reduce inequality within and among countries	• Economy and employment • Social protection • Building safer communities • Nation building and social cohesion	Socio-economic impact	• Contributing to transformation • Enterprise development • Supplier development • Preferential procurement • Contribution towards education and skills development
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	• An efficient, effective and development-oriented public service • A responsive, accountable, effective and efficient developmental local government system		• Contributing to the fiscus of South Africa • Taxation • Disciplined SOE • Delivering on the mandate profitably • Researching special perils • Strong governance culture • New business initiatives
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	• Economic infrastructure • Environmental sustainability and resilience	Digitalisation and business intelligence	Initiating (2023/24) research into climate-related perils and implementing outcomes

OUR PEOPLE

Sasria is committed to being a progressive and responsive employer, reflected in an employee value proposition that ensures that all staff receive the best deal possible, regardless of position.

It enables Sasria to attract and retain top talent from the industry. And it is what allowed us to maintain a stable workforce during and after the events of July 2021, as an organisation that shows commitment to its people engenders commitment in those people.

The proposition is premised on four core pillars

#	We offer:
Rewards	Competitive remuneration
	Generous employee benefits
Work environment	Flexible work practices
	Stimulating work environment
Work content	Meaningful work that contributes to business success
Development	Career opportunities
	Skills development
	Professional and sectoral affiliation opportunities

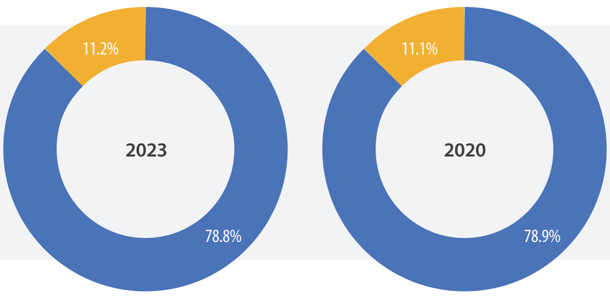
COMPANY CULTURE

The three-year-long culture transformation journey led to the crafting of three pillars for Sasria's organisational culture, namely communication, empowerment and active leadership.

After the three years, a survey revealed that the climate in the organisation is in keeping with that of a top company.

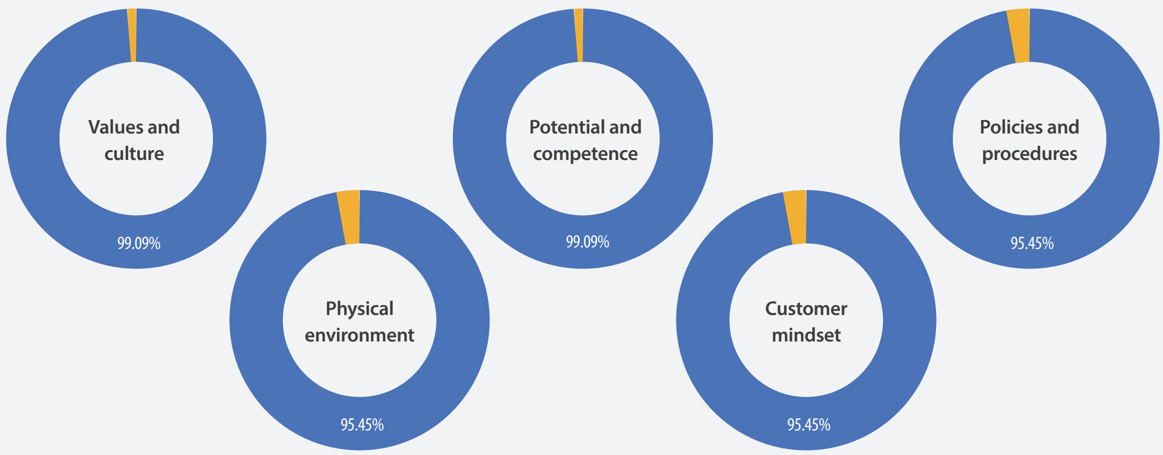
OVERALL CLIMATE/ENGAGEMENT SCORE

There was very little change in the climate score for 2023 compared to that for 2020

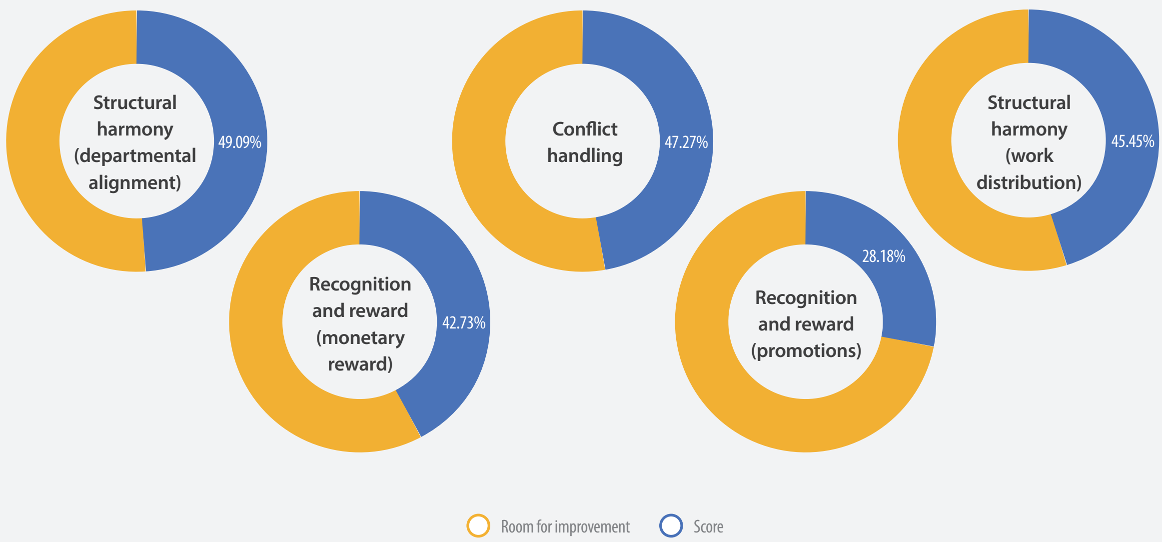


> = 85%	World class	**The organisation is dynamic and is considered a role model of excellence.**
65% — <85%	Top company	**Motivational level will facilitate growth and change. The organisation is striving to be world class.**
52% — <65%	Middle class	**Motivational level is adequate for maintenance of current operations but will not facilitate growth and change.**
<52%	Poor	**Motivation is not sufficient to maintain current operations. If not given immediate attention, organisation will deteriorate.**

CLIMATE SURVEY STATEMENTS WITH THE HIGHEST SCORE



STATEMENTS WITH THE LOWEST SCORE



HOW SASRIA IS ADDRESSING THESE ISSUES

Conflict handling — Building effective teams through our management and leadership development programmes.

Structural harmony (work distribution) — Work is ongoing on organisational design and structural alignment.

Structural harmony (departmental alignment) — Work is ongoing on organisational design, which will include workflow optimisation and structural alignment.

Recognition and reward (promotions) — We had regular roadshows on on human resources policies and practices, recently focused on promotions and will continue with this into the next year.

Recognition and reward (monetary reward) — We conduct regular salary benchmarking to ensure that the pay scales remain fair and competitive. There are ongoing measures to optimise the remuneration offering, such as the review of the current remuneration structure's tax efficiency, benchmarking through additional sources and promoting Sasria's total rewards package.

The survey was designed around the following core organisational climate dimensions:

Climate dimensions		
Culture pillar: Communication	Culture pillar: Empowerment	Culture pillar: Leadership
Communication	Innovation	Standards
Team effectiveness	Empowerment	Faith/trust in leadership
Policies and procedures	Recognition	Values and culture
Technology	Physical environment	Performance management
Conflict handling	Flexible working practices	Customer mindset
Contribution	Responsibility	Direction/alignment
Role clarity	Decision-making	Management competence and effectiveness
	Resource allocation	Structural harmony
	Health and safety	Potential and competence
	Personal career development	

The communication pillar recorded 77.94% favourable responses compared to 78.22% of the previous survey. Technology and conflict handing scored higher than in 2020 by 7% and 10% respectively, with communication rated about 14% lower.

Empowerment response was virtually unchanged, with only personal career development, physical environment, resource allocation and empowerment rated 4% or more higher. Recognition and reward and decision-making were down by 5% or more.

Assessment of leadership dropped by almost 10%, with changes across the board marginal except for potential and competence, which rose by about 8%.

Satisfaction decreased by about 2%, with a 7% increase in pride of employees to be part of Sasria.

STAFF COMPLEMENT

Our staff complement dipped slightly during the year to 131 from 135 at end-March 2023. A higher-than-usual turnover rate was balanced by the appointment of new recruits to end the year with a variance of only four.

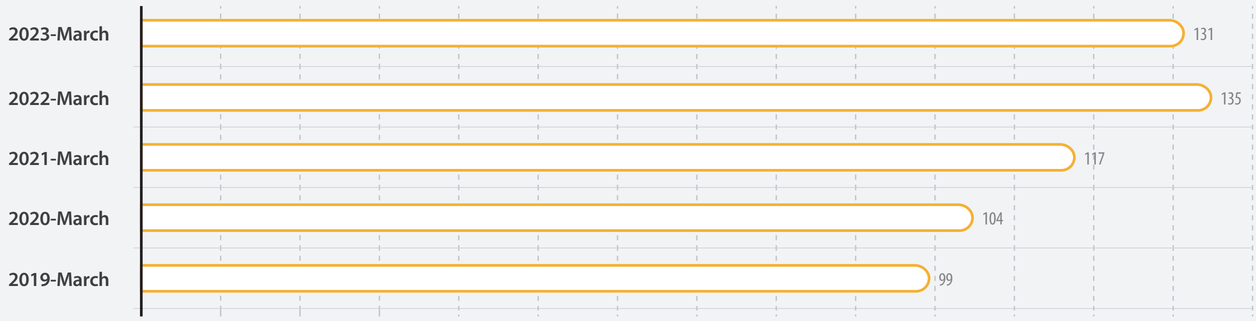
The average turnover rate was 16.81%, which was above our 10% threshold and the highest turnover rate in five years. Nine terminations were in the business change and technology area. Exit interviews pointed to reasons for people leaving being job enrichment, incompatibility with line manager, lean structure and attractive cost-to-company packages offered in the job market for technical skills.

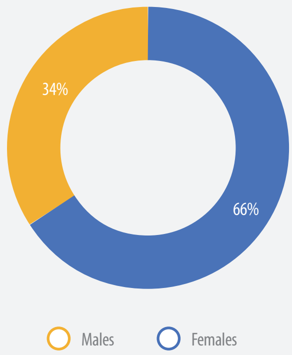
We continuously review our retention measures. This year our focus was on creating awareness of all employee value proposition elements available to our employees. In November 2022, we implemented bespoke pay scales for information technology and actuarial skills. These will make Sasria competitive in the pursuit of suitable skills.

We have been as prudent as possible in growing the headcount. The 2% increase in the salary bill compared to that of end-March 2022 was necessary to enable the organisation to reorganise and acquire skills to achieve its goals. The July 2021 claims crisis revealed a need to separate the claims function from underwriting, which saw the appointment of two executives. There was also a need to remove the risk function from actuarial and appoint a head of risk. The Chief Risk Officer was replaced by the Chief Actuarial Officer. The customer relations management function became portfolio management and the need to grow the quality assurance function became clear. These moves will enhance effectiveness and efficiency when monitoring Sasria policies at agent companies.

At end-March 2023, the vacancy rate was a low 3.10%, with the company having maintained its ability to fill vacancies speedily. A recently implemented e-recruit and onboarding tool will further reduce time to fill positions through automatic shortlisting of candidates, improved recruitment processes and transparency in performing audits.

TOTAL HEADCOUNT





STAFF GENDER

While we have deliberately promoted and appointed black and female candidates who fully meet requirements and are suitably qualified, we need to now focus on diversifying our workforce.

SKILLS DEVELOPMENT

R4 465 118
Budget for training and development
2021/22: R5 871 691

R4 414 865
Spent on training and development
2021/22: R5 853 507

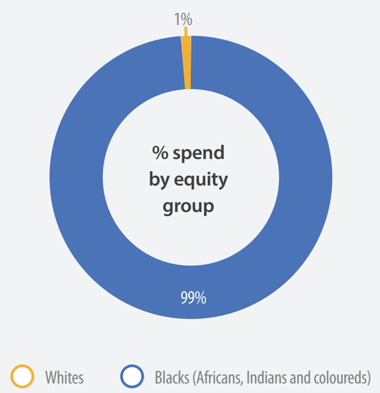
Our primary asset will always remain our workforce and our priority is to ensure that all team members are adequately capacitated to fulfil our strategic mandate, with emphasis on building capability, continuous development in technical fields and bolstering the behavioural competencies needed to function in a role or in Sasria's internal or external environment. Spending on middle management is significantly higher because of the management development programme and employees at that level registered for MBAs.

The table and piecharts that follow detail the learning and development investment per occupational levels, and gender and race groups.

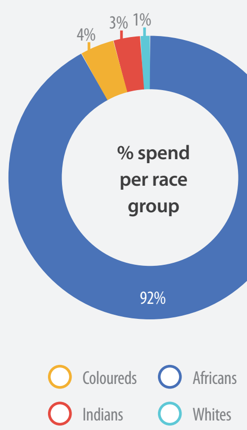
TRAINING SPEND PER OCCUPATIONAL LEVEL

Occupational Levels	%	Amount
Unskilled	6.0%	R264 892
Semi skilled	4.4%	R192 930
Skillled technical and professionally qualified	32.3%	R1 425 118
Middle management	50.1%	R2 210 081
Senior management	6.8%	R300 652
Top management	0.5%	R21 191
GRAND TOTAL	**99%**	**R4 414 865**

% TRAINING SPENT PER EQUITY GROUP



% TRAINING SPEND PER RACE GROUP



REMUNERATION

Sasria takes its lead from the State-owned Enterprises Remuneration Guidelines, FSC and King IV to ensure fair and responsible remuneration. The remuneration of executives is approved by the Minister of Finance, while employee pay scales are informed by an annual benchmarking exercise, with the 50th percentile deemed the most appropriate market reference point and the 75th percentile applied to attract and retain rare and critical skills.

The table on page 73 details the trends over four years in salary increases.

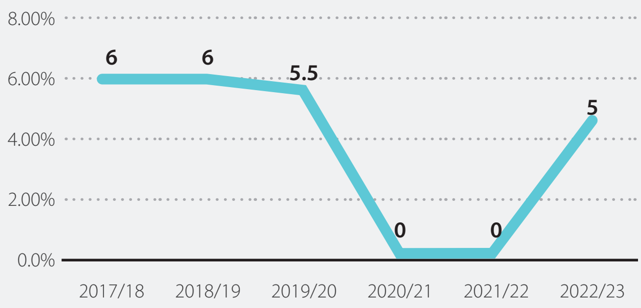
Staff categories	Average salary increase 2019/20	Average salary increase 2020/21	Average salary increase 2021/22	Salary increase 2022/23
Top management – managing director/chief executive officer	4.5%	4.5%	-	4.5%
Senior management – executives	5.2%	3.5% – 4.5%	3.5%	4.5%
Middle management	7%	5.5%	4.5%	5%
Specialists	7%	5.5%	4.5%	5%
Skilled technically/junior management	7%	5.5%	4.5%	5%
Semi-skilled	8%	6%	5%	5.5%
Unskilled	8%	6%	5%	5.5%

BOARD REMUNERATION

Following two years of zero increases for non-executive directors, the shareholder approved an increase for 2022/23 of 5%. The increase was based on performance against strategy and corporate plan, effectiveness of the Board and meeting attendance.

The graph shows the annual increase trends from 2017/18.

ANNUAL INCREASE AFFORDED TO NON-EXECUTIVE DIRECTORS



FSC SKILLS DEVELOPMENT SCORECARD

at 31 March 2023

Points and targets based on All present	Points	Target	Actual	Score
Senior and executive management				
Expenditure on learning programmes for black senior and executive management	2.00	2.00%	1.78%	1.78
Expenditure on learning programmes for black women senior and executive management	1.00	1.00%	1.62%	1.00
Middle management				
Expenditure on learning programmes for black middle management	2.00	3.00%	3.12%	2.00
Expenditure on learning programmes for black women middle management	1.00	1.50%	1.56%	1.00
Junior management				
Expenditure on learning programmes for black junior management	3.00	5.00%	7.69%	3.00
Expenditure on learning programmes for black women junior management	2.00	2.50%	2.78%	2.00
Non-management				
Expenditure on learning programmes for black non-management	3.00	8.00%	38.20%	3.00
Expenditure on learning programmes for black women non-management	1.00	4.00%	24.50%	1.00
Other categories				
Expenditure on learning programmes for people with disabilities	2.00	0.30%	0.18%	1.19
Number of black people (employed or unemployed) participating in learnerships	8.00	5.00%	10.26%	8.00
Bonus points				
Number of unemployed black people absorbed at the end of learnership programmes	3.00	100%	-	-
TOTAL	**28.00**			**23.97**

The score of 23.97 out of 28 points on the skills development FSC scorecard is slightly above the internal target of 23/28 and is also a great improvement from the 21.56 score of 2021/22, which was affected by Covid-19 lockdowns. The result can be attributed to the management development programme conducted during the review year.

The following areas need improvement:

- Black senior and executive management – in 2022/23 we lost one black female in the executive team
- People with disabilities – training of people with disabilities improved during the year under review
- Absorption of learners – due to the company's financial situation, people on the learnership programme were not absorbed. In 2023/24, however, more interns will be absorbed in actuarial and business change and technology divisions.

FSC EMPLOYMENT EQUITY SCORECARD

Our management control score is 19.9 against 20, given the resignation of the black female head of actuarial, which affected the senior management and other executive management combined rating.

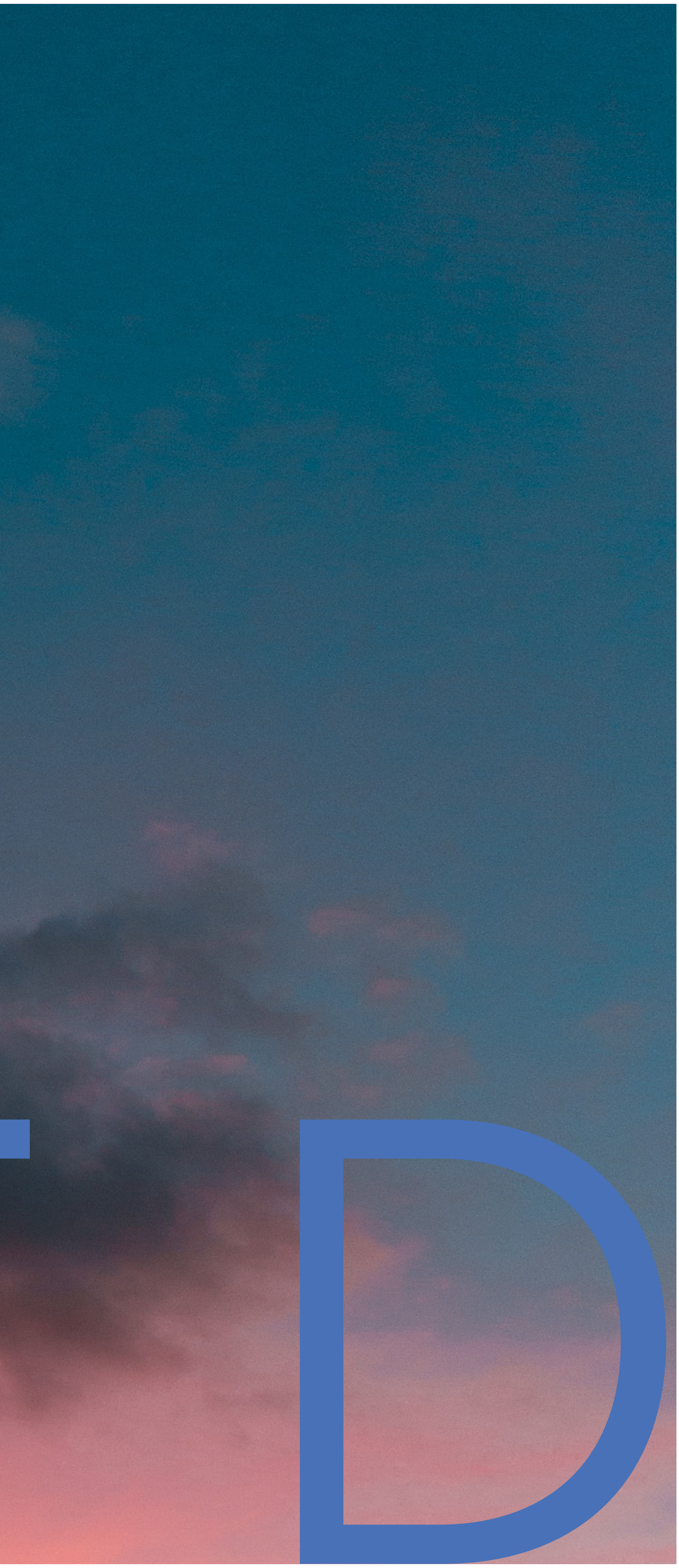
Sasria score against FSC targets at 31 March 2023

Total staff = 131 Black disabled employees = 5 Black disabled target = 4

Criteria	Points	Target	Actual	Score
Board participation				
Exercisable voting rights of black Board members	1.00	50.00%	92.86%	1.00
Exercisable voting rights of black women Board members	1.00	25.00%	50.00%	1.00
Black executive directors as a % of all executive directors	2.00	50.00%	100.00%	2.00
Black women executive directors as a % of all executive directors	1.00	25.00%	50.00%	1.00
Senior management and other executive management combined				
Black executive management as a % of other executive management	4.00	60.00%	100.00%	4.00
Black women executive management as a % of other executive management	2.00	30.00%	28.57%	1.90
African executive management (applies only when combining management levels)	1.00	52.24%	85.71%	1.00
Combined with other executive management				
Black employees in senior management	-	-	-	-
Black women employees in senior management	-	-	-	-
African employees in senior management (employee assistance programme applied)	-	-	-	-
Middle management				
Black employees in middle management	2.00	75.00%	95.24%	2.00
Black women employees in middle management	1.00	38.00%	52.38%	1.00
African employees in middle management (employee assistance programme applied)	1.00	65.30%	80.95%	1.00
Junior management				
Black employees in junior management	1.00	88.00%	99.19%	1.00
Black women employees in junior management	1.00	44.00%	54.84%	1.00
African employees in junior management (employee assistance programme applied)	1.00	76.61%	91.13%	1.00
Disabled				
Black disabled employees	1.00	2.00%	3.29%	1.00
TOTAL	**20.00**			**19.90**

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023



The annual financial statements were internally prepared by the Senior Finance Manager: Sibusiso Shongwe CA(SA)

The annual financial statements were reviewed by the Chief Financial Officer: Bajabulile Mthiyane CA(SA)

The annual financial statements have been audited in compliance with section 30 of the Companies Act 71 of 2008, of South Africa.

PART D

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Board, assisted by its Audit Committee, is responsible for the preparation, integrity and fair presentation of the annual financial statements. The external auditors are responsible for independently reviewing and reporting on the annual financial statements.

The annual financial statements set out in this report have been prepared by management in accordance with the provisions of the Companies Act, 2008 (Act No 71 of 2008) (Companies Act) and the Public Finance Management Act PFMA (Act No 1 of 1999) (PFMA) and comply with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgments and estimates.

The going-concern basis was adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The company's viability is supported by the annual financial statements.

The company's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. Such controls are based on established written policies and procedures that are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in a manner that in all reasonable circumstances is above reproach.

Sasria's 2023 annual financial statements were audited by the independent auditors, SizweNtsalubaGobodo Grant Thornton Inc and AM PhakaMalele Inc.

The auditor was given unrestricted access to all financial records and related data, including minutes of meetings with the shareholder, the Board and Board committees. The Board is comfortable with the integrity of all information and representations made to the independent auditor during their audit. The unqualified audit report is presented on pages 83 to 86.

The Board, assisted by its committees, also considered and approved the issues material to Sasria's continued sustainability, which included key non-financial outcomes attributable to or associated with stakeholders other than the shareholder. It has considered the risks, opportunities and material matters. The directors did not note anything to indicate that there was any material breakdown in the functioning of internal controls, systems and procedures during the year under review. The directors are of the opinion that Sasria's risk management process is effective.

The company's 2023 integrated report and its annual financial statements, set out on pages 87 to 140, were approved by the Board of Directors in accordance with their responsibilities and were signed on its behalf by:

Moss Ngoasheng
Chairperson
19 September 2023

Mpumi Tyikwe
Chief Executive Officer
19 September 2023

COMPANY SECRETARY CERTIFICATE

In accordance with section 88(2)(e) of the Companies Act 71 of 2008 as amended, it is hereby certified that the company has lodged with the Registrar of Companies all such returns required of a public company in terms of the Act and that such returns are true, correct and up to date.

Mziwoxolo Mavuso
Company Secretary
19 September 2023

The unqualified audit report is presented on page 83.

DIRECTORS' REPORT

The directors are pleased to submit the annual financial statements of Sasria SOC Limited for the year ended 31 March 2023.

NATURE OF THE BUSINESS

Sasria SOC Ltd is the only short-term insurer that offers special risk cover to all individuals and businesses that own assets in South Africa, as well as government entities.

This is unique cover against risks such as civil commotion, public disorder, strikes, riots and terrorism, making South Africa one of the few countries in the world that provides this insurance, particularly at affordable premiums.

By enabling businesses to restore their liquidity or operations quickly and efficiently after experiencing loss or damage due to special risk events, Sasria plays a significant role in preventing job losses, maintaining livelihoods, restoring pride and dignity and facilitating economic stability.

A state-owned company, Sasria has a legislative mandate that governs day-to-day business operations and a broader strategic mandate to make a positive contribution to transformation within the industry and South Africa.

There have been no material changes to the nature of the company's business during the year.

FINANCIAL AFFAIRS

The statement of comprehensive income of the company shows a net profit after tax of R3.582 billion for the year ended 31 March 2023 compared to a net loss after tax of R23.457 billion for the previous year. The annual financial statements for the year ended 31 March 2023 appear on pages 87 to 140 and comply with International Financial Reporting Standards and the requirements of the Companies Act and Public Finance Management Act.

DIVIDENDS

Sasria has adopted a steady, consistent and transparent dividend policy that will not place undue strain on its cash resources and liquidity or result in inadequate cash reserves to meet future growth requirements. The Board did not declare a dividend during the financial year ended 31 March 2023 (2022: R0).

SHARE CAPITAL

There authorised shares increased from 1 to 1 000 000 during the financial year ended 31 March 2023. From the increased authorised shares, 220 000 shares were issued to the shareholder at R100 000 per share. The issuance of shares has resulted in an increase of issued share capital from R1 to R22 000 000 001. Further details regarding the authorised and issued share capital are disclosed in note 12 to the annual financial statements.

DIRECTORS AND COMPANY SECRETARY

During the year under review, no contracts were entered into in which directors of the company had an interest.

AS AT THE DATE OF THIS REPORT, THE DIRECTORS OF THE COMPANY WERE AS FOLLOWS

Chairperson and independent non-executive director
Moss Ngoasheng

Independent non-executive directors
Sathie Gounden
Reginald Haman
Japhtaline Mantuka Maisela
Desmond Marumo
Dr Nolwandle Mgoqi-Mbalo
Refilwe Moletsane
Enos Ngutshane
Margaret Mosibudi Phiri

Executive directors
Mpumi Tyikwe (Chief Executive Officer)
Bajabulile Mthiyane (Chief Financial Officer)

The Company Secretary is Mziwoxolo Mavuso and his business and postal addresses appear on the inside back cover of this integrated report.

DIRECTORS' REPORT CONTINUED

SPECIAL RESOLUTIONS

The following special resolutions were passed by the company during the year:

- Approval of remuneration of executive directors and executive managers of Sasria SOC Limited; and
- Approval of annual inflationary adjustment remuneration of non-executive directors.

REGULATORY MATTERS

The Audit Committee and Risk Committee discharged all functions delegated to them in terms of their mandate and section 94(7) of the Companies Act.

Audit Committee and Risk Committee composition and meeting attendance are detailed on pages 33 and 34 respectively.

AUDITOR

SizweNtsalubaGobodo Grant Thornton Inc and AM PhakaMalele Inc were appointed as Sasria's external auditors for the year ended 31 March 2023. Refer to the inside back cover for further details.

EVENTS AFTER THE REPORTING DATE

Events after the reporting date are discussed in note 31 of the annual financial statements.

GOING CONCERN

The Board believes that the company will continue as a going concern in the year ahead and, consequently, adopted the going-concern basis in preparing the annual financial statements. Factors that were considered by the Board when conducting the going-concern assessment are disclosed in note 32 of the annual financial statements.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2023

The Audit Committee is pleased to present its report for the year ended 31 March 2023

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from section 51 of the PFMA, Treasury Regulation 27.1 and the Companies Act. In addition, the Audit Committee has adopted appropriate formal terms of reference as its Audit Committee charter, which have been approved by the Board. It has also regulated its affairs in compliance with this charter and discharged all the responsibilities in the charter.

MEMBERSHIP

The Audit Committee is an independent statutory committee whose members are appointed at the annual general meeting by the shareholder. Members and their attendance of meetings during the year are reflected on page 33.

COMBINED ASSURANCE

King IV recommends a combined assurance model to enable an effective control environment to strengthen decision-making. Sasria has addressed this. Horizontal assurance includes internal audit , risk and compliance, while vertical assurance comprises line managers. The committee ensures that the assurance functions of management and internal and external audit are sufficiently integrated. The committee reviewed and approved the annual combined assurance plan and is satisfied with the combined assurance model arrangements in place.

Effectiveness of internal controls

The system of internal controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The effectiveness of internal controls and the system of internal controls were reviewed principally through management self-assessment, including formal confirmation per representation letters by executive management. Other relevant input to the review included reports from Sasria's internal and external auditors, and its compliance and enterprise risk management processes. Where necessary, programmes for corrective actions have been initiated. Nothing material came to the attention of the Audit Committee, or to the attention of the external or internal auditors, to indicate that any material breakdown in the functioning of internal controls and systems (which includes internal financial controls) occurred during the period under review.

Effectiveness of internal audit

Internal audit remains a pivotal part of governance relating to assurance. Internal audit is an effective independent appraisal function using a risk-based audit approach. The internal audit function is relied on to contribute not only insight into the organisation, but foresight. The effectiveness of the internal audit function and the head of internal audit are assessed annually by the Audit Committee and further tested through an external quality assessment review in line with international standards for the professional practice of internal auditing. The head of internal audit has direct access to the chairpersons of the Audit Committee and the Board. The committee is satisfied with the independence and effectiveness of internal audit.

ENTERPRISE RISK MANAGEMENT

The Board considers reports on the effectiveness of risk management activities. A strategic and operational risk assessment was conducted for the year under review. The Audit Committee reviewed the risk registers quarterly.

QUALITY OF MONTHLY AND QUARTERLY REPORTS

The Audit Committee is satisfied with the content and quality of the reports prepared and submitted to it by Sasria management.

Regulatory compliance

The Audit Committee is satisfied with Sasria's compliance with applicable legal, regulatory and other responsibilities.

INDEPENDENT EXTERNAL AUDIT

Each year of its five-year term, the auditor is assessed and formally reappointed. The Minister of Finance reappointed SizweNtsalubaGobodo Grant Thornton Inc and appointed AM PhakaMalele Inc at the annual general meeting of 18 May 2023. In line with the Companies Act, the Audit Committee reviewed and is satisfied with the independence, skills and competence of the external auditors.

AUDIT COMMITTEE REPORT CONTINUED

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- The fulfilment of the agreed audit plan and variations from the plan; and
- The robustness of the external auditors in their handling of key accounting and audit judgments.

In overseeing the external audit process, the committee reviewed:

- The areas of responsibility and scope of the audit;
- Issues that arose from the audit and their resolution;
- Key accounting and audit judgments; and
- Recommendations made by the external auditors and management's response.

The Audit Committee is satisfied with the audit work of the external auditors.

EFFECTIVENESS OF FINANCE FUNCTION

The effectiveness of the Chief Financial Officer and the finance function are assessed annually. The Audit Committee believes that Bajabulile Mthiyane CA(SA) has the appropriate expertise and experience to meet the responsibilities of the role. Furthermore, the committee has considered and satisfied itself of the appropriateness, adequacy and effectiveness of the resources of the finance function.

EVALUATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH THE FRAMEWORK

The committee reviewed and discussed with the external auditors and the Chief Financial Officer queries relating to the audited annual financial statements to be included in the integrated report. Based on the processes and assurance obtained, the committee believes that the accounting practices applied in the period under review were effective. The Audit Committee concurs with and accepts the opinion of the external auditors on the annual financial statements and believes that the audited annual financial statements should be accepted and read together with the report of the independent auditors.

REVIEW OF THE INTEGRATED REPORT

The Audit Committee reviewed the integrated report for the year ended 31 March 2023 and confirms that management is presenting an appropriate view of the company's position and performance. Based on the information provided by management and the results of audits performed by the internal and external auditors, the committee verifies that the financial information provided by management to the users of such information is adequate, reliable and accurate.

IT GOVERNANCE

The Board's accountability for governance of information technology (IT) is delegated to the Audit Committee. The committee's responsibilities include ensuring that the IT strategy supports Sasria's strategic objectives and IT investments are made within acceptable risk parameters, enabling achievement of compliance and business cyber-resilience. IT performance is monitored through quarterly reports submitted to the Audit Committee.

CONCLUSION

Based on information provided by management and the internal and external auditors, the Audit Committee considers that these statements comply, in all material respects, with the requirements of the PFMA and the basis of preparation set out in the accounting policies in note 1 to the annual financial statements. The Audit Committee concurs that adopting the going-concern assertion in preparing the annual financial statements is appropriate. The Audit Committee recommended the approval of the annual financial statements and the integrated report to the Board. Signed on behalf of the Audit Committee.

Margaret Phiri
Audit Committee Chairperson
19 September 2023

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SASRIA SOC LTD

OPINION

1. We have audited the financial statements of Sasria SOC Ltd (the public entity) set out on pages 87 to 140, which comprise the statement of financial position at 31 March 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sasria SOC Ltd at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No 71 of 2008) (the Companies Act).

BASIS OF OPINION

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the public entity in accordance with the code of professional conduct for auditors of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards).

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going-concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. We selected the following objective presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected the objective that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SASRIA SOC LIMITED CONTINUED

Objective	Page in the annual performance report*
Objective 1: Sustainability – sustainable growth (percentage growth of gross written premium income compared to the 2021/22 financial year)	52
Objective 2: Sustainability – capital efficiency (percentage average gross incurred loss ratio range over a three-year rolling period, excluding IBNR reserve and catastrophe events)	52
Objective 8: Customer-centricity – deliver value-add to the customer (fast-track claims turnaround time)	53
Objective 9: Customer-centricity – deliver value-add to the customer (large-loss claims turnaround time)	53
Objective 10: Customer-centricity – deliver value-add to the customer (claims overturned by the Ombudsman for Short-term Insurance as a percentage of the total claims received by Sasria)	53
Objective 11: Customer-centricity – deliver value-add to the customer (percentage reduction of the number of customer service complaints against the Claims department received against the 2021/22 baseline)	54

12. We evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. We performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that we can confirm the methods and processes to be used for measuring achievements.
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
    - the reported performance information is presented in the annual performance report in the prescribed manner.
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. We performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion.

15. We did not identify any material findings on the usefulness and reliability of the reported performance information for these objectives.

OTHER MATTERS

16. We draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements. This information should be considered in the context of the material finding on the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

19. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

20. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL REPORT AND FINANCIAL STATEMENTS

22. The accounting authority for the public entity did not submit within the prescribed period to the relevant treasury, to the executive authority responsible for that public entity and to the Auditor-General, as required by the section 55(1)(d) of the PFMA, the following:

23. an annual report on the activities of that public entity during that financial year (annual report);

24. the financial statements for that financial year after the statements had been audited (audited financial statements); and

25. the report of the auditors on those statements (auditor's report).

26. This material finding on compliance with specific matters in key legislation did not result in a modification in our audit opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

27. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected objective presented in the annual performance report that have been specifically reported on in the auditor's report.

28. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

29. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

31. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

32. The matter reported below is limited to the significant control deficiency that resulted in the finding on compliance with legislation included in this report.

ANNUAL REPORT AND FINANCIAL STATEMENTS

33. The accounting authority was unable to exercise adequate oversight responsibility regarding compliance with section 55(1)(d) of the PFMA due to an increase in audit scope and delays in receiving third-party confirmations, which resulted in the late submission of the annual report, financial statements and auditor`s report.

OTHER REPORTS

34. We draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

35. We were engaged to perform the following audit-related services:

    Audit and review of the quantitative reporting template in compliance with the Insurance Act, 2017 for the year ended 31 March 2023.

AUDITOR TENURE

36. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc has been the auditor of Sasria SOC Ltd for six years.

SizweNtsalubaGobodo Grant Thornton Inc
Director: Darshen Govender
Chartered Accountant (SA)
Registered Auditor
28 September 2023

20 Morris East Street
Woodmead
2191

ANNEXTURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going-concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislation are as follows:

Legislation	Sections or regulations
Public Finance Management Act, Act No 1 of 1999	Section 50 Section 51 Section 52 Section 55 Section 56 Section 57
Treasury Regulations	TR 29.1 TR 29.2
Prevention and Combating of Corrupt Activities Act No12 of 2004 (PRECCA)	PRECCA 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	PPPFA 2.1(a) PPPFA 2.1(b) PPPFA 2.1(f)
NT SCM Instruction Note 03 2021/22	IN 03 2021/22 Paragraph 4.3 IN 03 2021/22 Paragraph 4.4
Insurance Act, 2017: Act No 18 of 2017	Section 38 Section 39

STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note(s)	2023 R'000	2022 R'000
ASSETS			
Property and equipment	5	7 593	15 858
Intangible assets	6	60 138	65 207
Deferred acquisition costs and administration fees	7	189 657	161 966
Deferred income tax	16	940 808	776 713
Financial assets			
- at fair value through profit or loss – designated	8.1	6 546 617	37 302
- loans and receivables	8.2	104 962	9 360
Prepayments	9.1	196 420	401 194
Other receivables	9.2	82 101	743 147
Insurance receivables	9.3	348 557	274 417
Reinsurance contracts	10	1 944 678	2 845 137
Cash and cash equivalents	11	4 127 328	14 578 781
TOTAL ASSETS		**14 548 859**	**19 909 082**
EQUITY			
Share capital	12.1	22 000 000	-
Shareholder capital contribution	12.2	-	22 000 000
Retained earnings		(11 516 135)	(15 098 628)
TOTAL EQUITY		**10 483 865**	**6 901 372**
LIABILITIES			
Lease liability	5.1	-	8 610
Deferred income	15	162 584	99 374
Employee benefit liability	14	38 124	21 138
Insurance contract liabilities	10	3 316 930	12 694 166
Current income tax payable	28	19 710	-
Trade and other payables	13.1	64 000	20 365
Reinsurance payable	13.2	463 646	164 057
TOTAL LIABILITIES		**4 064 994**	**13 007 710**
TOTAL EQUITY AND LIABILITIES		**14 548 859**	**19 909 082**

STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended 31 March 2023

	Note(s)	2023 R'000	2022 R'000
Gross insurance premiums written	18	4 570 818	3 152 458
Insurance premiums ceded to reinsurers	18	(2 886 930)	(1 175 387)
NET INSURANCE PREMIUMS WRITTEN		**1 683 888**	**1 977 071**
Change in gross unearned premiums provision	18	(103 431)	(117 059)
Change in reinsurers' share of unearned premiums provision	18	128 485	202 269
NET INSURANCE PREMIUMS EARNED	18	**1 708 942**	**2 062 281**
Commission earned from reinsurers		1 011 564	314 302
Investment income	19	693 516	323 623
Other income		7 736	17 846
NET INCOME		**3 421 758**	**2 718 052**
Gross insurance claims incurred and loss adjustment expenses	20	1 544 737	(35 145 291)
Claims and loss adjustment expenses recovered from reinsurers	20	178 655	9 255 422
NET INSURANCE CLAIMS INCURRED		**1 723 392**	**(25 889 869)**
Expenses for the acquisition of insurance contracts	21	(646 665)	(445 778)
Expenses for administration and marketing	22.1	(882 147)	(668 973)
TOTAL EXPENSES		**(1 528 812)**	**(1 114 751)**
PROFIT BEFORE FINANCE COST AND TAX		**3 616 338**	**(24 286 568)**
Finance costs	22.2	(2 676)	(7 475)
PROFIT BEFORE TAX		**3 613 662**	**(24 294 043)**
Taxation	24	(31 169)	836 970
PROFIT/(LOSS) FOR THE YEAR		**3 582 493**	**(23 457 073)**

STATEMENT OF **CHANGES IN EQUITY**

For the year ended 31 March 2023

	Share capital	Shareholder capital contribution	Retained earnings	Total equity
	R'000	**R'000**	**R'000**	**R'000**
BALANCE AT 1 APRIL 2021	-	-	**8 358 445**	**8 358 445**
Comprehensive income/(loss) for the year	-	-	(23 457 073)	(23 457 073)
Shareholder capital contribution	-	22 000 000	-	22 000 000
BALANCE AT 31 MARCH 2022	-	22 000 000	**(15 098 628)**	**6 901 372**
BALANCE AT 1 APRIL 2022	-	22 000 000	**(15 098 628)**	**6 901 372**
Comprehensive income/(loss) for the year	-	-	3 582 493	3 582 493
Shareholder capital contribution	-	(22 000 000)	-	(22 000 000)
Ordinary shares issued	22 000 000	-	-	22 000 000
BALANCE AT 31 MARCH 2023	**22 000 000**	**-**	**(11 516 135)**	**10 483 865**
	Note 12.1	Note 12.2		

STATEMENT OF **CASH FLOWS**

For the year ended 31 March 2023

		2023	2022
	Note(s)	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	27	(4 383 559)	(17 069 680)
Dividends received		-	26 756
Interest received		581 472	280 278
Income tax paid	28	(175 554)	(147 652)
Interest paid		(404)	(5 395)
NET CASH USED IN OPERATING ACTIVITIES		**(3 978 045)**	**(16 915 693)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(3 774)	(4 988)
Proceeds on disposal of property and equipment and intangible assets		84	197
Purchases relating to intangible assets	6	(4 368)	(23 751)
Net (purchase)/sale of financial assets		(6 456 740)	6 360 615
NET CASH (USED IN)/FROM IN INVESTING ACTIVITIES		**(6 464 798)**	**6 332 073**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash payment relating to principal lease liability	5.1	(8 610)	(4 199)
Shareholder capital contribution		-	22 000 000
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES		**(8 610)**	**21 995 801**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(10 451 453)**	**11 412 181**
Cash and cash equivalents at the beginning of the year	11	14 578 781	3 166 600
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	**4 127 328**	**14 578 781**

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING **ACCOUNTING POLICIES**

1. INTRODUCTION

Sasria SOC Limited underwrites short-term insurance risks generally not covered by a traditional insurance company. These risks include loss of or damage to property, directly related to or caused by:

- Any act (whether on behalf of any organisation, body or person, or group of persons) calculated or directed to overthrow or influence any state or government, or any provincial, local, or tribal authority with force, or by means of fear, terrorism or violence;
- Any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any state or government, or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public, or any section thereof; or
- Any riot, strike or public disorder, or any act or activity calculated or directed to bring about a riot, strike or public disorder.

These products are offered only to the domestic market.

Sasria is a state-owned company incorporated and domiciled in the Republic of South Africa.

1.1 STATEMENT OF COMPLIANCE

The annual financial statements are prepared in accordance with the requirements of the Companies Act 71 of 2008, the Public Finance Management Act 1 of 1999 (PFMA), and International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these annual financial statements.

1.2 BASIS OF PRESENTATION

The annual financial statements have been prepared on a going-concern basis in compliance with IFRS. The historical cost basis has been used for measurement purposes except where financial instruments are measured at fair value through profit or loss. The company has consistently applied the accounting policies to the current and prior periods presented. The new accounting standards, interpretations and amendments to existing accounting standards and interpretations that have a material impact on the company have been disclosed. The amendments to the standards not yet effective at 31 March 2023 are not expected to have a significant impact except for IFRS 17: Insurance Contracts.

Sasria prepares and reports its annual financial statements in rands. The amounts in the annual financial statements have been rounded to the nearest thousand.

The company's statement of financial position is not presented using a current/non-current classification but using the liquidity basis.

The following asset balances are current: cash equivalents, insurance receivables, deferred acquisition costs and administration fees, and reinsurance contracts prepayments.

The following asset balances are generally considered to be non-current: property and equipment, intangible assets and deferred income tax.

The following asset balances are a mixture of current and non-current: financial assets at fair value through profit or loss and loans and receivables.

The following liabilities balances are current: current income tax payables, payables, insurance contract liabilities, employee benefit liabilities and deferred income.

Deferred income tax liability balance is generally considered to be non-current.

Lease liability balance is generally considered to be a mixture of current and non-current.

1.3 USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates of certain assets and liabilities. It also requires management to exercise its judgment in the process of applying the company's accounting policies. This is specifically true for the estimation of liabilities from insurance contracts, including the estimate of the provision for claims incurred but not reported (IBNR). The estimates and assumptions are based on historical experience and various factors that may be relevant at the time. Actual results may subsequently be different from the estimates. Estimates and judgments are annually evaluated and based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.14.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

2. ACCOUNTING POLICIES

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as noted below:

a) New and amended standards and interpretations issued and effective in the current financial year and have an impact on Sasria

No new or amended standards or interpretations issued and effective in the current financial year had an impact on Sasria.

b) New and amended standards and interpretations not yet adopted by Sasria

A number of new standards, amendments to standards and interpretation are available but neither effective nor early adopted. These have not been applied in preparing the financial statements for the year ended 31 March 2023. None of these is expected to have a significant effect on the financial statements of the company, except the ones set out below:

IASB effective date	Standards
1 January 2023	**IFRS 17: Insurance Contracts** IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. It requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainties relating to insurance contracts. The financial statements of any entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based on the obligations created by that contract. An entity is required to recognise profits as insurance services are delivered rather than on receipt of premiums. The new standard will have a significant impact on Sasria's recognition, measurement, presentation and disclosure in the financial statements of insurance contracts issued. Management has concluded assessing the impact of this standard on Sasria. Based on the assessment conducted the impact is as follows: • All Sasria insurance contracts fall within the scope of IFRS 17; • No series of insurance contracts that have been issued to the same counterparty to achieve an overall commercial effect have been identified that need to be combined; • The insurance contracts do not contain provision of services component nor investment components that need to be split out from insurance risk; • The standard makes provision for a simplified premium allocation approach and the majority of Sasria's policies automatically qualify for the premium allocation approach and those that did not automatically qualify for the simplified approach passed the eligibility testing; • Sasria has elected a full retrospective approach as its transition method when adopting IFRS 17. The standard is effective for annual periods beginning on or after 1 January 2023 and has to be applied retrospectively. Early adoption is permitted. Sasria is expecting to adopt IFRS 17 in its financial statements for the year ending 31 March 2024.

IASB effective date	Standards
1 January 2024	**IAS 1: Presentation of Financial Statements** Classification of liabilities as current or non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The standard is effective for annual periods beginning on or after 1 January 2024 and Sasria will adopt it in its financial statements for the year ending 31 March 2025.
1 January 2023	**IAS 1: Presentation of Financial Statements** Disclosure of accounting policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. The standard is effective for annual periods beginning on or after 1 January 2023 and Sasria will adopt it in its financial statements for the year ending 31 March 2024.
1 January 2023	**IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors** Definition of accounting estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The requirements for recognising the effect of change in accounting prospectively remain unchanged. The standard is effective for annual periods beginning on or after 1 January 2023 and and Sasria will adopt it in financial statements for the year ending 31 March 2024.
1 January 2023	**IAS 12: Income Taxes** Deferred tax related to assets and liabilities arising from a single transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. The standard is effective for annual periods beginning on or after 1 January 2023 and and Sasria will adopt it in financial statements for the year ending 31 March 2024.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

c) New standards effective and not adopted yet

IFRS 9 came into effect on 1 January 2018 and Sasria is yet to adopt the standard due to the temporary exemption provided for under IFRS4. The standard is not expected to have a significant effect on the financial statements of the company, except the one set out below:

IASB effective date	Standards
1 January 2023	**IFRS 9: Financial Instruments** IFRS 9 will change the classification of financial assets to amortised cost, fair value through profit or loss or fair value through other comprehensive income. In addition, IFRS 9 replaces the 'incurred loss' impairment model in IAS 39 with an 'expected credit loss'. Management has concluded assessing the impact of this standard on Sasria. Based on the assessment conducted, IFRS 9 has no significant impact on the classification, recognition, measurement, presentation and disclosure of financial assets and financial liabilities of Sasria. Sasria has elected to defer the implementation of IFRS 9 to 01 April 2023 when IFRS 17 is expected to be effective.

2.2 PROPERTY AND EQUIPMENT

The cost of an item of property and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property and equipment are initially recognised and measured at cost.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, or replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised. Property and equipment are carried at cost less accumulated depreciation and any impairment losses. Subsequent expenditure is capitalised when it is probable that it will give rise to future economic benefits.

Depreciation on property and equipment, including other owned assets, is calculated using the straight-line method to allocate cost over the estimated useful lives (limited to residual values). Depreciation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Item	Estimated useful life
Computer equipment	3 years
Furniture and fittings	10 years
Leasehold improvements	5 years
Motor vehicles	5 years
Office equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period is recognised in profit or loss. The gain or loss arising from derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The carrying amount of an item of property and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Right-of-use asset

The right-of-use asset is measured at cost, less accumulated depreciation and accumulated impairment losses. Cost is made up of the initial measurement of the lease liability, adjusted by the amount of accrued lease payments that was recognised in the statement of financial position immediately before 01 April 2019, plus any initial direct costs incurred by the company.

Right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of its useful life or the end of the lease. The company also assesses the right-of-use asset for impairment when such indicators exist.

Right-of-use assets are depreciated over the following periods:

Item	Estimated useful life
Buildings	4 years

The carrying amount of the right-of-use asset is derecognised on termination of the lease agreement.

2.3 LEASES

At inception of a contract, Sasria assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease term includes periods covered by an option to extend if Sasria is reasonably certain to exercise that option.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Sasria recognises a right-of-use asset and a lease liability at the lease commencement date on the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. Subsequent to initial measurement, the liability is reduced by the payments made and increased by finance costs. The lease liability is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. The finance cost is recognised in the statement of comprehensive income.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Sasria has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The threshold of these assets is R75 000.

Non-lease component costs such a maintenance, utilities and insurance are expensed as incurred.

2.4 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. To the extent that subsequent costs are incurred in the development phase, these are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. All maintenance is charged to profit or loss during the financial period in which it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Estimated useful life
Computer software	3 – 10 years

2.5 FINANCIAL ASSETS AND LIABILITIES

2.5.1 Classification

The company classifies its financial assets into the following categories: financial assets held at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

2.5.1.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated as at fair value through profit or loss at inception. A financial asset is classified as a trading instrument if acquired principally for selling in the short term and/or forms part of the portfolio of financial assets in which there is evidence of profit-taking, or if so designated by management. Derivatives are also categorised as held for trading. Financial assets designated as at fair value through profit or loss at inception are the following:

Financial assets that are managed and their performance is evaluated on a fair value basis

Information about these financial assets is provided internally on a fair-value basis to Sasria's key management personnel. Sasria's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets included in these portfolios are designated upon initial recognition as at fair value through profit or loss.

Recognition and measurement of financial asset purchases and disposals are recognised on trade date – the date on which Sasria commits to purchase or sell the asset. Financial assets are initially recognised at fair value. Transaction costs are recognised in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Sasria has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised movements arising from changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income in the period in which they arise. Dividend income and interest accrued from financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment income when Sasria's right to receive payments is established. Realised gains on financial assets at fair value through profit or loss are calculated as the difference between proceeds received and cost. Realised gains are recognised as part of net loss/gain on financial assets and liabilities at fair value through profit or loss in investment income.

The fair values of quoted investments are based on current stock exchange closing prices at the close of business on the reporting date. If the market for a financial asset is not active or if it is unquoted, Sasria establishes fair value by using valuation techniques. These include discounted cash flow analysis, recent arm's length transactions, premium/discount to net asset value and price-earnings techniques. Sasria's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data. Debt securities are measured at fair value based on the market rate of an equivalent non-convertible bond. Unit trusts are measured at fair value based on the quoted repurchase prices.

Derivatives

Derivatives are initially recognised in the statement of financial position at fair value on the date on which the contract is entered into and subsequently measured at their fair value. These derivatives are regarded as non-hedge derivatives. Changes in the fair value of such derivative instruments are recognised immediately in the statement of comprehensive income. Quoted derivative instruments are valued at quoted market prices, while unquoted derivatives are valued independently using valuation techniques such as discounted cash flow models and option models.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2.5.1.2 Assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as held at fair value through profit and loss.

Trade receivables and payables

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values. Fair values are determined by reviewing the spreads internally by the committees of the respective asset managers. Subsequent changes to these valuations would result in fair value adjustments.

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are recognised when Sasria has a present obligation arising from past events, settlement of which is expected to result in an outflow of economic benefits from Sasria. Trade and other payables are initially recorded at fair value plus transaction costs and subsequent to initial recognition they are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. Cash equivalents comprise highly liquid investments that are convertible to cash with insignificant risk of changes in value and with original maturities of less than three months. Cash and cash equivalents are carried at amortised cost.

2.5.2 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise and settle the asset and liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.5.3 Derecognition of financial assets and financial liabilities

The entity shall derecognise a financial asset when the contractual rights to the cash flow from the financial assets expire or it transfers the financial assets, and the transfer qualifies for derecognition. An entity shall derecognise a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.5.4 Impairment of financial assets

The carrying amounts of all Sasria's assets, other than those classified as fair value through profit and loss, are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the carrying value is reduced to the estimated recoverable amount by means of a charge to the statement of comprehensive income.

2.5.5 Impairment of receivables

Receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that receivables are impaired includes observable data that comes to the attention of Sasria about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties; and/or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual assets in the group, including:
  - adverse changes in the payment status of issuers of debtors in the group; and/or
  - national or local economic conditions that correlate with defaults on the assets in the group.

Sasria first assesses whether objective evidence of impairment exists individually for assets that are individually significant. If Sasria determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of assets with similar credit risk characteristics

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised through profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, Sasria may measure impairment on the basis of an instrument's fair value using an observable market price. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised through profit or loss.

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. In the case of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is taken through profit or loss unless the asset is carried at a revalued amount in accordance with another standard. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 INSURANCE CLASSIFICATION

Sasria issues contracts that transfer insurance risk or financial risk or, in some cases, both. Insurance contracts are those contracts under which Sasria (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. Receipts and payments under insurance contracts are accounted for in the statement of comprehensive income in accordance with the requirements of IFRS 4 'Insurance Contracts'. The insurance contracts that Sasria underwrites are classified and described below:

2.7.1 Short-term insurance

Short-term insurance provides benefits under short-term policies, which include special risk cover for engineering, fire, transportation, motor and guarantee or a contract comprising a combination of any of those policies. Short-term insurance contracts are further classified into the following categories:

- Personal insurance, consisting of insurance provided to individuals and their personal property; and
- Commercial insurance, providing cover on the assets of business enterprises.

2.8 RECOGNITION AND MEASUREMENT OF INSURANCE CONTRACTS

2.8.1 Gross written premiums and outward reinsurance premium

Gross written insurance premiums exclude value added tax and comprise the premiums on contracts entered into during the financial year, irrespective of whether they relate in whole or in part to a later financial year and are disclosed gross of commission payable to intermediaries. Gross written insurance premiums include adjustments to premiums written in prior accounting periods. Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the risk pattern of cover ceded.

2.8.2 Provision for unearned premiums

The provision for unearned premiums represents the portion of the current financial year's premiums that relates to risk periods extending into the following financial year. As the majority of the underwriting risks are incurred uniformly over the term of the contract, the unearned premium liability is calculated on the straight-line basis, using the 365th method.

2.8.3 Deferred acquisition costs administration fees and deferred income

The costs of acquiring and administrating new and renewal insurance business that are primarily related to the production of that business are deferred and recognised when they can be identified and measured reliably, and it is probable that they will be incurred. The costs are subsequently amortised to the income statement as the premium income is earned.

Deferred commission income relates to the deferred reinsurance commission. This is recognised in respect of fees that are directly attributable to a contract that are paid at inception of the reinsurance contract by the reinsurer. The income is deferred and released to commission as the services are provided over the expected duration of the contract.

2.8.4 Commission paid

Commissions paid to intermediaries are accounted for over the risk period of the policy to which they relate. The portion of the commission that is deferred to subsequent accounting periods is termed deferred acquisition cost.

2.8.5 Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off deferred acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Any deferred acquisition costs written off as a result of this test cannot subsequently be reinstated.

2.8.6 Claims incurred

Claims incurred exclude value added tax and consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and provision for claims incurred but not reported (IBNR). Claims and loss adjustment expenses are charged to the statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period, even if they have not yet been reported to Sasria.

2.8.7 Provision for outstanding claims and reinsurance recoveries

Provision is made on a prudent basis for the estimated final cost of all claims that had not been settled on the accounting date, less amounts already paid. Sasria's own assessors or contracted external assessors individually assess claims. The claims provision includes an estimated portion of the direct expenses of the claims and internal and external handling expenses. Claims provisions are not discounted.

Claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions.

Sasria employs individuals experienced in claims handling and rigorously applies standardised policies and procedures to claims assessments. The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level. A separate calculation is carried out to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred and under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

2.8.8 Provision for claims incurred but not reported

Provision is also made for claims arising from insured events that occurred before the close of the accounting period, but that had not been reported to Sasria at that date. This provision is calculated using actuarial modelling with at least five years' historical claims experience where possible. Sasria adopts multiple techniques to estimate the required level of provisions. This assists in developing a greater understanding of the trends inherent in the data being projected.

Sasria does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to Sasria and statistical analyses for the IBNR claims, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

2.8.8.1 The basic chain-ladder and generalised cape cod methods

Sasria uses the basic chain-ladder and generalised cape cod methods to estimate the ultimate cost of claims. The basic technique involves analysing historical claims development factors, net of reinsurance, and selecting estimated development factors based on this historical pattern. The selected development factors are applied to cumulative internal claims data for each incident year that is not yet fully developed to produce an estimated ultimate claims cost for each incident year.

The claims provisions are subject to close scrutiny within Sasria. In addition, for major classes where the risks and uncertainties inherent in the provisions are the greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims and unexpired periods of risk.

2.8.8.2 IBNR provision is held so as to be at least sufficient at the 75th percentile

As this method uses historical claims development information, it assumes that the historical claims development pattern will occur again in future. There are reasons why this may not be the case. Such reasons include:

- change in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political and social trends;
- changes in mix of business; and
- random fluctuations, including the impact of large losses.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to Sasria. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. The establishment of insurance liabilities is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates. Sasria seeks to provide appropriate levels of claims provisions taking the known facts and experience into account.

2.8.9 Reinsurance contracts held

Reinsurance arrangements do not relieve Sasria of its direct obligations to its policyholders. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that Sasria may not recover all amounts due and there is a reliably measurable impact on the amounts that Sasria will recover from a reinsurer. Impairment losses are recognised through the statement of comprehensive income.

Reinsurance contracts are recognised as such only when they give rise to significant transfer of insurance risk from Sasria to the reinsurers. These reinsurance contracts meet the definition of an insurance contract as defined above. Contracts that do not meet these classification requirements are classified as financial assets. Claims that are recoverable under such contracts are recognised in the same year as the related claims. The benefits to which Sasria is entitled under its reinsurance contracts held are recognised as reinsurance assets.

These assets consist of short-term balances due from reinsurers on settled claims, as well as estimates that are dependent on the outcome of claims experiences related to the reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred. The reinsurer's share of unearned premiums represents the portion of the current year's reinsurance premiums that relates to risk periods covered by the related reinsurance contracts extending into the following year. The reinsurers' share of unearned premium is calculated using the 365th method.

2.8.10 Reinsurance commission

Reinsurance commission is deferred in line with the reinsurance premium expense. Profit commissions receivable should be taken into account when they are likely to be realised and are measurable.

2.8.11 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from intermediaries.

2.8.12 Salvage reimbursements

Some insurance contracts permit Sasria to sell (usually damaged) property acquired in settling a claim (i.e. salvage). Sasria may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in determining the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.8.13 Impairment of (re)insurance contracts

(Re)insurance contracts are assessed for impairment when there is objective evidence of impairment.

2.9 TAXATION

Taxation comprises current and deferred taxation and is recognised in profit or loss.

2.9.1 Current income tax

The current income tax charge is calculated on the basis of the South African tax laws enacted or substantively enacted at the statement of financial position date, and any tax payable in respect of prior years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Current tax for current and prior period shall to the extent unpaid be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

2.9.2 Deferred tax assets and liabilities

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised if it arise from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred income tax is provided on temporary differences arising, except where Sasria controls the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. The tax effects of unused losses carried forward or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2.9.3 Value-added tax

Transactions and assets are recognised net of the value-added tax amount where applicable. The net amount of value-added tax recoverable from, or payable to SARS is included as part of receivables or payables in the statement of financial position.

2.10 EMPLOYEE BENEFITS

2.10.1 Pension obligations

Sasria provides for the retirement benefits of its employees through a defined contribution plan. The assets are held in separate trustee-administered funds. Sasria pays defined contributions into these funds and thereafter, Sasria has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is certain.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES ***CONTINUED***

2.10.2 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Sasria recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2.10.3 Bonus plan

Sasria recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to Sasria's shareholders after certain adjustments. Sasria recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10.4 Leave pay

Employees' entitlement to annual leave and long-service leave are recognised when they accrue to employees. Provision is made for the estimated liability of this leave as a result of services rendered by employees up to the statement of financial position date.

2.10.5 Salaries

Salaries recognised as an expense in profit or loss during the reporting period in which the employee renders the related services.

2.11 PROVISIONS

Provisions are recognised when Sasria has a present legal or constructive obligation of uncertain timing or amount as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Claims benefits payable and the provision for claims that have occurred but have not yet been reported as at the reporting date are disclosed under insurance liabilities.

2.12 REVENUE RECOGNITION

The accounting policy relating to the recognition of revenue from insurance contracts is disclosed as part of 2.7 above, which describes the recognition and measurement of insurance contracts in detail.

2.12.1 Interest income and expenditure

Interest income and expenditure for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance costs in the profit and loss using the effective-interest method.

2.12.2 Dividend income

Dividend income for equities is recognised when the right to receive payment is established, which is the last day of trade in respect of quoted shares, and when declared in respect of unquoted shares. Dividends include shares received in terms of capitalisation issues, irrespective of whether there is an option to receive cash in lieu of the shares.

2.13 SHARE CAPITAL AND RESERVES

2.13.1 Share capital

The issued ordinary share is classified as equity.

2.13.2 Shareholder capital contribution

Shareholder capital contributions are recognised in equity when:

- There is no contractual obligation to transfer cash or another financial asset, or exchange of financial instruments under conditions that are potentially unfavourable to the company;
- The instrument is non derivative and the agreement does not oblige the company to settle the instrument to deliver a variable number of its own equity instruments; and
- The instrument represents a residual interest in the assets of the company after deducting all its liabilities.

The shareholder capital contribution received for equity instruments to be issued is recognised in equity. Equity instruments are initially measured at the proceeds received.

2.13.3 Accumulated profits or losses

Accumulated profit or losses is the amount of cumulative profit or loss retained in the company after taxation and dividend distribution.

Dividend distributions to the shareholder are recognised in the statement of changes in equity in the period in which they are approved by the Board of Directors.

2.14 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

2.14.1 Ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is Sasria's most critical accounting estimate. Several sources of uncertainty have to be considered in estimating the liability that Sasria will ultimately be exposed to for such claims. The risk environment can change quickly and unexpectedly owing to a wide range of events or influences. Sasria is constantly refining the tools with which it monitors and manages risks to place the company in a position to assess risk situations appropriately, despite the greatly increased pace of global changes. The growing complexity and dynamism of the environment in which the company operates, however, means that there are natural limits. There cannot and never will be absolute security when it comes to identifying risks at an early stage, measuring them sufficiently or correctly estimating their real hazard potential. Refer to notes 3 and 4 – management of insurance and financial risks – for further detail on the estimation of the claim's liability.

2.14.2 Valuation of unlisted investments

The unlisted equity investment is reviewed by management for reasonableness on an annual basis. Sasria accounts for its share of the fair value movements as described in 4.3.1 below. The unlisted bond investments, which are held through appointed asset managers, are valued based on market observable data and expert judgment. The valuations are also reviewed by management for reasonableness. The market observable data would be the interest rate at which a listed liquid government bond will trade.

2.15 Irregular expenditure

Irregular expenditure is defined in section 1 of the PFMA as 'expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including:

- The PFMA Act; or
- The State Tender Board Act 86 of 1968 or any regulations made in terms of this Act'.

Irregular expenditure is accounted for according to the nature of the expense. When confirmed, irregular expenditure is disclosed in note 29 of the annual financial statements. The amount of irregular expenditure incurred is equal to the value of the transactions recognised in terms of IFRS in profit or loss or in the statement of financial position.

Irregular expenditure is removed from the note when it is either (a) condoned by the relevant authority or (b) transferred to receivables for recovery. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and must be derecognised when the receivable is settled or subsequently written off as irrecoverable. In instances where recovery is not possible, such irregular expenditure will be written off and removed from the note on approval by the Accounting Authority.

Cases of a criminal nature are reported to the responsible authorities. Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure are also disclosed.

2.16 Fruitless and wasteful expenditure

Section 1 of the PFMA defines fruitless and wasteful expenditure as 'expenditure which was made in vain and would have been avoided had reasonable care been exercised'.

Fruitless and wasteful expenditure is accounted for according to the nature of the expense. When confirmed, fruitless and wasteful expenditure is disclosed in note 29 of the financial statements. The amount to be recorded in the note is equal to the value of the fruitless and wasteful expenditure incurred.

Expenditure to be recovered is transferred to receivables for recovery. A receivable related to fruitless and wasteful expenditure is measured at the amount that is expected to be recovered and is derecognised when the receivable is settled or subsequently written off as irrecoverable. In instances where recovery is not possible, such fruitless and wasteful expenditure will be written off and removed from the note on approval by the Accounting Authority.

Cases of a criminal nature are reported to the responsible authorities. Any criminal or disciplinary steps taken as a consequence of fruitless and wasteful expenditure are also disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. MANAGEMENT OF RISK

As an insurance company, Sasria is exposed to various insurance and financial risks.

3.1 RISK AND CAPITAL MANAGEMENT

Strategic risk is the risk of the current and prospective impact on earnings or capital arising from Sasria's inability to implement appropriate business plans, proper market conduct processes, strategies, decisions, improper implementation of decisions or lack of responsiveness to industry changes. Sasria's capital management philosophy is to maximise the return on the shareholder's capital within an appropriate risk management framework and ensure that its policyholders' assets are protected against special and catastrophic risks. Management will continue to monitor Sasria's solvency levels and required solvency range in light of industry changes and regulatory requirements. Sasria is committed to efficient capital management and a decision was taken by the Board to maintain an appropriate level of capital with the balance of the required capacity being made up of reinsurance in line with the company's risk appetite.

Risk appetite defines the amount of risk that Sasria is willing to accept in pursuit of shareholder value and the attainment of strategic objectives, including the fair treatment of customers. It provides a mechanism by which the Board of Directors can set the boundaries within which the businesses should operate. It articulates the amount of risk the Board is willing to accept. Risk appetite balances the expectations and interests of a variety of stakeholders. These include shareholders, policyholders and staff as well as regulators and outsourced functions. Risk appetite drives reporting and therefore decision-making.

Sasria manages its capital through different methods or tools that include the following:

3.1.1 Own risk and solvency assessment (ORSA)

The Prudential Standards for Insurers introduces a requirement for insurers licensed under the Insurance Act to conduct an ORSA. ORSA is 'the entirety of the processes and procedures employed to: identify, assess, monitor, manage and report the short and long-term risks an insurance undertaking faces or may face and determine the own funds necessary to ensure that the undertaking's solvency needs are met at all times'.

ORSA is one of the primary tools used to test whether the company operates within or outside of the risk appetite over the business planning horizon. Part of the ORSA includes carrying out stress and scenario testing over the business planning horizon. The ORSA process requires Sasria to identify the most significant risks facing the company, quantifying the capital requirements for these risks and finally comparing the capital requirement to the own funds available on its statement of financial position. The ORSA process allows management to identify appropriate management actions and embed these actions in the event of a specific event realising.

Sasria performed an ORSA report of the business over the planning horizon and presented the results to its executive management, Risk Committee and the Board. Stress scenarios include economic stresses, demographic stresses and stresses resulting from operational risk.

3.1.2 Capital at risk

Sasria will always hold sufficient eligible financial resources to ensure it meets the relevant solvency capital requirements (SCR), as well as its internal assessment of the economic capital requirement (ECR) to deliver on its business plans, reasonable policyholder expectations and claim payments as they fall due.

The company has established risk appetite measures for the capital at risk as well as limit and threshold allocations to manage the key risk (non-life underwriting risk, credit risk and market risk) identified within the company. The establishment of the risk appetite measure is to ensure that the directors have appropriate risk management practices in place. The management of risk within the company is governed by the Board and overseen by the Risk Committee.

When determining capital requirements, the company uses a risk appetite measure of capital at risk over a one-year time period. The company's capital at risk measurement is based on the higher of the SCR or the ECR. The company aims to hold adequate capital to remain solvent in the event of substantial deviations, such as a 1-in-200-year event.

3.2 ECONOMIC CAPITAL REQUIRED

The company has developed tools for the purpose of calculating an internal economic view of risk and capital requirements as well as capital projections. The company has therefore aligned itself to a more appropriate calculation of capital through the development of an economic capital model.

The economic capital model is used to support, inform and improve the company's decision-making. It is used to determine the optimum capital structure, the investment strategy and its reinsurance programme.

3.3 SOLVENCY CAPITAL REQUIREMENT

SCR is a formula-based figure calibrated by the Prudential Authority to ensure that all quantifiable risks are taken into account, including non-life underwriting, market, credit, operational and counterparty risks. Insurers are required to maintain minimum required capital at all times throughout the year.

Sasria's Board of Directors targets an economic capital coverage ratio of between 180% and 230%. In addition, the regulatory capital coverage ratio must exceed predefined threshold levels.
The company reports to the Prudential Authority only on the SCR and not on the ECR.

3.4 INSURANCE RISK

Insurance risk refers to the risk of loss as a result of underwriting insurance contracts. Insurance risk includes:

- Underwriting risk
- Reinsurance risk

3.4.1 Underwriting risk

Underwriting risk is the risk that claims and related expense experience are worse than anticipated in the pricing and reserving of the underlying products. For Sasria the drivers of underwriting risk include changes in the political, social and labour climate of South Africa, as well as economic changes such as higher-than-expected inflation.

The company manages underwriting risks through its underwriting strategy, appropriate pricing, adequate reinsurance arrangements and proactive claims handling.

The company underwrites risks that natural persons, corporate or other entities wish to transfer to an insurer. While the company provides cover relating to conventional fire, motor and engineering, the specific risks covered are restricted to material damage arising from riots, strikes, labour disturbances and terrorism.

As such the company is exposed to uncertainty surrounding the timing and severity of claims under insurance contracts that would be affected by circumstances such as political unrest, downturn in the state of the economy and organised labour issues. These insurance events are, by their nature, random and given the type of risks that the company underwrites, the actual number and size of events during any one year may vary from those estimated. The actual amounts in any one year may be greater than has been provided for.

In accordance with Sasria's business model, the administration is outsourced to Sasria's agents. This includes the issue of Sasria coupons as well as the collection of Sasria premiums. The Sasria agents allow the Sasria coupons to be attached to their policies. A Sasria agent is typically a registered conventional short-term insurer or short-term insurer underwriter that has entered into an agreement with the company. The agent agreement clearly sets out the manner in which the agent company should administer the Sasria business. The agents are also provided with a comprehensive set of guidelines detailing the processes and procedures relating to the issue of Sasria's coupons, the collection of premiums and reporting of claims on its behalf, and the method of payment of the premiums to Sasria.

The company underwrites primarily short-tail risks, which means that the majority of claims are typically settled within one year of the occurrence of the event/s giving rise to the claims. Risks that are long-tail in nature represent an insignificant portion of the company's insurance portfolio.

The product features of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts underwritten by the company are set out below:

Fire	Provides indemnity for loss of or damage to immovable property. This includes commercial and residential properties.
Transportation	Provides indemnity for loss of or damage to goods-in-transit, marine cargo and marine hull, which includes ships and small craft as well as the marine or inland transit of cargo.
Motor	Provides indemnity for loss of or damage to all types of motor vehicles.
Guarantee	Provides indemnity to banks for default by their clients due to the occurrence of a Sasria peril and is sold by the Home Loan Guarantee Company.
Engineering	Provides indemnity for loss of or damage sustained to machinery and equipment or damage to buildings or structures during the course of construction.

Claims management

The Claims department monitors most of the media on a daily basis to consider all events likely to result in claims against the company. The outstanding claims provision is monitored on a monthly basis by management. The outstanding claims provision is annually tested for adequacy as part of the liability adequacy test noted in 2.8 above. The process regarding the Claims department is discussed in note 10, which includes sensitivities.

3.4.1.1 Limiting exposure to underwriting risk

Due to the business model followed by Sasria, there is no direct underwriting performed on the coupons up to R500 million. Sasria directly underwrites all the coupons in excess of R500 million but not exceeding R1.5 billion (product was discontinued from 01 April 2022). Sasria offers cover on a non-refusable basis. The premium rates that the agent companies use are set by Sasria in its underwriting guidelines. The underwriting risk is mitigated by the fact that the Sasria cover, being a coupon policy, attaches to a conventional insurer's underlying policy. If no cover is provided by the Sasria agent, then no Sasria cover attaches.

The insured have an option of taking up the Sasria cover at the holding company level or at subsidiary level. Adequate reinsurance has been arranged to mitigate the increased exposure.

3.4.1.2 Underwriting strategy and limits and policies for mitigating underwriting risk

The legislated monopoly enjoyed by Sasria, as well as the underwriting philosophy of the company, results in the company underwriting a large number of diverse risks, resulting in a balanced portfolio spread across personal and commercial policyholders.

By using gross written premiums in each class as an indicator, the table below illustrates the company's distribution of risks underwritten:

Category of risk policy	2023	2022
	%	%
Property	72.61	81.68
Motor	21.49	11.66
Engineering	3.66	4.05
Other	2.34	2.61
TOTAL FOR ALL CATEGORIES	**100.00**	**100.00**

3.4.1.3 Concentration of insurance risks

The company has a diversified insurance portfolio of risks across South Africa's geography, and across all types of industrial and commercial enterprises as well as personal lines. However, as a result of Sasria's predominant presence in this particular market and the types of risks covered, any single event could result in a large number of claims. The maximum any one insured can claim is R1.5 billion. Losses arising from an event (where more than one insured is affected by the same event) in excess of R500 million will trigger Sasria's catastrophe reinsurance.

By using gross written premiums as an indicator, the company's insurance portfolio could also be divided between personal and commercial (all insureds other than natural persons) policies as follows:

Split by type of policyholder	**2023**	**2022**
	%	%
Personal policies	13.94	20.59
Commercial policies	86.06	79.41
TOTAL PERSONAL AND COMMERCIAL POLICIES	**100.00**	**100.00**

The company ensures that agent companies adhere to the set underwriting guidelines through biannual audits conducted at each agent company. In addition, the company's own Internal Audit department conducts reviews of the Sasria process carried out on the company's behalf by agent companies, their underwriting managers and brokers. Follow-up reviews are performed by the Quality Assurance department to ensure that findings are resolved and closed within a reasonable time and no additional risks are encountered.

During the financial year, quality assurance performed proactive reviews on agents in addition to their follow-up reviews.

Any changes to the guidelines are communicated to all agent companies and their underwriting managers by way of written circulars. The ability to adjust rates, either for monthly or annual business (depending on the contract term), allows the company to mitigate the risk of underwriting losses. These adjustments would be from renewal date on annual policies and over a period of a few months on monthly policies. The company monitors the incidence of claims per insured, class and sector and if necessary, has the ability to impose deductibles.
Pricing is based on historical claims, frequency and severity and includes catastrophe modelling. The methodology used estimates the anticipated cost per policy. Claims remain the company's most significant cost. Further adjustments are made in the pricing estimate for expenses, commission, cost of capital and profit allowance, investment income and expenses and reinsurance allowance.

Catastrophe risk is managed and mitigated through reinsurance.

The split between annual and monthly premiums written is as follows:

Split by type of policyholder	**2023**	**2022**
	%	%
Annual policies	37.66	44.33
Monthly policies	62.34	55.67
TOTAL ANNUAL AND MONTHLY POLICIES	**100.00**	**100.00**

The incidence of fraud is reduced by robust claims handling processes and regular review of these processes. The company's Internal Audit department conducts annual reviews of the in-house Claims department to ensure adherence to the company's internal controls procedures.

On a monthly basis the underwriting results per class of business are monitored against pre-determined budgets. The premium income and reversals are also monitored for each agent on a monthly basis and compared to the previous period. Any major fluctuations are investigated.

3.4.2 Reinsurance risk

Reinsurance risk is the risk of loss due to insufficient or inappropriate reinsurance cover relative to the risk management strategy and objectives.

Reinsurance cover is purchased to manage underwriting risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder.

Sasria's reinsurance strategy is driven by the desire to use capital efficiently, protect the statement of financial position and hence ensure a sustainable business. The strategy is to retain as much premium as possible subject to a solvency ratio target.

Reinsurance is placed on the local and international reinsurance markets. Reinsurance arrangements in place include proportional and non-proportional reinsurance that include catastrophe cover. The reinsurance programme is aimed at reducing the volatility of the company's underwriting results and protecting its capital. The company purchases catastrophe reinsurance to protect itself against losses arising from major catastrophes. The level of catastrophe reinsurance purchased is based on the company's maximum probable loss and capital adequacy exercise, which is performed annually. Sasria evaluates and monitors the type and amount of reinsurance to be purchased within the company's risk appetite framework and measures.

4. MANAGEMENT OF RISK

The company is exposed to financial risk through its financial assets, reinsurance assets, financial liabilities and insurance liabilities. The most important components of these financial risks are market risk, credit risk and liquidity risk. These risks arise from investments in various asset classes whose values are exposed to the current macro-economic environment resulting in market price movements.

For the discussions below, the following financial instruments, insurance balances and insurance contract liability are disclosed in classes based on their similar characteristics:

	2023 R'000	2022 R'000
FINANCIAL AND INSURANCE ASSETS		
Unlisted and unquoted equity securities	-	8 000
TOTAL EQUITY SECURITIES	**-**	**8 000**
Money market fund (>3 months)	5 237 379	7 128
Government and semi-government bonds	147 893	-
Other bills and bonds (fixed rate)	1 131 345	22 174
Unit trusts	30 000	-
TOTAL DEBT AND MONEY MARKET SECURITIES	**6 546 617**	**29 302**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**6 546 617**	**37 302**
Insurance receivables	348 557	274 417
Loans and receivables	104 962	9 360
TOTAL LOANS AND RECEIVABLES, INCLUDING INSURANCE RECEIVABLES	**453 519**	**283 777**
Reinsurance assets	1 944 678	2 845 137
Cash and cash equivalents	4 127 328	14 578 781
TOTAL FINANCIAL AND INSURANCE ASSETS	**6 072 006**	**17 423 918**
FINANCIAL AND INSURANCE LIABILITIES		
Deferred income	162 584	99 374
Insurance contracts	3 316 930	12 694 166
Payables	64 000	20 365
Reinsurance payables	463 646	164 057
TOTAL FINANCIAL AND INSURANCE LIABILITIES	**4 007 160**	**12 977 962**

The company investment policy specifies approved instruments that may be used to economically hedge the company's exposure to variability interest rates to manage and maintain market risk exposures within the parameters set out in the investment strategy.

Such instruments are recognised at fair value on the date on which a derivatives contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. All gains and losses from changes in the fair value of derivatives are accounted for immediately in profit or loss.

4.1 MARKET RISK

Market risk is defined as the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates. The company uses several sensitivities or stress tests to understand the impact of the above risks on earnings and capital in normal and stressed conditions.

Market risk arises due to fluctuations in both the value of financial liabilities and the value of investments held. Management of the company is tasked with the responsibility of managing key market risks to which the company is exposed. Sasria's investment portfolio is structured to withstand shocks such as the credit rating downgrade through its strategic asset allocation, which allows for diversification and flexibility to reduce a significant drag on relative performance. Sasria's investment philosophy is centred on an asset-liability matched investment approach that ensures that the underlying assets into which the funds are invested are matched to meet the duration and rand value of the liabilities at a given point in time. When a suitable asset-liability matched position is achieved, Sasria will optimise returns on the non-liability matching assets within the risk appetite limits. The investments market positions are monitored daily by the external investment managers and reviewed monthly by the Chief Financial Officer, the Risk department and quarterly by the Investment Committee. For each of the major components of market risk, described in more detail below, the company's Board has put in place policies and procedures to set out how each risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

4.1.1 Interest rate risk

Interest rate risk arises from the net effect on assets and liabilities due to a change in the level of interest rates. The company is exposed to interest rate risk on its investments due to variable rate instruments such as other bills and bonds, which expose the company to fair value risk. Other interest-bearing securities such as cash on fixed deposits, call accounts and other money market instruments expose the company to interest rate risk. This risk is limited through a well-diversified portfolio that allows for flexibility to ensure that managers can adopt a defensive stance in the current environment.

The risk is further limited by regular trading of the portfolio, providing diversification in terms of yield profit and an asset and liability matching strategy. A hypothetical 2% decrease or increase in the interest rate relating to cash and interest-bearing securities would result in an increase or decrease in interest earned of R119 million (2022: R144 thousand – at 2% sensitivity) or an increase/decrease in profit after tax of R87 million (2022: R103 thousand – at 2% sensitivity), respectively. A 2% increase in interest rates would expose the company to the risk of losing value in other bills and bonds by R26 million (2022: R444 thousand – at 2% sensitivity), while a decrease would expose the company to the risk of gaining value by R26 million (2022: R444 thousand – at 2% sensitivity). Loans and receivables and trade and payables are not sensitive to interest rate fluctuations as they are expected to be settled within three months of falling due. Exposure to interest rate risk is monitored and managed by management.

SARB raised its benchmark repo rate by 50 basis points to 7.75%, at its March 2023 meeting, while markets had expected a smaller 25 basis points increase. It is the ninth consecutive interest rate hike since the policy normalisation. The move was driven by SARB's assessment that risks to the inflationary outlook remain distinctively skewed to the upside. The repo rate increased by 3.5% during the 2022/23 financial year.

Credit risk

Credit risk is the risk that Sasria will experience a loss due to a counterparty being unwilling or unable to meets its financial or contractual obligations when they fall due.

The company has exposure to credit risk, which is the risk that a counterparty will default on debt failing to make payments when due. The key areas that give rise to credit risk exposure for the company are:

- reinsurers' share of insurance liabilities that have not yet been paid;
- reinsurers' share of claims already paid;
- amounts due from insurance contract holders;
- premiums and other amounts due from agent companies; and
- amounts invested with investment counterparties.

The company conducts its business only with reputable reinsurers rated above a certain level as shown in the ratings table below. The credit risk exposure of agent companies is managed by conducting business only with approved agents. Such risks are subject to an annual review and ongoing monitoring.

The creditworthiness of reinsurers is considered on a monthly basis, along with their external ratings as indicated below.

4.2.1 Credit risk on reinsurance contracts

Reinsurance risk arises due to uncertainty regarding the timing and amount of future cash flows from reinsurance contracts. This could be due to the financial standing of the reinsurer or due to changes in the appropriateness of cover in the future.

The credit risk that originates from the reinsurance transactions is managed as follows:

Published independent credit ratings of all existing and prospective reinsurers are monitored prior to entering into reinsurance transactions. The credit ratings of all existing reinsurers are also monitored on an ongoing basis throughout the year and remedial action taken if required. In addition, reinsurance contracts make allowance to replace reinsurers in the case of a downgrade of rating below an acceptable level.

The table below shows the company's five largest reinsurers on the reinsurance programme.

Reinsurer – 2023	% of total cover provided	Credit risk* rating
Swiss Re Africa Limited	20.00	AA-
Munich Reinsurance Company of Africa Limited	9.00	AA-
SCOR SE	7.00	AA-
Everest Reinsurance Company	5.00	A+
Odyssey Reinsurance Company	5.00	A-

Reinsurer – 2022	% of total cover provided	Credit risk* rating
Swiss Re Africa Limited	25.00	Not rated
Fidelis Underwriting Limited	22.50	A-
SCOR SE	12.50	AA-
Odyssey Reinsurance Company	9.00	A-
XL Re Europe SE, Succursale Francaise	7.50	AA-

** The company does not have any foreign currency risk exposure as the reinsurance contracts are denominated in rand.*

4.2.2 Credit risk of financial assets

Sasria qualifies for the temporary exemption in IFRS 9 due to the decision taken to adopt IFRS 9 concurrently with IFRS 17 and is applying the temporary exemption. Sasria qualifies to apply the temporary exemption as it has not previously applied any version of IFRS 9, other than the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss and because its activities are and were predominantly connected with insurance at its annual reporting date immediately preceding 1 April 2016. Sasria's activities were predominantly connected with insurance at the annual reporting date immediately preceding 1 April 2016 because the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities was less than or equal to 90% but greater than 80%. The company does not have collateral, credit enhancements or renegotiated financial assets.

The credit rating of an individual instrument is an indication of the issuer's ability to meet its debt obligation. A lowered rating will affect the cost of borrowing (interest rates) as well as the cost of serving its debt, which, therefore, constrains the ability to borrow. Sasria's investment portfolio is affected by South Africa's sovereign credit rating downgrade as government's ability to borrow money to fund projects has been constrained. This risk is mitigated by the investment mandates managed through outsourced reputable investment managers. Mandates include credit rating exposure limits, duration limits and the use of derivative instruments to hedge the portfolio without having to dispose of the underlying instruments. Each of these managers is given a mandate to ensure that credit risk is mitigated through diversification and flexibility, which allows for a defensive strategy in the current economic environment.

Issuer default and credit concentration risk with regard to cash investments, debt instruments, bonds, preference shares, over-the counter derivatives and instruments used for equity protection risk mitigation are managed by the Risk department in conjunction with the Investment department.

Credit risk from balances with banks and financial institutions is managed by the Investment Committee in accordance with the company's investment policy. Investments in surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis and maybe updated throughout the year subject to approval of the Investment Committee. The limits are set to minimise the concentration of risks and, therefore, mitigate financial loss through a counterparty's potential failure to make payments.

The company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2023 and 2022 is the carrying amounts as illustrated on the table below.

At 31 March 2023 financial assets and insurance assets	Aaa	Aa	A	Ba	Caa	WR	Not rated	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Government bonds	-	25 101	122 792	-	-	-	-	147 893
Other bills and bonds	455 552	122 782	37 079	-	-	1 409	514 523	1 131 345
Unit trust	-	-	-	-	-	-	30 000	30 000
Money market fund	4 860 386	-	-	-	-	5 350	371 643	5 237 379
Insurance receivables	-	-	-	-	-	-	348 557	348 557
Loans and receivables	-	-	-	-	-	-	104 962	104 962
Cash and cash equivalents	882 622	1 232 624	-	-	-	-	2 012 082	4 127 328
	6 198 560	**1 380 507**	**159 871**	**-**	**-**	**6 759**	**3 381 767**	**11 127 464**

At 31 March 2022 financial assets	A	Baa	Ba	Caa	WR	Not rated	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other bills and bonds	-	-	-	-	1 757	20 417	22 174
Money market fund	-	-	-	-	7 128	-	7 128
Insurance receivables	-	-	-	-	-	274 417	274 417
Loans and receivables	-	-	-	-	-	9 360	9 360
Cash and cash equivalents	-	-	4 459 287	-	-	10 119 494	14 578 781
	-	**-**	**4 459 287**	**-**	**8 885**	**10 423 688**	**14 891 860**

The financial assets analysed above are based on published external credit ratings.

The rating scales are based on long-term investment horizons from rating agency Moody's under the following broad investment grade definitions:

- Aaa – prime grade, subject to low credit risk;
- Aa – very good quality, subject to very low credit risk;
- A – upper medium grade, subject to low credit risk;
- Ba – judged to be speculative, subject to substantial credit risk;
- Baa – medium grade, subject to moderate risk;
- Caa – speculative of poor standing, subject to very high credit risk;
- WR – withdrawn rating
- Not rated: Amounts falling within the not-rated category are managed by the Finance department on a daily basis to ensure recoverability of amounts.

The company's Investment Committee reviews the credit risk on all the financial instruments and measures are put in place to minimise the credit risk. The risk on investments is further minimised through limiting the dependency of the company on any one investment manager and through requiring depth and breadth of resources and financial stability in respect of any investment manager appointed by the company.

The company monitors its exposure to its counterparties for regulatory reporting and policy adherence purposes. The credit risks are further monitored to ensure that there are no risk appetite breaches. Reporting is provided to the Executive Committee and the Risk Committee on a quarterly basis.

4.3 LIQUIDITY RISK

The company is exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The majority of the company's investments are maintained in short-term liquid investments that can be converted into cash at short notice with insignificant risk of changes in value and that would be available to match liabilities that are short-term in nature.

For the purposes of the liquidity analysis below, financial instruments are presented on an undiscounted, contractual and worst-case basis while insurance assets and liabilities are presented based on expected cash flows.

The following liquidity analysis provides details on the expected settlement of the financial and insurance liabilities recognised at reporting date:

2023	**Within 0 to 3 months**	**3 months to 1 year**	**Total**
	R'000	**R'000**	**R'000**
Trade and other payables	64 000	-	64 000
Reinsurance payables	463 646	-	463 646
Insurance contract liabilities	2 617 070	-	2 617 070
TOTAL	**3 144 716**	**-**	**3 144 716**

2022	**Within 0 to 3 months**	**3 months to 1 year**	**Total**
	R'000	**R'000**	**R'000**
Trade and other payables	20 365	-	20 365
Reinsurance payables	164 057	-	164 057
Insurance contract liabilities	12 097 737	-	12 097 737
Lease liabilities	2 254	6 760	9 014
TOTAL	**12 284 413**	**6 760**	**12 291 173**

The following maturity analysis provides details on the expected maturities of the financial and insurance assets held at reporting date:

2023	Within 0 to 3 months	3 months to 1 year	More than 3 years	Total
	R'000	R'000	R'000	R'000
Financial assets at fair value through profit or loss	266 640	6 277 120	2 857	6 546 617
Loans and receivables	104 962	-	-	104 962
Insurance receivables	348 557	-	-	348 557
Reinsurance contracts	1 577 350	-	-	1 577 350
Cash and cash equivalents	4 127 328	-	-	4 127 328
TOTAL	**6 424 837**	**6 277 120**	**2 857**	**12 704 814**

2022	Within 0 to 3 months	3 months to 1 year	More than 3 years	Total
	R'000	R'000	R'000	R'000
Financial assets at fair value through profit or loss	27 999	5 321	3 982	37 302
Loans and receivables	9 360	-	-	9 360
Insurance receivables	274 417	-	-	274 417
Reinsurance contracts	2 845 137	-	-	2 845 137
Cash and cash equivalents	14 578 781	-	-	14 578 781
TOTAL	**17 735 694**	**5 321**	**3 982**	**17 506 153**

4.3.1 Fair-value hierarchy

This requires the company to classify fair-value measurements using a fair-value hierarchy that reflects the significance of the inputs used in making the measurements. The fair-value hierarchy has the following levels:

Level 1:
Quoted prices (unadjusted in active markets for identical assets or liabilities that an entity can access at the measurement date);

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3:
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table analyses within the fair-value hierarchy the company's financial assets (by class) measured at fair value at 31 March 2023:

Assets – 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	R'000	**R'000**	**R'000**	**R'000**
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
- Debt securities	147 893	1 131 345	-	1 309 238
- Unit trusts	-	30 000	-	30 000
- Money market fund	-	5 237 379	-	5 237 379
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**147 893**	**6 398 724**	**-**	**6 546 617**

Assets – 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	R'000	**R'000**	**R'000**	**R'000**
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
- Equity securities – unlisted	-	-	8 000	8 000
- Debt securities	-	22 174	-	22 174
- Money market fund	-	7 128	-	7 128
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**29 302**	**8 000**	**37 302**

Valuation techniques used:

Level 1
The fair value of financial instruments traded in an active market is based on quoted market prices at reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Financial instruments that trade in markets that are not considered to be active but are valued using valuation techniques based on assumptions supported by prices from an observable current market transaction. Are classified within level 2. Inputs used in the valuation techniques include quoted market prices, interest rates, observable yield curves and credit spreads. The fair value of the instruments calculated using various valuation techniques is obtained from fund managers' reports.

Level 3
Investments classified at level 3 have significant unobservable inputs, as they trade infrequently. The level 3 equity amount consists of a single private equity position. When determining the fair value of the investment, the company considered the price that would be received to sell the instrument at the measurement date. The price is derived from an offer to purchase accepted on 31 March 2022.

4.4 OPERATIONAL RISK

Operational risk arises as a result of inadequate or failed internal processes, people and systems, or from external events. These risks are mitigated through a comprehensive system of internal controls, comprising policies and standards, procedures, systems and information to assist in achieving established objectives and goals.

Sasria manages operational risk using a range of techniques and tools to identify, monitor and mitigate its operational risk in accordance with the risk appetite. These tools include risk and control self-assessments and questionnaires, key risk indicators, scenario and sensitivity analyses and loss data collection/notification. In addition, Sasria has developed a number of contingency plans including incident/loss notification and a business continuity management plan, which is tested on a regular basis and reviewed by internal audit every three years.

5. PROPERTY AND EQUIPMENT

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	26 432	(20 677)	5 755	24 098	(17 477)	6 621
Furniture and fittings	4 419	(3 300)	1 119	4 176	(3 010)	1 166
Motor vehicles	565	(515)	50	565	(480)	85
Office equipment	2 556	(2 493)	63	2 556	(2 417)	139
Leasehold improvements	16 297	(15 691)	606	16 297	(14 759)	1 538
Right-of-use asset	25 237	(25 237)	-	25 237	(18 928)	6 309
TOTAL	**75 506**	**(67 913)**	**7 593**	**72 929**	**(57 071)**	**15 858**

Reconciliation of property and equipment – 2023

Reconciliation of property and equipment 2023	Opening net book amount R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Total R'000
Computer equipment	6 621	3 531	(37)	(4 360)	5 755
Furniture and fittings	1 166	243	-	(290)	1 119
Motor vehicles	85	-	-	(35)	50
Office equipment	139	-	-	(76)	63
Leasehold improvements	1 538	-	-	(932)	606
Right-of-use asset	6 309	-	-	(6 309)	-
TOTAL	**15 858**	**3 774**	**(37)**	**(12 002)**	**7 593**

Reconciliation of property and equipment – 2022

Reconciliation of property and equipment 2022	Opening net book amount R'000	Additions R'000	Disposals R'000	Adjustments* R'000	Depreciation charge R'000	Total R'000
Computer equipment	6 254	4 810	(69)	-	(4 374)	6 621
Furniture and fittings	1 302	178	(24)	-	(290)	1 166
Motor vehicles	121	-	-	-	(36)	85
Office equipment	234	-	-	-	(95)	139
Leasehold improvements	2 472	-	-	-	(934)	1 538
Right-of-use asset	12 894	-	-	(551)	(6 034)	6 309
TOTAL	**23 277**	**4 988**	**(93)**	**(551)**	**(11 763)**	**15 858**

** The initial measurement value of the lease liability was adjusted. As a result the cost of the right-of-use asset was also adjusted.*

5.1 LEASE

Leases	**2023**	**2022**
	R'000	**R'000**
Minimum lease payments due		
– within one year	-	9 014
Undiscounted minimum lease payments	-	9 014
– less future interest expense	-	(404)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**-**	**8 610**

Lease payments represent rentals payable by the company for its office properties. Leases are negotiated for an average term of five years and escalate at 8% on average. No contingent rent is payable.

	2023	**2022**
	R'000	**R'000**
RECONCILIATION OF LEASE LIABILITY		
Opening balance	8 610	13 360
Interest expense	404	4 148
Total lease cash outflows	(9 014)	(8 347)
Lease liability adjustment*	-	(551)*
LEASE LIABILITY	**-**	**8 610**

**The initial measurement value of the lease liability was adjusted as a result of the present value of the lease payment adjustment.*

6. INTANGIBLE ASSETS

			2023			**2022**
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Software	112 590	(54 596)	57 994	109 031	(45 160)	63 871
Capital work in progress	2 144	-	2 144	1 336	-	1 336
TOTAL	**114 734**	**(54 596)**	**60 138**	**110 367**	**(45 160)**	**65 207**

Reconciliation of intangible assets – 2023	Opening net book amount R'000	Additions R'000	Transfers R'000	Amortisation charge R'000	Total R'000
Software	63 871	2 224	1 336	(9 437)	57 994
Capital work in progress	1 336	2 144	(1 336)	-	2 144
TOTAL	**65 207**	**4 368**	**-**	**(9 437)**	**60 138**

Reconciliation of intangible assets – 2022	Opening net book amount R'000	Additions R'000	Transfers R'000	Amortisation charge R'000	Total
Software	43 137	22 416	8 457	(10 139)	63 871
Capital work in progress	8 457	1 336	(8 457)	-	1 336
TOTAL	**51 594**	**23 752**	**-**	**(10 139)**	**65 207**

7. DEFERRED ACQUISITION COSTS AND ADMINISTRATION FEES

			2023			2022
	Deferred acquisition costs	Administration fee	Total	Deferred acquisition costs	Administration fee	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at the beginning of the year	87 877	74 089	161 966	69 965	59 551	129 516
Cost deferred during the year	675 231	584 945	1 260 176	481 602	408 589	890 191
Cost expensed during the year	(660 948)	(571 537)	(1 232 485)	(463 690)	(394 051)	(857 741)
BALANCE AT THE END OF THE YEAR	**102 160**	**87 497**	**189 657**	**87 877**	**74 089**	**161 966**

8. FINANCIAL ASSETS

The company's financial assets are summarised by measurement category in the table below.

		2023	2022
		R'000	R'000
Fair value through profit or loss	8.1	6 546 617	37 302
Loans and receivables	8.2	104 962	9 360
TOTAL FINANCIAL ASSETS		**6 651 579**	**46 662**

The assets classified as held at fair value through profit or loss are detailed in the tables below:

8.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	R'000	R'000
EQUITY SECURITIES		
Unlisted and unquoted	-	**8 000**
	-	**8 000**
MONEY MARKET FUND	5 237 379	7 128
Money market fund	**5 237 379**	**7 128**
OTHER BILLS AND BONDS		
Other bills and bonds	1 131 345	22 174
Government and semi–government bonds	147 893	-
Unit Trusts	30 000	-
	1 309 238	**22 174**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**6 546 617**	**37 302**

All the above assets have been designated by the company as held at fair value through profit or loss. A significant portion of the investments that was held were liquidated during the 2022 financial year to settle claims received from the July 2021 unrest and destruction of property that occurred in KwaZulu-Natal and certain hotspots in Gauteng.

	2023	2022
	R'000	R'000
MOVEMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Balance at the beginning of the year	37 302	6 252 461
Transfer from/(to) cash and cash equivalents	6 325 320	(6 425 568)
Transfer from/(to) receivables and payables	(59 469)	34 373
Interest income	238 900	118 751
Dividends income	-	17 992
Realised net fair value gains/(losses)	(118)	472 515
Unrealised net fair value gains/(losses)	12 110	(425 394)
Investment administration expense	(7 428)	(7 828)
	6 546 617	**37 302**

8.2 LOANS AND RECEIVABLES

	2023 R'000	2022 R'000
Other loans and receivables	104 962	9 360

9. OTHER ASSETS

9.1 PREPAYMENTS

	2023 R'000	2022 R'000
Prepayments	196 420	401 194

The prepayment balance for the 2021/22 financial year includes float payments made to agent companies to settle the July 2021unrest claims.

9.2 OTHER RECEIVABLES

	2023 R'000	2022 R'000
Value added tax receivable	82 101	743 147

A significant balance of vat receivable is attributable mainly to the settlement of claims received from the July 2021 unrest.

9.3 INSURANCE RECEIVABLES

	2023 R'000	2022 R'000
Outstanding premiums	348 557	274 417

	2023		2022	
	Gross	Impairment	Gross	Impairment
	R'000	R'000	R'000	R'000
The trade receivables due from agents at reporting date were:				
Not past due	348 557	-	274 417	-
TOTAL	**348 557**	**-**	**274 417**	**-**

The above balances are receivable within 12 months. Fair value therefore approximates carrying value. The outstanding premiums past due are premiums not yet received from agents a month after being raised. The outstanding premiums were received after year-end, therefore the company does not deem it necessary to provide for impairment.

10. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACTS

	2023 R'000	2022 R'000
GROSS		
Claims reported and loss adjustment expenses	2 567 183	16 109 192
Claims incurred but not yet reported*	49 887	(4 011 455)
Unearned premium provision	699 860	592 726
Unexpired risk provision	-	3 703
TOTAL INSURANCE CONTRACT LIABILITIES	**3 316 930**	**12 694 166**
RECOVERABLE FROM REINSURERS		
Claims reported and loss-adjustment expenses	1 474 590	3 368 677
Claims incurred but not yet reported	85 153	(779 991)
Unearned premium provision	367 328	238 844
Profit commission	17 607	17 607
TOTAL REINSURERS' SHARE OF INSURANCE LIABILITIES	**1 944 678**	**2 845 137**
NET INSURANCE CONTRACT LIABILITIES		
Claims reported and loss-adjustment expenses	1 092 593	12 740 515
Claims incurred but not yet reported*	(35 266)	(3 231 464)
Unearned premium provision	332 532	353 882
Unexpired risk provision	-	3 703
Profit commission	(17 607)	(17 607)
TOTAL INSURANCE CONTRACT LIABILITIES (NET)	**1 372 252**	**9 849 029**

** Included in incurred but not reported balances is the incurred but not enough reported adjustment relating to estimate reversals of the July 2021 unrest claims that were reported in the 2022 financial year amounting to a debit of R76 million (2022: a debit of R4.6 billion).*

The outstanding claims and loss-adjustment expenses and the claims incurred but not yet reported above are net of expected recoveries from salvage and subrogation.

Included in total insurance contract liabilities in the 2022 financial year is R10 billion which, relates to claims received from the July 2021 unrest and destruction of property that occurred in KwaZulu-Natal and certain hotspots in Gauteng.

A portion of the July 2021 unrest losses has been ceded to reinsurers and reinsurance recoveries amounting to R1.2 billion were included in total reinsurers' share of insurance liabilities in the 2022 financial year.

Movements in insurance liabilities and reinsurance assets

The movements for the year are summarised below:

a) Claims reported and loss-adjustment expenses

			2023			2022
	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
	R'000	R'000	R'000	R'000	R'000	R'000
AT 31 MARCH						
Balance at the beginning of the year	16 109 192	3 368 677	12 722 909	812 495	600	811 895
Claims paid	(8 040 378)	(1 207 598)	(6 849 546)	(23 901 768)	(28 688)	(23 873 080)
Claims raised	(5 484 864)	(686 489)	(4 780 770)	39 198 465	3 396 765	35 784 094
BALANCE AT THE END OF THE YEAR	**2 567 183**	**1 474 590**	**1 092 593**	**16 109 192**	**3 368 677**	**12 722 909**

b) Claims incurred but not yet reported

AT 31 MARCH						
Balance at the beginning of the year	(4 011 455)	(779 991)	(3 231 464)	24 098	-	24 098
Movements for the year	4 061 342	865 144	3 318 687	(4 035 553)	(779 991)	(3 255 562)
BALANCE AT THE END OF THE YEAR	**49 887**	**85 153**	**(35 266)**	**(4 011 455)**	**(779 991)**	**(3 231 464)**

c) Unearned premium provision

AT 31 MARCH						
Balance at the beginning of the year	592 726	238 844	353 882	473 591	36 575	437 016
Premiums written during the year	4 571 151	2 886 930	1 684 221	3 152 458	1 174 187	1 978 271
Less: premiums earned during the year	(4 464 017)	(2 758 446)	(1 705 571)	(3 033 323)	(971 918)	(2 061 405)
BALANCE AT THE END OF THE YEAR	**699 860**	**367 329**	**332 532**	**592 726**	**238 844**	**353 882**

d) Unexpired risk provision

AT 31 MARCH						
Balance at the beginning of the year	3 703	-	3 703	5 779	-	5 779
Movement during the year	(3 703)	-	(3 703)	(2 076)	-	(2 076)
BALANCE AT THE END OF THE YEAR	**-**	**-**	**-**	**3 703**	**-**	**3 703**

e) Profit commission

AT 31 MARCH						
Balance at the beginning of the year	-	17 607	(17 607)	-	17 607	(17 607)
Claims paid	-	-	-	-	-	-
Claims raised	-	-	-	-	-	-
BALANCE AT THE END OF THE YEAR	**-**	**17 607**	**(17 607)**	**-**	**17 607**	**(17 607)**

These provisions represent the liability for short-term insurance contracts for which the company's obligations are not expired at year-end.

Short-term insurance contracts – assumptions, change in assumptions and sensitivity

f) Process used to decide on assumptions

Underwriting insurance risks incorporate unpredictability and the company recognises that it is impossible to predict future claims payable under existing insurance contracts with absolute certainty. To this end, the company has over time, developed a methodology that is aimed at establishing insurance provisions that have a reasonable likelihood of being adequate, to settle all its insurance obligations.

10.1 CLAIM PROVISIONS

The company's outstanding claims provisions include notified claims, IBNR claims as well as unallocated loss-adjustment expenses.

The claims provisions:

- reflect the 'best estimate' of likely future claims experience;
- include an allowance for 'pure IBNR' (late reported claims) and 'IBNER' (development of known claims);
- implicitly allow for claims inflation; and
- include allowance for direct claims handling expenses (e.g. loss adjuster fees).

In addition to the best estimate, a risk margin is included to bring the claims provision up to the 75% probability of sufficiency level. In other words, a provision is held against the worst outcome expected in any one year over a four-year period.

Notified claims

Each notified claim is assessed on a separate, case by case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes vat.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed and updated as new information becomes available.

IBNR claims

Assumptions for each line of business are determined based on historic data. The expected claims liabilities are estimated for specific lines of business.

For motor, property and engineering classes, there was sufficient data to enable the valuation of the claims provisions using actuarial methods, gross and net of reinsurance claims data.

The provision for the notified claims and IBNR are initially estimated at a gross level. A separate calculation is then carried out to determine the estimated reinsurance recoveries. The calculation of the reinsurance recoveries considers the type of the risk underwritten, which year the gross claim occurred and therefore under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or forms part of a catastrophe reinsurance claim. A liability adequacy test was performed where the gross insurance premiums were compared to the claims incurred and an additional provision was deemed unnecessary.

10.2 ASSUMPTIONS

The assumptions that have the greatest effect on the measurement of insurance contract provisions are:

- The selected development factors for the basic chain ladder and Bornhuetter-Ferguson methods;
- Loss ratios used in the Bornhuetter-Ferguson method;
- Large loss frequency and severity; and
- Risk margin assumptions.

10.3 CHANGES IN ASSUMPTIONS AND SENSITIVITY ANALYSIS

Large and extra large losses were analysed separately from attritional losses during the current year. Sasria's experience shows that large and extra-large losses develop at a different rate to attritional claims.

The sensitivity of IBNR was calculated based on the decay factors across classes of business.

The sensitivity was based on the following:
- The decay factor of 80% (Sensitivity 1); and
- The decay factor of 70% (Sensitivity 2).

The following table shows the sensitivity by class of business, gross of reinsurance.

Sensitivity analysis – gross

Gross	Base (recommended)	Sensitivity 1 (decay factor 80%)			Sensitivity 2 (decay factor 70%)		
Class of business	IBNR	IBNR	Change	% Change	IBNR	Change	% Change
2023	R'000	R'000	R'000	%	R'000	R'000	%
Motor	2 010	(5 573)	(7 583)	(377%)	(9 442)	(11 452)	(570%)
Property	59 749	29 316	(30 433)	(51%)	10 137	(49 612)	(83%)
Engineering	5 746	5 108	(637)	(11%)	4 839	(907)	(16%)
Other	4 904	3 786	(1 118)	(23%)	3 336	(1 568)	(32%)
Total	72 408	32 637	(39 771)	(55%)	8 869	(63 538)	(88%)

10.4 Claims development tables

The presentation of the claims development tables is based on the actual date of the event that caused the claim (accident year basis). The claims development tables represent the development of actual claims paid over ten years.

Payment development – gross non-catastophe

	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR ACTUAL CLAIMS COSTS											
2023	**475 875**	202 256	168 362	38 774	19 305	5 810	28 757	9 830	2 781	-	-
2022	**1 258 497**		783 632	228 459	73 391	98 908	73 603	236	209	-	59
2021	**750 137**			216 350	321 705	183 438	17 573	9 163	1 046	844	17
2020	**1 006 806**				355 401	487 312	123 312	31 049	8 120	22	1 591
2019	**1 045 709**					634 889	284 975	101 177	21 225	769	2 674
2018	**708 218**						263 403	262 700	171 440	8 361	2 314
2017	**650 995**							297 447	290 826	55 871	6 851
2016	**421 718**								196 415	179 076	46 227
2015	**300 034**									162 141	137 893
2014	**500 967**										500 967
Cumulative payments to date		**202 256**	**951 994**	**483 584**	**769 802**	**1 410 356**	**791 622**	**711 602**	**692 062**	**407 083**	**698 594**

Payment development – net - non-catastophe

	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR ACTUAL CLAIMS COSTS											
2023	**333 274**	96 072	131 946	38 774	19 305	5 810	28 757	9 830	2 781	-	-
2022	**1 229 168**		754 315	228 459	73 391	98 908	73 603	236	209	-	47
2021	**750 134**			216 350	321 705	183 438	17 573	9 163	1 046	844	14
2020	**1 006 488**				355 401	487 312	123 312	31 049	8 120	22	1 273
2019	**1 045 174**					634 889	284 975	101 177	21 225	769	2 139
2018	**707 855**						263 403	262 700	171 440	8 361	1 951
2017	**650 847**							297 447	290 826	55 871	6 703
2016	**420 123**								196 415	179 076	44 633
2015	**293 645**									162 141	131 504
2014	**428 627**										428 627
Cumulative payments to date		**96 072**	**886 261**	**483 584**	**769 802**	**1 410 356**	**791 622**	**711 602**	**692 062**	**407 083**	**616 890**

Reporting development – gross - non-catastophe

	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR PROVISION RAISED											
2023	**684 218**	400 562	168 676	52 193	5 049	22 312	28 176	5	3 344	-	3 912
2022	**659 756**		323 356	182 290	72 692	47 965	16 096	6 949	6 497	-	3 912
2021	**812 163**			382 122	147 608	151 602	110 419	9 791	6 605	46	3 970
2020	**1 095 653**				462 834	460 513	140 263	17 430	11 613	-	3 000
2019	**1 141 437**					740 765	324 096	63 058	12 400	1 088	42
2018	**719 294**						430 502	222 924	62 017	3 184	667
2017	**747 216**							438 264	269 667	36 951	2 334
2016	**587 990**								460 855	107 702	19 432
2015	**427 936**									307 060	120 877
2014	**241 881**										251 881
Cumulative payments to date		**400 562**	**492 031**	**616 605**	**688 183**	**1 423 157**	**1 049 540**	**758 411**	**832 999**	**456 031**	**410 026**

Reporting development – net - non-catastophe

	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR PROVISION RAISED											
2023	**449 962**	190 267	145 500	52 193	5 049	22 312	28 176	-	3 344	-	3 126
2022	**606 982**		271 367	182 290	72 692	47 965	16 096	6 949	6 497	-	3 126
2021	**811 366**			382 122	147 608	151 602	110 419	9 791	6 605	46	3 173
2020	**1 095 053**				462 834	460 513	140263	17 430	11 613	-	2 400
2019	**1 141 429**					740 765	324 096	63 058	12 400	1 088	33
2018	**719 186**						430 502	222 924	62 017	3 184	559
2017	**747 079**							438 264	269 667	36 951	2 197
2016	**587 179**								460 855	107 702	18 622
2015	**425 715**									307 060	118 656
2014	**242 638**										242 638
Cumulative payments to date		**190 267**	**416 867**	**616 605**	**688 183**	**1 423 157**	**1 049 540**	**758 411**	**832 999**	**456 031**	**394 530**

11. CASH AND CASH EQUIVALENTS

	2023	2022
	R'000	R'000
Cash and cash equivalents comprise:		
Call account	1 469 194	14 381
Money market instruments with maturities of less than three months	705 256	-
Bank and cash balances	1 952 878	14 564 400
	4 127 328	**14 578 781**

The effective interest rate on short-term bank deposits with maturities of less than three months ranges between 4.44% and 8% (2022: 2.95% and 4.10%). The effective interest rate on the call account at the reporting date ranges between 4.00% and 7.50% (2022: 3.25% and 3.75%) and on the SARB account between 4.25% and 7.90% (2022: 3.69% and 4.25%).

A significant decrease in balance of cash and cash and cash equivalents is due to settlement of claims received from the July 2021 civil unrest looting and destruction of property that occurred in KwaZulu-Natal and certain hotspots in Gauteng and reinvesting the remaining cash in financial assets at fair value through profit or loss.

12. SHARE CAPITAL AND RESERVES

12.1 SHARE CAPITAL

	2023	2022
	R'000	R'000
AUTHORISED		
1 000 000 ordinary shares	-	-
ISSUED		
220 001 ordinary shares	22 000 000	-

The issued share capital consists of one ordinary share with a value of 100 cents, and 220 000 ordinary shares with a value of 10 000 000 cents. The shares are fully paid for.

12.2 SHAREHOLDER CAPITAL CONTRIBUTION

	2023	2022
	R'000	R'000
OPENING BALANCE	22 000 000	-
Transferred to issued share capital	(22 000 000)	-
Shareholder capital contribution received during the year	-	22 000 000
BALANCE AT YEAR END	**-**	**22 000 000**

The shareholder capital contribution of R22 billion was transferred for the company to be able to settle claims received from the July 2021 civil unrest and to restore its SCR to a required minimum of 100%.

13. PAYABLES

13.1 TRADE AND OTHER PAYABLES

	2023 R'000	2022 R'000
Trade payables and accrued expenses	64 000	20 365

13.2 REINSURANCE PAYABLE

	2023 R'000	2022 R'000
Amounts due to reinsurers	463 646	164 057

All payables are current liabilities. Fair values therefore largely approximate carrying values.

14. EMPLOYEE BENEFIT LIABILITY

Reconciliation of employee benefit liability – 2023	Opening balance R'000	Recognised in the statement of comprehensive income R'000	Cash paid R'000	Total R'000
Leave pay	7 019	1 456	(2 230)	6 245
Bonus	14 119	51 223	(33 463)	31 879
TOTAL	**21 138**	**52 679**	**(35 693)**	**38 124**

Reconciliation of employee benefit liability – 2022	Opening balance R'000	Recognised in the statement of comprehensive income R'000	Cash paid R'000	Total R'000
Leave pay	3 684	3 821	(486)	7 019
Bonus	25 512	9 293	(20 686)	14 119
TOTAL	**29 196**	**13 114**	**(21 172)**	**21 138**

The leave pay provision relates to vested leave pay that employees may become entitled to when they leave the employment of the company or utilise as accrued leave.

The bonus provision consists of a performance bonus accrual based on the achievement, prior to year-end, of predetermined financial and qualitative targets.

15. DEFERRED INCOME

	2023 R'000	2022 R'000
Balance at the beginning of the year	99 374	10 972
Raised	1 023 139	180 220
Earned	(959 930)	(91 818)
	162 584	**99 374**

Deferred commission income relates to commission received from reinsurers. The income is deferred and released to commission income as the services are provided over the expected duration of the contract.

16. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The gross movement on the deferred income tax account is as follows:

	2023 R'000	2022 R'000
At beginning of the year	776 713	(59 740)
Recognised in the statement of comprehensive income	164 095	836 453
	940 808	**776 713**

2023	**Balance 01 April 2022** **R'000**	**(Charged)/ credited to the income statement** **R'000**	**Balance 31 March 2023** **R'000**
Provisions	6 313	5 287	**11 601**
Unrealised appreciation of investments	(2 188)	(3 269)	**(5 457)**
Prepayments	-	(631)	**(631)**
Assessed loss	772 587	162 708	**935 295**
TOTAL	**776 713**	**164 095**	**940 808**

2022	**Balance 01 April 2021** **R'000**	**Recognised in the statement of comprehensive income** **R'000**	**Balance 31 March 2022** **R'000**
Provisions	8 547	(2 234)	6 313
Unrealised appreciation of investments	(68 287)	66 099	(2 188)
Assessed loss	-	772 587	772 587
TOTAL	**(59 739)**	**836 452**	**776 713**

	2023	2022
	R'000	R'000
Deferred income tax assets	946 896	778 901
Deferred income tax liabilities	(6 088)	(2 188)
NET DEFERRED TAX BALANCE	**940 808**	**776 713**
Unrecognised deferred estimated tax loss at beginning of the year	5 671 594	-
Deferred tax on estimated tax loss	-	6 444 181
Recognised deferred tax on estimated tax loss	(943 632)	(772 587)
UNRECOGNISED DEFERRED ON ESTIMATED TAX LOSS	**4 727 962**	**5 671 594**

Deferred tax asset of R940.8 million (2022: R776.7 million) was recognised, which was made up of unused estimated tax loss and movement in temporary difference. Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. The assessment is based on the budget that has been approved by the Board of Directors, which shows improvement in the company's taxable profits for the financial year and beyond.

No deferred tax asset has been recognised on tax lossess amounting to R17.5 billion (2022: R21,05 billion) because it is not probable that future taxable profit will be available against which the deferred asset will be utilised.

17. CURRENT VS NON-CURRENT SPLIT OF ASSETS AND LIABILITIES

The gross movement on the deferred income tax account is as follows:

	2023			2022		
	Total	Non-current	Current	Total	Non-current	Current
	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS						
Property and equipment	7 593	7 593	-	15 858	15 858	-
Intangible assets	60 138	60 138	-	65 207	65 207	-
Deferred acquisition costs	189 657	-	189 657	161 966	-	161 966
Deferred Income tax	940 808	940 808	-	776 713	776 713	-
Financial assets						
– at fair value through profit or loss – designated	6 546 617	2 857	6 543 760	37 302	3 982	33 320
– loans and receivables	104 962	-	104 962	9 360	-	9 360
Prepayments	196 420	-	196 420	401 194	-	401 194
Other receivables	82 101	-	82 101	743 147	-	743 147
Insurance receivables	348 557	-	348 557	274 417	-	274 417
Reinsurance contracts	1 944 678	-	1 944 678	2 845 137	-	2 845 137
Cash and cash equivalents	4 127 328	-	4 127 328	14 578 781	-	14 578 781
TOTAL ASSETS	**14 548 859**	**1 011 396**	**13 537 463**	**19 909 082**	**861 760**	**19 047 322**

	2023			2022		
	Total	Non-current	Current	Total	Non-current	Current
	R'000	R'000	R'000	R'000	R'000	R'000
LIABILITIES						
Lease liability	-	-	-	8 610	-	8 610
Deferred income	162 584	-	162 584	99 374	-	99 374
Employee benefit liability	38 124	-	38 124	21 138	-	21 138
Insurance contract liabilities	3 316 930	-	3 316 930	12 694 166	-	12 694 166
Payables	64 000	-	64 000	20 365	-	20 365
Reinsurance payables	463 646	-	463 646	164 057	-	164 057
Income tax payables	19 710	-	19 710	-	-	-
TOTAL LIABILITIES	**4 064 994**	**-**	**4 064 994**	**13 007 710**	**-**	**13 007 710**

18. NET INSURANCE PREMIUM EARNED

	2023	2022
	R'000	R'000
INSURANCE CONTRACTS		
Gross insurance premium written	4 571 151	3 152 458
Premiums written off	(333)	-
Change in gross unearned premium provision	(103 431)	(117 059)
PREMIUM REVENUE ARISING FROM INSURANCE CONTRACTS	**4 467 387**	**3 035 399**
REINSURANCE CONTRACT		
Insurance premium ceded to reinsurers	(2 886 930)	(1 175 387)
Change in reinsurers' share of unearned premium provision	128 485	202 269
PREMIUM REVENUE CEDED TO REINSURERS	**(2 758 445)**	**(973 118)**
NET INSURANCE PREMIUM EARNED	**1 708 942**	**2 062 281**

Excess of loss reinsurance cover was purchased for 2023 financial year at a cost of R422.58 million (2022: R143.49 million).

A cost of R112.92 million was incurred to reinstate the cover for the 2022 financial year following the claims from July 2021 civil unrest looting and destruction of property that occurred in KwaZulu-Natal and certain hotspots in Gauteng. In addition, a third event cover for the same financial year was purchased at a cost of R65.70 million.

19. INVESTMENT INCOME

	2023	2022
	R'000	R'000
INVESTMENT INCOME ON CASH AND CASH EQUIVALENTS:		
Interest income	**442 624**	**139 760**
INVESTMENT INCOME ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH INCOME:		
Dividend income	-	17 992
Interest income	238 900	118 750
Unrealised net fair value (losses)/gains	12 110	(425 394)
Realised net fair value (losses)/gains	(118)	472 515
	250 892	**183 863**
	693 516	**323 623**

20. INSURANCE CLAIMS INCURRED AND LOSS-ADJUSTMENT EXPENSES

	2023	2022
	R'000	R'000
GROSS		
Gross insurance claims incurred and loss adjustment expenses	(5 484 864*)	39 192 466
Salvages and subrogation	(121 215)	(11 622)
Movement in outstanding claims and IBNR	4 061 342	(4 035 553)
	(1 544 737)	**35 145 291**

*Included in gross insurance claims incurred and loss adjustment expenses for the 2023 financial year is the reversal of claims estimates of R6 billion relating to the July 2021 riots.

Included in the gross insurance claims and loss-adjustment expenses for the 2022 year, R34 billion relates to claims received from the July 2021 unrest.

	2023	2022
	R'000	R'000
REINSURERS' SHARE		
Reinsurer's share of gross insurance claims and loss-adjustment expenses	686 489	10 035 413
Movement in outstanding claims and IBNR and loss-adjustment expenses recovered from reinsurers	(865 144)	(779 991)
	(178 655)	**9 255 422**

A portion of the losses has been ceded to reinsurers and reinsurance recoveries amounting to a debit of R9 billion have been included in reinsurers' share of gross insurance claims and loss-adjustment expenses in the 2022 financial year.

The reinstatement reinsurance premiums to reinstate the cover following the July 2021 civil unrests claims are presented as reinsurance premiums.

21. EXPENSES FOR THE ACQUISITION OF INSURANCE CONTRACTS

	2023 R'000	2022 R'000
Gross commission paid	660 947	463 690
Movement in net deferred acquisition cost	(14 282)	(17 912)
	646 665	**445 778**

22. EXPENSES FOR ADMINISTRATION AND MARKETING AND FINANCE COST

22.1 EXPENSES FOR ADMINISTRATION AND MARKETING

	Note(s)	2023 R'000	2022 R'000
EXPENSES FOR ADMINISTRATION AND MARKETING INCLUDE:			
Advertising expenses		6 755	12 658
Auditor remuneration: statutory audit		4 841	4 518
Depreciation – property and equipment	5	5 694	5 729
Depreciation – right of use asset	5	6 309	6 034
Investment administration expenses		7 428	7 828
Employee benefit expense	23	191 815	145 057
Social responsibility allocation		5 901	23 566
Consulting and professional fees		7 712	8 246
Policy administration fees		558 128	379 514
Subscriptions		5 827	5 444
Staff training and seminars		6 469	5 254
Amortisation – intangible assets	6	9 436	10 139

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22.2 FINANCE COSTS

	2023 R'000	2022 R'000
Interest on lease liability	404	4 148
Interest on late payment of taxes	2 272	3 327
	2 676	**7 475**

23. EMPLOYEE BENEFIT EXPENSE

	2023 R'000	2022 R'000
Wages and salaries	123 654	117 176
Medical aid	4 259	4 211
Leave pay accrual	1 456	3 821
Post-employment benefits: Pension – Defined contribution plan	11 223	10 556
Bonus expense	51 223	9 293
	191 815	**145 057**
Number of employees (full-time)	**147**	**135**

24. TAXATION

	2023 R'000	2022 R'000
MAJOR COMPONENTS OF THE TAX EXPENSE		
CURRENT		
Current-year normal tax	195 264	-
Prior year under/(over) provision	-	(517)
	195 264	**(517)**
DEFERRED		
Current-year-deferred income tax	(1 387)	(117 110)
Prior-year adjustment	-	53 091
Effect of tax rate change	-	28 767
Unused tax loss created	-	(801 201)
Recognition of tax loss not previously recognised	(943 762)	-
Assessed tax loss utilised	781 054	-
	(164 095)	**(836 453)**
TAXATION	**31 169**	**(836 970)**

	2023 R'000	2022 R'000
RECONCILIATION OF THE TAXATION		
Profit/(loss) before tax	3 613 662	(24 294 043)
Tax at the applicable tax rate of 27% (2022:28%)	975 689	(6 802 332)
EFFECTS OF INCOME NOT SUBJECT TO TAX:		
Disallowable expenses[1]	3 600	17 626
Exempt income[2]	(1 924)	(12 922)
Deductible operating lease expenses	(2 434)	(2 337)
Prior year under provision: current tax[3]	-	(517)
Tax rate change	-	28 767
Unrecognised assessed loss	(943 762)	5 881 654
Previous year under/(over) provision: deferred tax[4]	-	53 091
TAX CHARGE FOR THE PERIOD	**31 169**	**(836 970)**
Effective rate (%)	1%	-3.4%

Notes:

1. Disallowable expenses mainly relate to fruitless and wasteful expenditure, donations, depreciation of leasehold improvement and right of use asset and interest on leases.
2. Exempt income mainly relates to dividend income and recoveries relating to fruitless and wasteful expenditure.
3. Previous year under provision: Current tax relates to immaterial prior-year current tax adjustments that were identified and adjusted for in the 2022 financial year.
4. Previous year under- or over-provision: Deferred tax relates to immaterial prior-year deferred tax adjustments that were identified and adjusted in the 2022 financial year.

25. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships

The company is 100% owned by its shareholder, the government of the Republic of South Africa, represented by National Treasury.

Sasria is a schedule 3B public entity in terms of the PFMA, 1999, as amended. The related party disclosure is in terms of the requirements of IAS 24: Related Party Disclosures.

The related parties of Sasria consist mainly of government departments, state-owned enterprises, other public entities in the national sphere of government and key management personnel of Sasria or its shareholder and close family members of these related parties. The list of public entities in the national sphere of government was provided by National Treasury on its website www.treasury.gov.za. It also provided the names of subsidiaries of public entities.

Sasria does not have any prescribed officers as defined per IAS 24: Related Party Disclosures.

The following transactions were carried out with related parties:

Sales of goods and services

Sasria does not make any direct sales to related parties. All sales are made indirectly through the agents and passed on to Sasria in total through a bordereaux without disclosing the identities of the individual insureds. Sasria would interact with individual insureds only in the event of a claim being presented through the agents.

	2023	2022
	R'000	R'000
PURCHASE OF GOODS AND SERVICES		
Shareholder, including government departments	681	1 110
SARS		
Taxation expense income tax	195 264	147 653
REGULATORY FEES		
FSCA	1 095	1 036
SARB	37	69
Company and Intellectual Property Commission	3	6
	1 135	**1 111**
Interest earned from investments with SARB	338 892	96 389
Refunds received from Insurance Sector Education and Training Authority	647	178
	339 539	**96 567**

YEAR-END BALANCES ARISING FROM TRANSACTIONS		
ASSETS INCLUDED IN THE STATEMENT OF FINANCIAL POSITION		
Bonds issued by government and semi-government	147 893	-
Money market instruments issued by government and semi-government	-	-
Cash held at SARB	1 638 386	10 119 494
Receivable from/(payable to) SARS	82 101	743 147
CLOSING BALANCE	**1 868 380**	**10 862 641**

LIABILITIES INCLUDED IN THE STATEMENT OF FINANCIAL POSITION		
Receivable from/(payable to) SARS	18 923	-
CLOSING BALANCE	**18 923**	**-**

Shareholder capital contribution

The company received a capital contribution of R22 billion from its shareholder during the 2022 financial year. The ordinary shares for the R22 billion were issued in the current financial year.

Dividend payment

There was no dividend was declared and paid to the shareholder during the year.

Key management compensation

Key management is defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Refer to note 26 for director and executive management emoluments.

26. DIRECTOR AND EXECUTIVE MANAGEMENT EMOLUMENTS

Fees paid to non-executive directors for meeting attendance	2023 R'000	2022 R'000
M Ngoasheng	871	998
O Mokonyane	614	483
S Gounden	451	449
R Haman	480	394
JM Maisela	590	682
Dr N Mqoqi-Mbalo	473	510
E Ngutshane	409	421
R Moletsane	512	497
M Phiri	592	587
C van Dyk	437	435
M Ramoipone	394	435
D Marumo	423	408
	6 246	**6 299**

No bonus and retention, contributions or car allowances were paid to non-executive directors.

Executives 2023	Salary/fees R'000	Bonus and retention R'000	Contributions R'000	Car allowance R'000	Leave pay-out R'000	Total R'000
C Masondo (director)[1]	627	1 428	66	13	236	2 370
M Tyikwe (director)[2]	3 695	-	536	-	-	4 231
B Mthiyane (director)	3 200	760	259	-	-	4 219
T Chocho	2 344	546	293	-	-	3 183
M Mavuso	2 209	2 395	465	-	-	5 069
AS Nkosi	3 101	737	251	-	-	4 089
M Dladla	2 361	-	278	-	-	2 639
F Benjamin[3]	976	575	132	-	164	1 847
S Harrop-Allin[4]	412	611	32	4	118	1 177
N Mayimele[5]	1 133	-	92	-	-	1 225
T Sibiya[6]	1 047	-	149	-	-	1 196
N Kissun[7]	848	-	102	-	-	950
	21 953	**7 052**	**2 655**	**17**	**518**	**32 195**

1. Contract ended 17 May 2022
2. Appointed an independent contractor in March 2022 and CEO on 18 May 2022
3. Resigned on 31 August 2022
4. Resigned on 31 May 2022
5. Appointed 01 September 2022
6. Appointed 01 September 2022
7. Appointed 01 January 2023

Executive 2022	Salary/fees R'000	Bonus and retention R'000	Contributions R'000	Car allowance R'000	Total R'000
C Masondo (director)	3 762	-	396	76	4 234
B Mthiyane (director)	3 047	-	247	-	3 294
T Chocho	2 101	-	267	-	2 368
S Harrop-Allin	2 346	-	192	21	2 559
M Mavuso	2 105	-	442	-	2 547
F Benjamin	2 233	-	301	-	2 534
AS Nkosi	2 953	-	239	-	3 192
M Dladla*	1 710	-	207	-	1 917
	20 257	**-**	**2 291**	**97**	**22 645**

* Appointed 01 June 2021

27. CASH GENERATED FROM OPERATIONS

	2023 R'000	2022 R'000
(Loss)/profit before tax	3 613 662	(24 294 043)
ADJUSTMENTS FOR:		
Investment income	(693 516)	(323 623)
Finance costs	404	7 475
Depreciation	12 004	11 763
Amortisation of intangible assets	9 436	10 139
Profit/loss on sale of assets	(47)	(103)
Movement in employee benefit liabilities	16 986	(8 058)
Operating profit before working capital changes	**2 958 929**	**(24 596 451)**
Reinsurance contracts	900 459	(2 790 355)
Deferred acquisition costs and administration fees	(27 691)	(32 450)
Insurance receivables	(74 140)	(75 641)
Loans and receivables	-	23 607
Other receivables	661 048	(745 227)
Insurance contract liabilities	(9 377 236)	11 378 203
Deferred income	63 210	88 402
Payables	307 088	79 423
Prepayments	204 774	(399 191)
	(4 383 559)	**(17 069 680)**

28. TAX PAID

	2023 R'000	2022 R'000
Balance at the beginning of the year	-	148 169
Current tax for the year recognised in profit or loss	195 264	(517)
Balance at the end of the year	(19 710)	-
	175 554	**147 652**

29. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	2023 R'000	2022 R'000
Irregular expenditure	1 411	469
Fruitless and wasteful expenditure	2 581	36 407
BALANCE AT THE END OF THE YEAR	**3 992**	**36 876**

30. CONTINGENCIES

30.1 CONTINGENT ASSET

The company is quantifying salvages recovered from the July 2021 unrest. These goods are currently being held by the South African Police Service.

30.2 CONTINGENT LIABILITIES

The company, as with all other insurers, is subject to litigation in the normal course of business. There are a number of legal or potential claims against the company, the outcome of which at present cannot be foreseen or quantified. Therefore, no liability has been recognised for these potential claims in the financial statements.

The value of these claims related contingent liabilities at 31 March 2023 amounts to R47.3 million.

31. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

In August 2023, a taxi strike ensued in the City of Cape Town between city officials and the South African National Taxi Council over the roadworthiness of the minibuses operating in the city. The strike resulted in damages to properties and motor vehicles. At 31 August 2023 the total value of claims reported from this strike amounted to R32 million.

32. GOING CONCERN

The Board assessed of the company's ability to continue as a going concern in the foreseeable future. It considered the following during the assessment:

- The performance of the company for the period ended 31 March 2023, including the net profit after tax of R3.6 billion, total asset of R14.5 billion and the total equity of R10.5 billion;
- Continued engagement with stakeholders and monitoring of the rate increase implementation;
- Claims experience aand settlements over the next 12 months;
- The receipt of the balance of the contractual reinsurers' share of the estimated claims from the July 2021 unrest;
- The continuation of the existing reinsurance programme; and
- The impact of the above factors on the financial performance, financial position and the cash flow for the next 12 months.

The Board is satisfied that the company has the ability to continue its operations as a going concern for the foreseeable future. Consequently, the going-concern basis was adopted in preparing the annual financial statements. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

33. APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements were authorised for issue by the company's Board of Directors on 19 September 2023.

TERMINOLOGY

Term	Description
Acquisition cost	Costs primarily related to the acquisition of new or renewal of insurance contracts, e.g. commissions and management expenses. Acquisition costs are often expressed as a percentage of earned premiums and referred to as the acquisition cost ratio.
Agent	A registered short-term insurer or underwriter that has entered into an agreement with Sasria to sell its products, collect premiums on its behalf and perform certain administrative duties.
Binder	An authority issued by an insurer to another party to enter into, vary or renew a short-term policy on behalf of that insurer; to determine the wording of a short-term policy; to determine premiums under a short-term policy; to determine the value of policy benefits under a short-term policy; or to settle claims under a short-term policy.
Bordereau	A bordereau (plural – bordereaux) is a report providing premium or loss data with identified specific risks. Bordereaux are prepared submission to reinsurers by the ceding insurers or reinsurers.
Claim	A demand on the insurer for indemnification for a loss incurred from an insured peril.
Claims incurred	Claims cost for an accounting period made up of: • claims paid for the period, including claims-handling expenses; • less outstanding claims provision at the end of the preceding accounting period, including IBNR provision; • plus outstanding claims at the end of the current accounting period, including IBNR.
Claims incurred but not reported (IBNR)	Claims resulting from loss events that occurred prior to year-end, for which the insurer had not yet received notices or reports of loss by the end of the accounting period. An estimate is made of the amount of these claims based on previous experience.
Claims ratio (loss ratio)	The ratio that expresses the relationship between claims and premiums (also known as the loss ratio). • The net claims ratio expresses claims net of recoveries from reinsurers as a percentage of premiums net of premiums ceded to reinsurance. • The gross claims ratio reflects the position before reinsurance is taken into account.
Combined ratio	The combined ratio is a measure of performance used by underwriters/insurance companies. A combined ratio of less than 100% indicates underwriting profitability, while anything over 100% indicates an underwriting loss. To calculate the combined ratio, the loss ratio (claims ratio) is added to the expense ratio.
Companies Act	Companies Act 71 of 2008
Deferred acquisition costs	Acquisition costs relating to unearned premiums, disclosed as a separate asset on an insurer's balance sheet.
Earned premium	The proportions of premium attributable to the period of risk that relate to the current accounting period. It represents written premium adjusted by the unearned premium provision at the beginning and end of the accounting period.
Expense ratio	The percentage of premium used to pay all the costs of acquiring, writing and servicing insurance and reinsurance.

Term	Description
Gross written premium (GWP)	The premium that an insurer has received from the insured party in relation to contracts of insurance or from other insurers in relation to inwards reinsurance contracts. These are premiums on contracts entered into during the accounting period or adjustments from prior years. Also defined as premiums written and received but before deduction of reinsurance is ceded.
King IV	King IV Report on Corporate Governance for South Africa 2016
Insurance Act	Insurance Act 18 of 2017
Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured.
Outstanding claims provision	A provision for claims resulting from loss events that occurred prior to year-end that have not been paid by the insurer by the end of the accounting period.
Prudential Authority	Regulating authority for the financial sector established by the Financial Sector Regulation Act 9 of 2017.
Reinsurance premium	The premium paid by the ceding company to the reinsurer in consideration for the liability assumed by the reinsurer.
Salvage	The amount received by an insurer from the sale of (usually damaged) property on which the insurer has paid a total loss to the insured.
Sasria Act	Conversion of Sasria Act 134 of 1998.
Short-term insurance	Defined in the Short-Term Insurance Act 53 of 1998 as providing benefits under short-term policies, which means engineering policies, guarantee policies, liability policies, miscellaneous policies, motor policies, accident and health policies, property policies or transportation policies or a contract comprising a combination of any of those policies.
Solvency assessment and management	The project launched to develop a new solvency regime for the South African long-term and short-term insurance industries to align these industries with international standards; specifically the Solvency II initiative underway in Europe.
Solvency capital requirement cover ratio	The anticipated solvency capital requirements expected under the eventual solvency assessment and management regime. It is calibrated to ensure that an insurer could withstand a 1-in-200-year stress event. It represents the actual capital held, expressed as a percentage of the SCR.
Unallocated loss adjustment expenses	Expenses that are not attributed to the processing of a specific insurance claims. Unallocated loss-adjustment expenses are part of an insurer's expense reserves.
Underwriting	The process of examining, accepting or rejecting insurance risks, and classifying or segmenting those selected to charge the proper premium for each.
Underwriting result	The underwriting profit or loss calculated by deducting claims incurred, net of commission and management expenses, from premium earned.
Unearned premium provision	The portion of premium attributable to the periods of risk that relate to subsequent accounting periods and that are carried forward to such subsequent accounting periods.

ACRONYMS AND ABBREVIATIONS

Abbreviation	Description
BBBEE	Broad-based black economic empowerment
Covid-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CRISA	Code for Responsible Investing in South Africa
ECR	Equity capital requirement
ESG	Environmental, social and governance
FSB	Financial Services Board – the regulator of insurance companies in South Africa up to 31 March 2018. Superseded by FSCA on 1 April 2018
FSC	Financial Sector Charter
FSCA	Financial Sector Conduct Authority is the market conduct regulator of financial institutions. It superseded the FSB on 1 April 2018
IAS	International Accounting Standards
IBNER	Incurred but not enough reported reserve provision
IBNR	(Claims) incurred but not reported
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
ISAs	International Standards on Auditing
IT	Information technology
NDP	National Development Plan
ORSA	Own risk and solvency assessment
PAA	Public Audit Act 25 of 2004
PFMA	Public Finance Management Act 1 of 1999
PRI	Principles for Responsible Investing
SAIA	South African Insurance Association
SARS	South African Revenue Service
SCR	Solvency capital requirement
SDG	Sustainable Development Goal
SMME	Small, medium and micro enterprise
SOE	State-owned enterprise

COMPANY **INFORMATION**

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