

INTEGRATED REPORT 2024



JOURNEYING
TOWARDS CHANGE:
EMBRACING ITS
EVERY POSSIBILITY



Journeying Towards Change: Embracing its Every Possibility

In the face of uncertainty, Sasria reassures South Africans that their assets and livelihoods are protected from special risk while embracing the opportunity to grow our business, premiums and investments.

Our 2024 Integrated Report is presented under the theme 'Journeying Towards Change: Embracing its Every Possibility'. This theme was chosen by our Executive Leadership Team and reflects our commitment to building resilience and strength, within our organisation and in South Africa.



COMPANY INFORMATION

Registration Number:

1979/000287/30

Authorised Financial Services Provider:

FSP No 39117

Company Secretary:

Mziwoxolo Mavuso

+27 87 358 7619

Banker:

Nedbank Limited

81 Main Street, Johannesburg 2001

External Auditors:

Forvis Mazars

Rialto Road, Grand Moorings Precinct,

Century City, 7441

Registered Office:

36 Fricker Road

Illovo, Sandton

2196

Postal Address:

PO Box 653367

Benmore, 2010

Contact Details:

Telephone: +27 11 214 0800

Email: contactus@sasria.co.za

Website: www.sasria.co.za



OUR ROLE

The South African Special Risk Insurance Association (Sasria) 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. Our clients include government institutions, businesses and individuals within South Africa. As a state-owned entity, Sasria reports to the Minister of Finance through the National Treasury.



VISION

Special risks covered



MISSION

To provide inclusive and accessible special risk solutions, with agility, for a sustainable 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

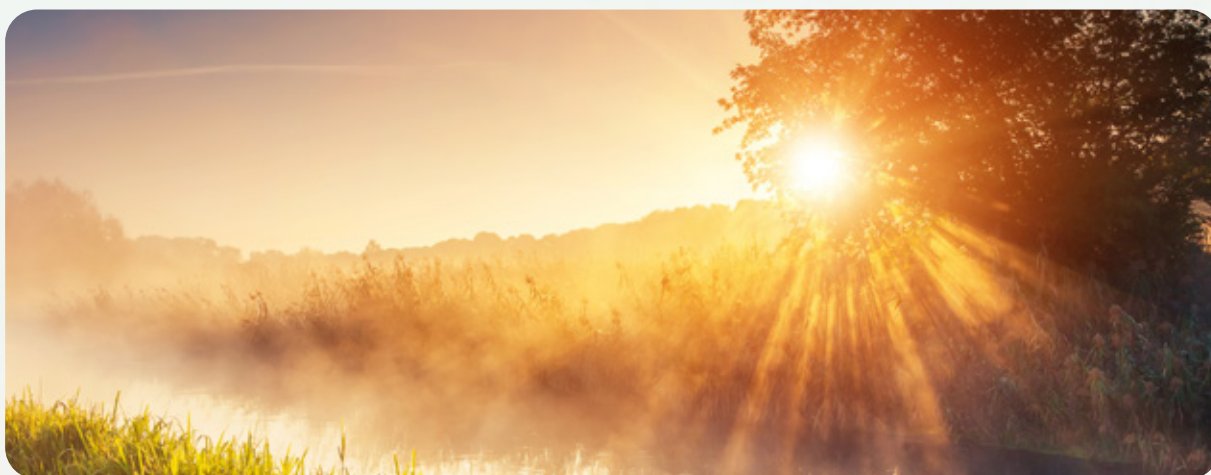


**JOURNEYING TOWARDS CHANGE:
EMBRACING ITS EVERY POSSIBILITY**



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ACRONYMS/ABBREVIATIONS

AUM	Assets Under Management
B-BBEE	Broad-Based Black Economic Empowerment
CAT Bonds	Catastrophe Bonds
CRISA	Code for Responsible Investing in South Africa
CGCSA	Consumer Goods Council of South Africa
CSI	Corporate Social Investment
FSCA	Financial Sector Conduct Authority
GWP	Gross Written Premium
IBNR	Incurred but not reported
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
LTI	Long-Term Insurance
NDP	National Development Plan
NSFAS	National Student Financial Aid Scheme
ORSA	Own Risk and Solvency Assessment
P4RR	Partnership for Risk and Resilience
PFMA	Public Finance Management Act 1 of 1999
PRI	Principles for Responsible Investing
SAIA	South African Insurance Association
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASRIA	South African Special Risk Insurance Association
SDGs	Sustainable Development Goals
SMME	Small, Medium and Micro-Enterprise
SOE	State-Owned Enterprise
STI	Short-Term Insurance



ABOUT THIS INTEGRATED REPORT

The Sasria 2023/24 Integrated Report presents a fair accounting of our activities for the period 01 April 2023 to 31 March 2024. The Report highlights our achievements, describes enduring and emerging challenges, and demonstrates our capacity to respond to change. We describe in detail the value created for South Africans and how we identify and manage the issues and risks inherent to our business.

From page 11, we cover the social, economic, environmental and governance issues that are material to our ability to create value for stakeholders. Our report has adopted the double materiality concept which requires assessing issues from both a financial and an impact materiality perspective. A matter is considered material if it can substantively affect an organisation's ability to create value and if it has actual or potential significant impacts on people, the environment, and the economy. Sasria's Executive Committee (Exco) reevaluates our material issues annually, to establish changes in their importance and influence, their relevance to value creation, and their effect on the ability to pay claims, advance the company's reputation, and impact on people, the environment, and the economy.

Who We Are

Sasria is a state-owned non-life insurance company, providing special risk cover for individuals, businesses and government institutions within South Africa. Established in the wake of the 1976 Soweto uprising, we are the only non-life insurer that provides cover against special risks such as civil commotion, public disorder, strikes, riots and terrorism. Through our cover, more than 20 000 claims were paid following the July 2021 unrest.

Sasria is listed under Schedule 3B of the Public Finance Management Act (PFMA) No 1 of 1999 and reports to the Minister of Finance through the National Treasury. Like all other insurance companies in South Africa, Sasria operates within a well-developed framework regulated by the Financial Sector Conduct Authority (FSCA), the market conduct regulator of financial institutions in South Africa.

Our cover is provided through other non-life insurance companies, or agents, and intermediaries as a stand-alone policy.

Sasria also has a dual mandate to promote transformation in the financial services industry in line with the National Development Plan (NDP). We do this through employment and our support for education and training, while encouraging socio-economic development in the communities we serve.



The Legislative Environment

The Integrated Report is informed by the legislative environment in which Sasria operates, including the:

- 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 B-BBEE
- Financial Sector Charter (FSC)
- Financial Sector Regulation Act 9 of 2017
- Income Tax Act 58 of 1962
- Insurance Act 18 of 2017
- Protection of Personal Information Act 4 of 2013
- Public Finance Management Act 1 of 1999 (PFMA)
- Short-Term Insurance Act 53 of 1998
- Treasury Regulations of the PFMA
- The Reinsurance of Material Damage and Losses Act 56 of 1989

The Report also aligns to the international reporting framework, including the:

- International Financial Reporting Standards (IFRS™)
- King IV™ Report on Corporate Governance for South Africa 2016



VALUE CREATION HIGHLIGHTS 2023/24



R5 251 million
Insurance revenue
(2022/23: R4 464 million)

R481 million
Claims incurred
(2022/23: -R1 519 million)

R2 757 million
Cost of other services
(2022/23: R2 641 million)

R1 023 million
Investment income
(2022/23: R694 million)

R3 036 million
Total value added (2023/24)
(2022/23: R4 036 million)

The value we added



HUMAN CAPITAL

133 permanent employees
(2022/23: 131 permanent employees)

R174 million
total remuneration
(2022/23: R192 million)



SOCIAL AND RELATIONSHIP CAPITAL

R14 million
Socio-economic development (CSI)
(2022/23: R6 million)



TAX

(R485 million)
Income tax
(2022/23: R92 million)



MANUFACTURED CAPITAL

R5 million
Capital spend on infrastructure
(2022/23: R8 million)



FINANCIAL CAPITAL

R3 328 million
Retained for reinvesting and future support
(2022/23: R3 738 million)



R3 036 million
Total value distributed
(2022/23: R4 036 million)

Our performance



EQUITY

R14 143 million
(2022/23: R10 810 million)



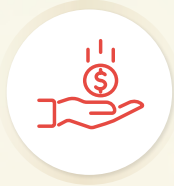
ASSETS UNDER MANAGEMENT

R13 340 million
(2022/23: R10 734 million)



NAVIGATING THIS REPORT

OUR CAPITALS



FINANCIAL

Needed to ensure a sustainable business capable of withstanding future shock. Financial capital is derived from premiums and investment returns.



INTELLECTUAL

Includes intangible assets such as our legislative monopoly, research capacity, data, risk intelligence, insurance expertise and good governance.



SOCIAL AND RELATIONSHIP

Our relationships with stakeholders and our shareholder, our brand, our identity, values, and commitment to socio-economic development.



HUMAN

The capacity, wellbeing and motivation of our employees, our collective knowledge and our capacity to deliver the goals of the business.



MANUFACTURED

The infrastructure, systems, data tools and operational processes that enable us to do business and create value.



NATURAL

The direct use and impact of the environment on our operations and how we support natural capital through our business activities.

Material Matters

To fulfil our mandate and achieve strategic goals, we manage certain material matters arising from our operating environment and the expectations of stakeholders.

The following material matters and our strategic response to them is discussed on pages 27-29.



Tolerable levels of unrest risk



Socio-political, economic and geopolitical impacts, including infrastructure and service delivery failure



Financial position and performance



Customer-centricity, establishing trust, capabilities, agility and presence



Data analytics, technology and digitisation, and data security and cybersecurity



Sustainable growth, relevance, operational efficiency and effectiveness



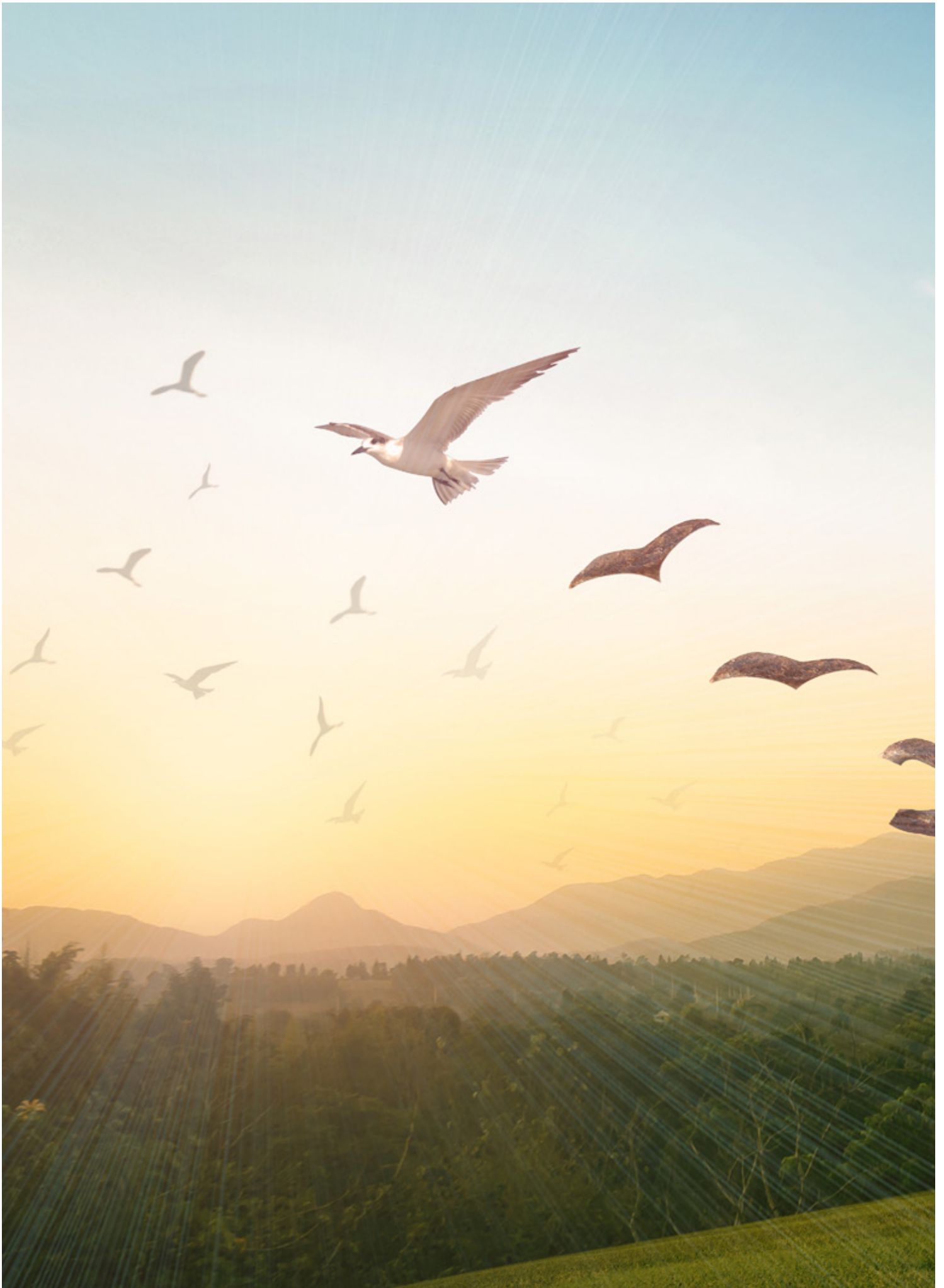
Evolving special risk diversification and diversity and inclusion in the insurance market



Talent, transformation, equality, employee wellness, health and safety



Climate change and environmental impact



FOREWORD FROM THE MINISTER OF FINANCE

Enoch Godongwana
Minister of Finance



“I wish to acknowledge the Sasria Board and Executive for their stewardship of the organisation during this past financial year. Led by CEO Mpumi Tyikwe, the Sasria leadership team has demonstrated a clear vision and a commitment to its dual mandate, to support stability and advance transformation in the financial sector.

It is a privilege to put forth the Sasria Annual Integrated Report for the 2023/24 financial year. Sasria occupies a unique and essential position in the South African insurance sector. As the only insurer in the country providing coverage against special risks such as strikes, riots, civil commotion and terrorism, Sasria serves as a defense mechanism against unexpected economic loss.

The importance of this coverage was made evident following the July 21 unrest, which resulted in R31 billion in claims. These claims far exceeded Sasria's reserves despite the strong financial position that was exhibited at the time. Given the severity of the July 2021 unrest, and to ensure the sustainability of the entity whilst stabilising the communities and economies impacted, Sasria's Shareholder, the National Treasury, provided an equity injection of R22 billion during 2021/22. This facilitated the settling of these claims and recovered Sasria's solvency cover ratio (SCR) to regulatory required levels. Notably, it also resulted in a much closer working relationship between National Treasury and Sasria, and we continue to explore opportunities to strengthen the entity's role.

While the events of the July 2021 unrest caused unprecedented strain on Sasria's financial position, the entity has emerged stronger than before. Sasria's financial position continued to strengthen over 2023/24, demonstrating resilience and a clear strategy to protect South Africans against future adversity. The Executive Team has done an exemplary job of improving the financial position and performance of the entity, as demonstrated in this Integrated Report. Given that the entity has returned to sound financial footing, it

can now focus on risk planning as it future proofs itself to be agile and pay out valid client claims. As a result, Sasria is currently participating in engagements with Government, regulators and other stakeholders on potential ways to expand its coverage. During 2023/24, these engagements centred around possibly extending Sasria's coverage towards climate risks, extreme weather and cyber-attacks. The intent is to ensure Sasria's ongoing sustainability and its capacity to address risk, while renewing faith among policyholders that the insurance industry works to their benefit.

As we look towards 2024/25, we should recognise that there is much uncertainty ahead. As stated in the 2024 Budget Speech, I encourage South Africans to resist the extremes of blind optimism and crippling pessimism. Because of entities like Sasria, South African businesses and Government can invest with optimism knowing that their assets are protected against special risk.

I wish to acknowledge the Sasria Board and Executive Team for their stewardship of the entity during this past financial year. Led by CEO Mpumi Tyikwe, Sasria's Leadership Team has demonstrated a clear vision and a commitment to its dual mandate, to support stability and advance transformation in the insurance sector. I also wish Sasria well in implementing its new strategic plan.

Mr Enoch Godongwana
Minister of Finance

CHAIRPERSON'S REPORT

Dr Nolwandle Codelia Mgoqi
Chairperson of the Board of Directors



The 2023/24 reporting period marked the final year in the execution of Sasria's 5-year Strategic Plan. During this time, the organisation underwent significant reform, spurred by the July 2021 unrest and changing operating environment. Sasria's sustainability in the aftermath of the 2021 crisis is owed to the continued support from our shareholder, National Treasury, the decisiveness of the executive leadership, and efforts to rebuild the resources and enhance internal capacity to drive business growth and sustainability.

I was appointed Chairperson of the Sasria Board in January 2024 at a time when the Executive Team was finalising our new five-year Strategic Plan. I am grateful for their efforts and confident that Sasria's renewed strategy will support our contribution to South Africa's stability, growth, and transformation.

Key to Sasria's Strategy is a focus on advancing our data analytics and insights. Our aim is to build an organisation that is proactive in managing risks as well as in realising opportunities for sustainable growth and strengthened socio-economic development. These initiatives were advanced throughout the reporting period, leaving us better positioned to understand our clients, build intelligence, and evaluate our risk exposure.

In 2023/24 our financial position continued to improve with reserves once again exceeding R13 billion. At R3.3 billion, Sasria's profit for the year was slightly lower than the previous reporting period but exceeded our estimates. The business experienced a significant reduction in claims compared to the previous year. Despite this reduction, the slight decline in profit, emphasises the volatility in the risk that Sasria is exposed to due to a significant reduction in claims year-on-year. Despite this, the slight decline in profit emphasises the volatility in the risk that Sasria is exposed to.

Looking ahead, Sasria will continue to build financial reserves, invest in technology, and seek opportunities to expand beyond our current mandate whilst also developing the required capacity to enable delivery and execution of strategy.

To this effect, our renewed strategy includes the reintroduction of additional cover above our current R500 million loss limit for corporate clients and an initiative to amend the Conversion of Sasria Act to allow for an expanded service offering. The intent is to develop a natural disaster pool in the medium to long-term, in partnership with the private sector, to provide cover for floods, droughts and other climate related impacts.

Throughout 2023/24 we held productive engagements with government regarding our mandate, governance, sustainability, and socio-economic impact. Sasria is encouraged by the outcome of South Africa's recent, 7th democratic election wherein the myriad of risks that would have arisen with the slightest hint of unrest were proactively managed.

We welcome the overall continuity in government and are confident that National Treasury, as the representative of our sole shareholder, will continue to support Sasria's critical role within the country's insurance sector.

Looking ahead, we will continue to work with government in its new formation.

I wish to thank Mr. Moss Ngoasheng, who served as Chairperson of the Board from June 2020 until his resignation in December 2023, demonstrating excellence and diligence in leadership throughout his tenure. I would also like to extend my gratitude to my fellow Board members for their support and commitment to Sasria's Strategy.

Finally, I acknowledge and thank the remarkable leadership of our CEO, Mpumi Tyikwe, and the entire executive team, whose strategic decisions and continued enablement have fostered a stronger organisation capable of withstanding future shocks.

Dr Nolwandle Codelia Mgoqi
Chairperson of the Board of Directors



SECTION

01

**WHO
WE ARE**

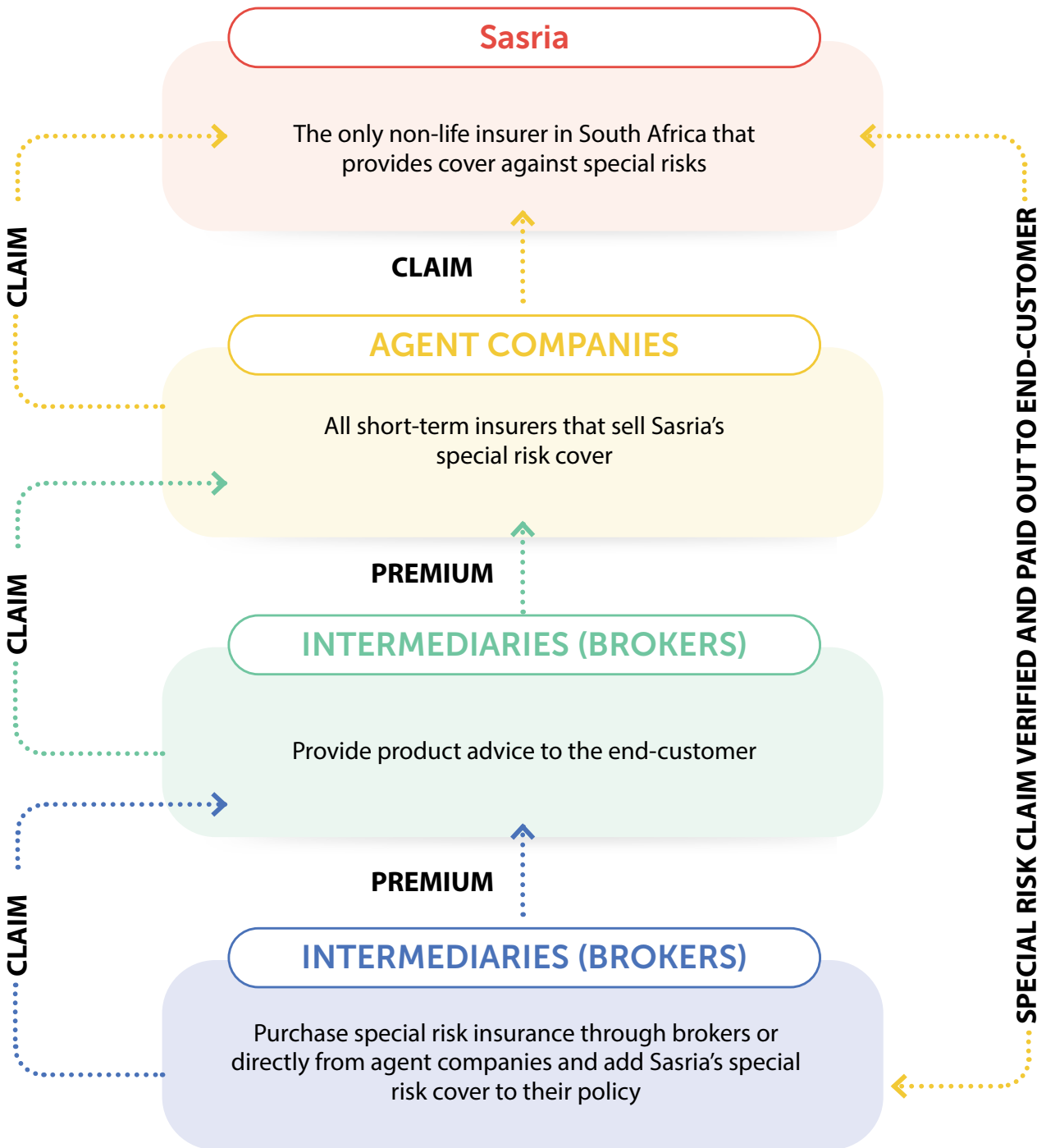
SECTION 1: WHO WE ARE

1.1. Overview of Our Business

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.

BUSINESS MODEL		
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 outsource 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, service providers, suppliers, and benefactors of our corporate social investment activities.	<ul style="list-style-type: none"> • Employees • Suppliers • Community
Pay taxes and fees	We pay all the relevant taxes and statutory fees to the authorities.	<ul style="list-style-type: none"> • 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

Sasria's Business Model



1.2. Our Strategy

The results of our five-year journey as we finalise Vision 2019 to 2024 are positive and reflect a growing organisation that has proven its relevance in response to the overwhelming event of July 2021. During this period Sasria experienced a catastrophic loss of R31 billion that led to a capital injection of R22 billion by the shareholder. The entity also underwent changes in leadership and rate increases implemented in February 2022.

The need for our products remains high notwithstanding the withdrawal of capacity by reinsurers on the excess of loss

(Wrap) product, announced in February 2022. The market continues to engage us on the reintroduction of this product as more capacity is required to protect investments made by our clients. Sasria, in its plans for the coming years, seeks to find a solution for the reintroduction of the Wrap product.

Performance Against the 2014 to 2019 Strategy

Below is a summary of Sasria’s strategic and operational performance over the five-year strategy period from 2019 to 2024.

Revenue Growth



In 2019 Sasria had R8.12 billion in assets under management, growing to R13.34 billion by March 2024, when rates were increased across all classes of business, followed by 17.7% from 2022/23 to 2023/24. At the end of the strategic period, the reported premium is R5.38 billion marking a 147.9% increase from 2018/19.

Strategic objective	KPI	Performance target	Status
Sustainable growth	Gross written premium as a % of budget.	2019 GWP: R2.17 billion 2024 GWP: R5.38 billion	Achieved
	Premium income from alternative distribution channel.*	R2 million	Not achieved
	% operational expense ratio by 31 March 2020 excluding binder fees, CSI and bonus provision.	Less than 9% operational expense ratio by March 2020 excluding binder fees, CSI, and bonus provision for both STI & LTI. (decreasing to 6.5% in year 5)	Achieved

Capital Management



In 2019 Sasria had R8.12 billion in assets under management, growing to R13,34 billion by March 2024. It is noted, however, that Sasria received a R22 billion capital injection from the shareholder following the 2021 civil unrest, to respond to losses which eventually amounted to R31 billion. Nevertheless, Sasria has made a remarkable recovery from this loss, which completely depleted our reserves and reinsurance capacity. Management is committed to continue growing our reserves so that Sasria may respond to another event of this magnitude.

Strategic objective	KPI	Performance target	Status
Sustainable growth	Develop, implement and monitor an effective investment strategy.	2019 AUM: R8.12 billion 2024 AUM: R13.34 billion	Achieved

Innovation (products and services)



Introduction of new products remains a challenge which requires amendments to our founding legislation and consideration of a different distribution channel. Thus, Sasria failed to meet its targets for income derived from alternative channels. There was, however, a product introduced specifically for SMMEs and investments made in the Data and Intelligence Project, which will be leveraged to enhance alternative revenue going forward.

*The KPI related to ‘Premium income from alternative distribution channels’, listed above under ‘Revenue Growth’ also applies to Innovation.



Infrastructure and Cost Management

The IT space saw major transformation during this period with various systems introduced including Microsoft Dynamics 365, SharePoint, Customer Relationship Management, Claims Centre, and a modern data warehouse. Investments in this area enabled an effective response to the Covid-19 pandemic and the requirements of remote work. The business experienced minimal losses of productivity during the pandemic and the configuration of the claims system took effect with global teams functioning and engaging to achieve project deliverables.

Investments in technology infrastructure also enabled Sasria to respond to the July 2021 unrest, despite the significant challenges faced. These investments were made in a cost-effective manner with minor overruns and delays. As we close the period, the expense ratio remains low at 4.7% of our gross written premium with room to invest in more strategic initiatives.

Strategic objective	KPI	Performance target	Status
Digitalisation – fit for purpose and operational excellence	ERP implementation (finance, procurement, human capital, and stakeholder management).	Completion of project plan	Achieved
	Automation of claims and accounting management.	Completion of project plan	Achieved



People Capacity and Capability

Management has recognised the need to create capacity to deal with future adversity. Our teams have received training in claims management and insurance to equip them for redeployment as needed. Sasria exceeded targets for training on insurance related courses during the period, with programmes on business intelligence, research, and cyber-security in the pipeline.

The executive team was reinforced following various resignations with internal and external candidates. The claims, finance, underwriting, technology, and actuarial functions saw the introduction of new management that are ready to lead the organisation. Succession plans were established for critical roles, making it easy to fill certain positions. Improvements are being considered on talent management initiatives and we aim to fill more posts using internal resources.

Strategic objective	KPI	Performance target	Status
Ensure Sasria talent aligns with business strategy	Implementation of a succession plan for critical roles.	Succession plans for all critical roles approved and development plan in place, monitored and reported-on.	Achieved



Regulatory Environment

Management remained resolute to abide by the requirements of its legal framework. Annual audit outcomes have been positive with no major issues noted. Where irregular, fruitless, and wasteful expenditure has occurred, management is improving the controls and compliance environment.

Strategic objective	KPI	Performance target	Status
Ensure sound corporate governance within Sasria	No unauthorised, irregular, fruitless and wasteful expenditure.	0% unauthorised, irregular, fruitless and wasteful expenditure.	Not achieved
	All matters of unethical behaviour by staff members investigated.	All matters investigated.	Achieved
	Submit all PFMA submissions within the stipulated deadline.	Submit all PFMA submissions within the stipulated deadline.	Not achieved
	Achieve unqualified audit opinion without matter of emphasis.	Achieve unqualified audit opinion without matter of emphasis.	Achieved



Customer Centricity

Plans to transform this area are yielding results following strengthening of the claims team and implementation of the Claims Management System. The number of complaints has fallen, overturns by the Ombudsman office have declined, and the targeted turn-around time for claims processing has been achieved. The creation of a customer experience role is also helping to bridge the gap between Sasria and our clients.

Strategic objective	KPI	Performance target	Status
Customer service	Fasttrack claims turnaround time (days).	90% settled within 25 days = 96% settled within 25 days.	Achieved
	Large losses claim turnaround time (days).	70% settled within 50 days = 90.56% settled within 50 days.	Achieved
	Claims reported to the short-term insurance Ombudsman as a % of the total number of claims.	0.1% overturn of the total number of claims received.	Achieved
	% reduction of complaints related to poor customer service.	50% reduction of complaints relating to poor customer service by clients, brokers, and agent companies.	Achieved



Brand Management

Substantial work has been undertaken to improve brand awareness and visibility. Over the strategy period, initiatives in the area included advancing Sasria’s social media presence, critical messaging through media articles and features, and a Corporate Social Investment (CSI) programme that is better aligned to our risk mitigation strategy.

Strategic objective	KPI	Performance target	Status
Distribution capability	Expand Sasria’s digital reach/footprint (%).	25% website traffic increase to social media footprint against 2018 baseline.	Achieved

Overall Results

Sasria’s results over the five-year period are satisfactory and present an outlook that is positive as we embark on our new strategic plan. These outcomes give us confidence that Sasria will continue to strengthen and respond well to external pressures.



Our Strategic and Operational Performance for 2023/24

The 2023/24 financial year marked the final year of Sasria’s 2019-2024 Strategic Plan. Our performance results in the last year of the Strategic Plan were satisfactory with several objectives achieved. At the beginning of the 2023/2024 period the organisation set an ambitious goal to achieve 95% of KPI’s. However, we fell short of this target as we did not achieve targets on Irregular, Fruitless, and Wasteful Expenditure and PFMA compliance.

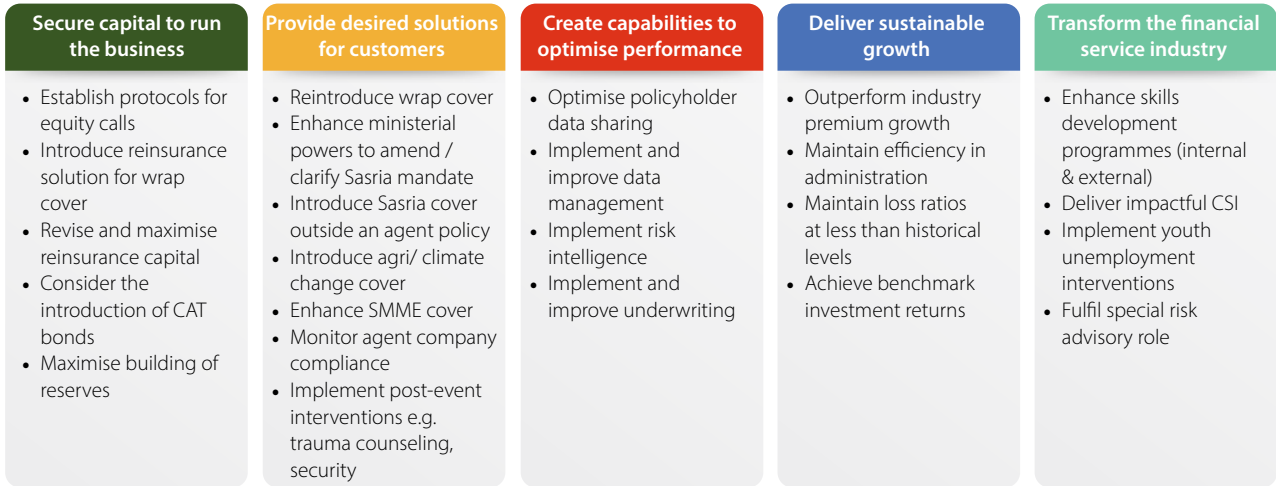
Measurement of Sasria’s performance against targets for 2023/24 is presented on the table below:

KPI #	Weighting	KPI	Formula	Performance target	Q4 position
1	15%	Premium growth (GWP)	Percentage growth of gross written premium income compared to the previous financial year	10% - 15% GWP is 17.67% above prior year. Actual income GWP R5.38 billion	Achieved
2	5%	Operational efficiency	Expenses for administration and marketing (less depreciation, STI and LTI) as a percentage of GWP	6% - 7% Actual performance: 4.67%	Achieved
3	5%	Efficient distribution costs	Percentage of GWP reduction in policy administration and intermediary fees by year end (2022 baseline)	3% - 5% Actual performance: 4.02%	Achieved
4	10%	Loss-ratio	Percentage average gross incurred loss ratio range over a 3-year rolling period, excluding IBNR reserve and catastrophe events	45% - 50% 3-year Loss Ratio: 11.84%	Achieved
5	10%	Claims turnaround by the Ombudsman	Claims overturned by the Ombudsman for STI, as a percentage of the total claims received	≤0.5% Two of 2607 claims were overturned by OSTI which is 0.08%.	Achieved
6	5%	Alternative distribution channels	Achievement of project plan milestones	100% Project Plan milestone achieved.	Achieved
7	5%	Irregular, fruitless, and wasteful expenditure	Reported in the annual financial statements	Nil Fruitless and wasteful expenditure YTD: R22.27 million & Actual irregular expenditure YTD: R16.83 million	Not achieved
8	5%	Unethical behaviour	Reported incidents of unethical behaviour investigated	100% Five matters were finalised, and one matter relating to claims fraud (July 2021) allegedly committed by external parties is in progress.	Achieved
9	5%	PFMA compliance	PFMA submissions within the stipulated deadlines	100% However, late submission of the Integrated Report and Annual Financial Statement to National Treasury and Parliament were noted.	Not achieved
10	5%	External audit opinion	Audit opinion for the financial year ending 31 March 2024	Unqualified opinion	Achieved
11	10%	Fast-track claims effectiveness & efficiency	Fast-track claims turnaround time	90% of fast-track claims settled within 25 working days 95.65% of fast-track claims received, were settled within 25 days.	Achieved
12	10%	Large loss claims effectiveness & efficiency	Large loss claims turnaround time	70% of large losses finalised within 50 working days 90.56% of large loss claims received were settled within 50 days.	Achieved
13	10%	Insurance skills	Percentage of identified employees trained on insurance fundamentals	50% 53.79% of identified employees were trained.	Achieved

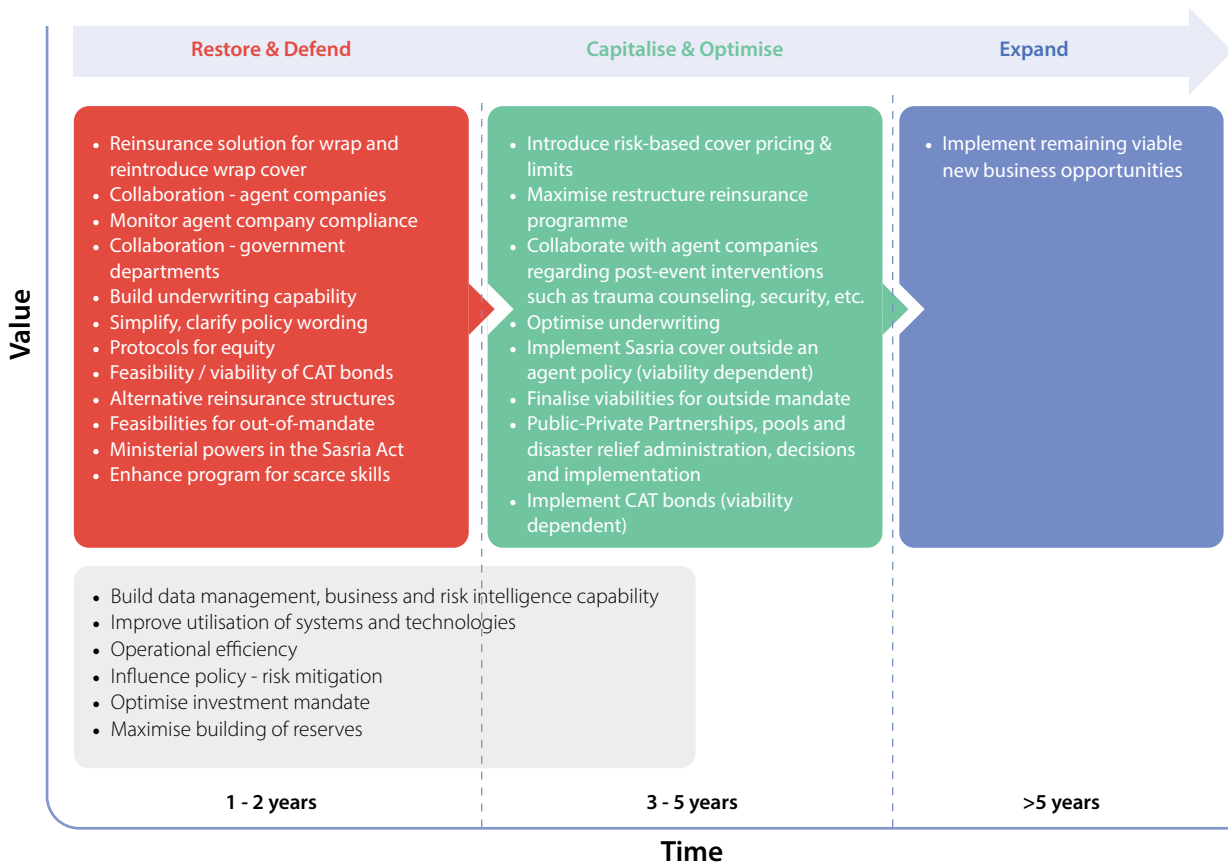
Looking Ahead

The following diagram illustrates Sasria's new Strategic Plan for 2025 to 2029. Performance against this new Strategy will be reflected in the next reporting period.

Vision 2029



Time Horizons



Restore and Defend

We consider the first 1 to 2 years of the strategy as a period of continued restoration following the unrest of July 2021 which depleted the company of all its reserves and required a R22 billion capital injection by the government. This period also requires the defense of our role as a provider of wrap cover (the Excess of Loss cover) to the market since the international reinsurers exited the reinsurance structure through which the company was able to provide an additional R1 billion cover to major corporate clients. Sasria's wrap cover was discontinued in the 2021/22 financial year.

Defense also refers to the establishment of improved data management and risk intelligence capabilities to enable risk-based decision-making. This is envisaged to support our underwriting capability.

And lastly, this period will involve influencing changes to Sasria's primary legislation to allow the Minister of Finance to issue regulations regarding changes in the Sasria mandate and/or activities.

Capitalise and Optimise

After approximately 2 years Sasria sees opportunity to expand its offerings to beyond its current mandate, which may include climate-related pools and public-private partnerships. Disaster relief administration (previously referred to as government claims administration) may also be introduced dependent on stakeholder engagement outcomes.

Feasibilities and viability assessments of activities outside our current mandate will commence during the Restore and Defend period to allow for early decision-making.

In this period, further optimisation of systems and processes will remain a key enabler for business excellence.

1.3. Board and Committees

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. Sasria has five Board Committees which maintain sound corporate governance and ensure that the Board is engaged in strategic and operational processes.

Board of Directors

The Board is comprised of 11 members, six male and five female. This is down from 14 members in 2022-2023. Mr CJ van Dyk and Ms Moipone Ramoipone's terms of office ended on 23 June 2023. Two Non-Executive Directors who are Actuaries, Mr Johannes Venter and Ms Deshni Subbiah were appointed to the Board with effect from 01 October 2023. Subsequent to the resignation of the previous Chairperson of the Board, Mr Moses Ngoasheng, Dr Nolwandle Mgoqi was appointed as the Chairperson of the Board with effect from 01 January 2024.

BOARD MEMBERS



Nolwandle Mgoqi

Chairperson of the Board

Appointed as Chairperson:
01 January 2024

Appointed as Non-Executive Director: 24 June 2020

Qualifications
BA, MSc, PhD

Expertise

- Short Term, Life, Employee Benefits and Asset Management
- Strategy development execution and management



Refilwe Moletsane

Non-Executive Director

Appointed: 24 June 2020

Qualifications

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

Expertise

- Governance, Compliance and Regulatory Affairs



Desmond Marumo

Non-Executive Director

Appointed: 24 June 2020

Qualifications

Masters in Mercantile Law
Bachelor in Law(s) LLB
B Juris
Advanced Diploma in Labour Law
Advanced Diploma in Intellectual Property Law

Expertise

- Law



Enos Ngutshane

Non-Executive Director

Appointed: 24 June 2020

Qualifications

M Public Administration (Liverpool)
Postgraduate Diploma Administrative Studies

Expertise

- Risk, Human Resources, Safety
- Investment



Japhtaline Maisela

Non-Executive Director

Appointed: 24 June 2020

Qualifications

Masters in Management
Postgraduate Diploma Production Management (Japan)
Executive Development Programme (Wharton Business School)
Fellow of the Institute of Directors

Expertise

- Human Capital Management
- Investment
- Remuneration Structuring



Margaret Phiri

Non-Executive Director

Appointed: 24 June 2020

Qualifications

CA (SA)

Expertise

- External and Internal Audit
- Risk Management
- Corporate Governance Investigations
- Board Evaluations



Reginald Haman

Non-Executive Director

Appointed: 24 June 2020

Qualifications

Masters in Business Administration
 Diploma in Company Direction
 Post Graduate Diploma: Business Administration
 Leadership Development Programme
 National Higher Diploma

Expertise

- Risk Management
- Business Strategy
- Risk Financing / Insurance
- Corporate Governance
- Internal and Forensic Audit
- Information Technology
- HR / Remuneration



Sathie Gounden

Non-Executive Director

Appointed: 24 June 2020

Qualifications

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

Expertise

- Audit
- Finance
- Risk and Governance
- Fraud and Prevention



Deshni Subbiah

Non-Executive Director

Appointed: 01 October 2023

Qualifications

BSc Actuarial Science (Cum Laude)
 CERA (Chartered Enterprise Risk Actuary)
 Fellow of the Actuarial Society of South Africa (FASSA)
 Certified Director® (IoDSA)
 Master's in Business Administration (MBA)
 Post-Graduate Diploma in General Management – PGDip (Distinction)
 ESG Specialisation (Corporate Finance Institute)
 Certificate in Investments (Institute of Actuaries, UK)
 Member of the Institute of Directors

Expertise

- Strategy and innovation
- ESG, ethics, governance and King IV
- Actuarial, investments and risk management
- Finance, audit and combined assurance
- Legal and compliance



Johannes Venter

Non-Executive Director

Appointed: 01 October 2023

Qualifications

Bachelor of Science Hons (Mathematical Statistics)
 Bachelor of Science (Mathematics)
 Fellow – Faculty of Actuaries, Scotland
 Advanced Management Programme Fellow

Expertise

- Risk, Actuarial Investment, Finance and Auditing
- Short Term Insurance, Social and Ethics, Human Capital, Life Insurance



Mpumi Tyikwe

Executive Director (CEO)

Appointed: 19 May 2022

Qualifications

FIIISA Post Graduate Diploma in Management

Expertise

- Insurance
- Business Growth and Turnaround Strategies
- Talent Management
- Corporate Governance
- Stakeholder Management

Board Meeting Attendance

There were nine Board Meetings held in the 2023-2024 financial year. The following table shows the type of meetings held and attendance by each Board Member.

Board member	Expertise	Annual General Meeting (AGM)	Ordinary meeting	18-May-2023	22-Jun-23	19-Sep-23	Ordinary meeting	27-Sep-23	Special meeting	18-Oct-23	Special meeting	30-Nov-23	Ordinary meeting	30-Nov-23	Annual General Meeting (AGM)	Special meeting	29-Feb-24	Board Meeting	12-Mar-24	Total meetings	Total attended	Percentage attended
Moss Ngoasheng¹	Investments	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	7	100%
Japhthale Mantuka Maisela	Human capital, investment, social and ethics	√	√	√	√	√	√	√	0	0	√	√	√	√	√	√	√	√	√	9	8	89%
Reginald Haman	Risk management, business strategy, risk financing, insurance, governance, internal audit, forensic audit, information technology, human capital, remuneration	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	9	100%
Moipone Ramoipone²	Finance, accounting	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	100%
Refilwe Moletsane	Governance, compliance, regulatory affairs	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	8	89%
Enos Ngutshane	Risk, human capital, governance, fraud and fraud prevention	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	9	100%
Dr Nolwandle Mgoqi (Chairperson)	Short-term and life insurance, employee benefits, asset management, strategy development and execution, management	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	8	89%
Sathie Gounden	Audit, finance, risk, governance, fraud and fraud prevention	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	9	100%
Margaret Mosibudi Phiri	External and internal audit, financial accounting, risk management, governance, investigations, board evaluations	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	9	100%
Desmond Marumo	Law	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	9	100%
Johannes Jacobus Venter³	Risk, actuarial investment, finance, auditing, short-term insurance, social and ethics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	5	100%
Deshni Subbiah⁴	Finance, actuarial, tax, strategy, change management, organisational redesign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	5	100%
Mpumi Tyikwe	Underwriting, insurance product development	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	9	9	100%
Bajabulile Mthiyane⁵	Finance, investment and audit	√	√	√	√	√	√	√	√	√	√	-	-	-	-	-	-	-	-	5	5	100%
Christiaan van Dyk⁶	Short term insurance, asset management, investment, reinsurance, actuarial, risk, remuneration strategy	0	√	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1	50%
Percentage attained (average)																						94%

√ = Meeting attended

0 = Meeting not attended

- = Meeting held pre-appointment (member not part of the Board)

NOTES:

1. Mr Moss Ngoasheng resigned from SASRIA SOC Ltd effective from 31 December 2023 and did not attend the Board meetings of 29 February 2024 and 12 March 2024. In his stead, Dr Nolwandle Mgoqi was appointed as the Chairperson of the Board from 01 January 2024.
2. Ms Moipone Ramoipone was not re-appointed to the SASRIA SOC Ltd Board after the expiry of her term on 23 June 2023.
3. Mr Johannes Venter was appointed as a Non – Executive Director of Sasria SOC Ltd effective from 01 October 2023.
4. Ms Deshni Subbiah was appointed as a Non – Executive Director of Sasria SOC Ltd effective from 01 October 2023.
5. Ms Bajabulile Mthiyane resigned as the Chief Financial Officer (CFO) of Sasria SOC Ltd effective from 30 September 2023.
6. Mr CJ van Dyk's term of office ended on 23 June 2023.

Board Committees

Sasria has five Board committees, which encourage sound corporate governance and ensure that we permeate strategic and operational processes. Four of the five committees are chaired by women. The five Committees are:

1. Investment Committee – Monitors, evaluates and reviews Sasria's investments, thus strengthening oversight of asset management.
2. Audit Committee - Oversees financial management, technology monitoring, internal control, risk identification and mitigation and governance. Responsible for the Audit Committee report, included in this Integrated Report.
3. Remuneration and Nomination Committee - Assesses and advises the Board on human capital matters, including training and development and remuneration.

4. Risk 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 is also responsible for oversight of technical insurance and reinsurance matters.
5. Social and Ethics Committee - Monitors Sasria's social and ethics activities, ensuring that behaviour meets requirements of a responsible corporate citizen and furthers progress in the achievement of transformation goals.

Each of the five Board Committees confirm that they have met the responsibilities set out in their terms of reference during the year under review.

Committee Meeting Attendance

The following tables provide the list of Committee Chairs and Members, and their attendance at Committee meeting during the year under review.

Investment Committee

	Ordinary meeting	Ordinary meeting	Ordinary meeting	Ordinary Meeting	Total meetings	Total attended	Percentage attended
Committee member	08-Jun-23	15-Aug-23	20-Nov-23	21-Feb-24	4		
Dr Nolwandle Mgoqi (Chairperson)	√	√	√	√	4	4	100%
Moss Ngoasheng ¹	√	0	0	-	3	1	33%
Sathie Gounden	√	√	√	√	4	4	100%
Christiaan van Dyk ²	√	-	-	-	1	1	100%
Desmond Marumo	√	√	√	√	4	4	100%
Johannes Jacobus Venter ³	-	-	√	√	2	2	100%
Percentage attained (average)							88%

NOTES:

1. Mr Moss Ngoasheng resigned from Sasria effective from 31 December 2023.
2. Mr Christiaan van Dyk term of office ended 23 June 2023.
3. Mr Johannes Venter was appointed as a Board member from 01 October 2023.

Audit Committee

	Special meeting	Special meeting	Ordinary meeting	Ordinary meeting	Special meeting	Ordinary meeting	Ordinary meeting	Total meetings	Total attended	Percentage attended
Committee member	03-Apr-23	20-Jul-23	17-Aug-23	14-Sep-23	16-Nov-23	21-Nov-23	28-Feb-24	7		
Margaret Mosibudi Phiri (Chairperson)	√	√	√	√	√	√	√	7	7	100%
Sathie Gounden (Deputy Chairperson)	√	√	√	√	√	√	√	7	7	100%
Reginald Haman	√	√	√	√	√	√	√	7	7	100%
Deshni Subbiah ¹	-	-	-	-	√	√	√	3	3	100%
Japhtaline Mantuka Maisela	0	√	√	√	√	√	√	7	6	86%
Refilwe Moletsane (Invitee) ²	√	√	-	-	-	-	-	2	2	100%
Percentage attained (average)										97%

NOTES:

1. Ms Deshni Subbiah was appointed as a Board member from 01 October 2023.
2. Ms Refilwe Moletsane attended the Audit Committee meeting on 20 July 2023.

√ = Meeting attended
 0 = Meeting not attended
 - = Meeting held pre-appointment (member not part of the Board)

Remuneration and Nominations Committee

	Special meeting	Ordinary meeting	Special meeting	Ordinary meeting	Ordinary meeting	Total meetings	Total attended	Percentage attended
Committee member	06-Jun-23	10-Aug-23	22-Sep-23	07-Nov-23	13-Feb-24	5		
Japhtaline Mantuka Maisela (Chairperson)	√	√	√	√	√	5	5	100%
Enos Ngutshane (Deputy Chairperson)	√	√	√	√	√	5	5	100%
Dr Nolwandle Mgoqi ²	√	√	√	√	0	5	4	80%
Margaret Mosibudi Phiri	√	√	√	√	√	5	5	100%
Moss Ngoasheng ¹	√	√	0	√	-	4	3	75%
Percentage attained (average)								91%

NOTES:

1. Mr Moss Ngoasheng resigned from Sasria effective from 31 December 2023, did not attend Remco of 13 February 2023.
2. Dr Nolwandle Mgoqi did not attend Remco of 13 February 2024.

Risk Committee

	Ordinary meeting	Ordinary meeting	Ordinary meeting	Ordinary meeting	Total meetings	Total attended	Percentage attended
Committee member	25-May-23	16-Aug-23	14-Nov-23	27-Feb-24	4		
Reginald Haman (Chairperson)	√	√	√	√	4	4	100%
Refilwe Moletsane	√	√	√	√	4	4	100%
Deshni Subbiah ¹	-	-	√	√	2	2	100%
Mr Johannes Jacobus Venter ²	-	-	√	√	2	2	100%
Christiaan van Dyk ³	√	-	-	-	1	1	100%
Mpumi Tyikwe	√	√	√	√	4	4	100%
Percentage attained (average)							100%

NOTES:

1. Ms D Subbiah was appointed as a Board Member from 1 October 2023.
2. Mr J Venter was appointed as a Board Member from 1 October 2023.
3. Mr CJ van Dyk term of office ended 23 June 2023.

Social and Ethics Committee

	Ordinary meetings	Ordinary meetings	Ordinary meetings	Ordinary meetings	Total meetings	Total Attended	Percentage Attended
Committee member	17-May-23	08-Aug-23	09-Nov-23	20-Feb-24	4		
Refilwe Moletsane (Chairperson)	√	√	√	√	4	4	100%
Desmond Marumo (Deputy Chairperson)	√	√	√	√	4	4	100%
Enos Ngutshane	√	√	√	√	4	4	100%
Moipone Ramoipone ¹	√	-	-	-	1	1	100%
Bajabulile Mthiyane ²	√	√	-	-	2	2	100%
Dirk Kunz ³	-	-	√	√	2	2	100%
Percentage attained (average)							100%

NOTES:

1. Ms Moipone Ramoipone's term ended on 23 June 2023.
2. Ms Bajabulile Mthiyane resigned as the Chief Financial Officer effective from 30 September 2023.
3. Mr Dirk Kunz was appointed as the Chief Financial Officer effective from 01 May 2024.

- √ = Meeting attended
- 0 = Meeting not attended
- = Meeting held pre-appointment (member not part of the Board)

1.4. Executive Leadership

The Executive Committee comprises nine members. Two executive members – Dirk Kunz (CFO) and Hayley Clarke (CAO) - were appointed during the reporting period, but only commenced their roles after 31 March 2024.



Mpumi Tyikwe

Chief Executive Officer

Qualifications

- FIISA Post Graduate Diploma in Management



Dirk Kunz

Chief Financial Officer

Qualifications

- BCom Accounting Honours
- Executive Development Programme
- CA (SA)



Hayley Clarke

Chief Actuarial Officer

Qualifications

- BSc Honours in Actuarial Science
- MSc in Climate Change and Development
- Fellow of the Institute and Faculty of Actuaries (FFA)
- Fellow of the Actuarial Society of South Africa (FASSA)
- Chartered Enterprise Risk Actuary (CERA)



Fiona Oakley-Smith

Chief Information Officer

Qualifications

- Bachelor of Commerce in Business Finance and Information Systems
- Certificate in Advanced Business Analysis



Tshepiso Chocho

Executive Manager: People Management

Qualifications

- Bachelor of Arts (Honours) in Industrial and Organisational Psychology
- Senior Level Executive Leadership Programme



Muzi Dladla

Executive Manager: Stakeholder Management

Qualifications

- Diploma in Business Management
- Management Advancement Programme
- Master's in Development Practice
- Master's in Business Administration



Nkateko Mayimele

Executive Manager: Claims

Qualifications

- BCom Honours
- CA (SA)
- Senior Management Programme
- Advanced Management Programme for Senior Executives



Themba Sibiya

Executive Manager: Strategy and Underwriting

Qualifications

- Advanced Diploma in Business Management
- Programme for Management Development
- Higher Certificate in Short-Term Insurance
- Senior Management Development Programme



Mziwoxolo Mavuso

Legal, Compliance and Company Secretary

Qualifications

- BProc
- LLB
- General Management Programme
- Global Executive Development Programme
- Advocate of the High Court of South Africa



SECTION

02

**OPERATING
CONTEXT**

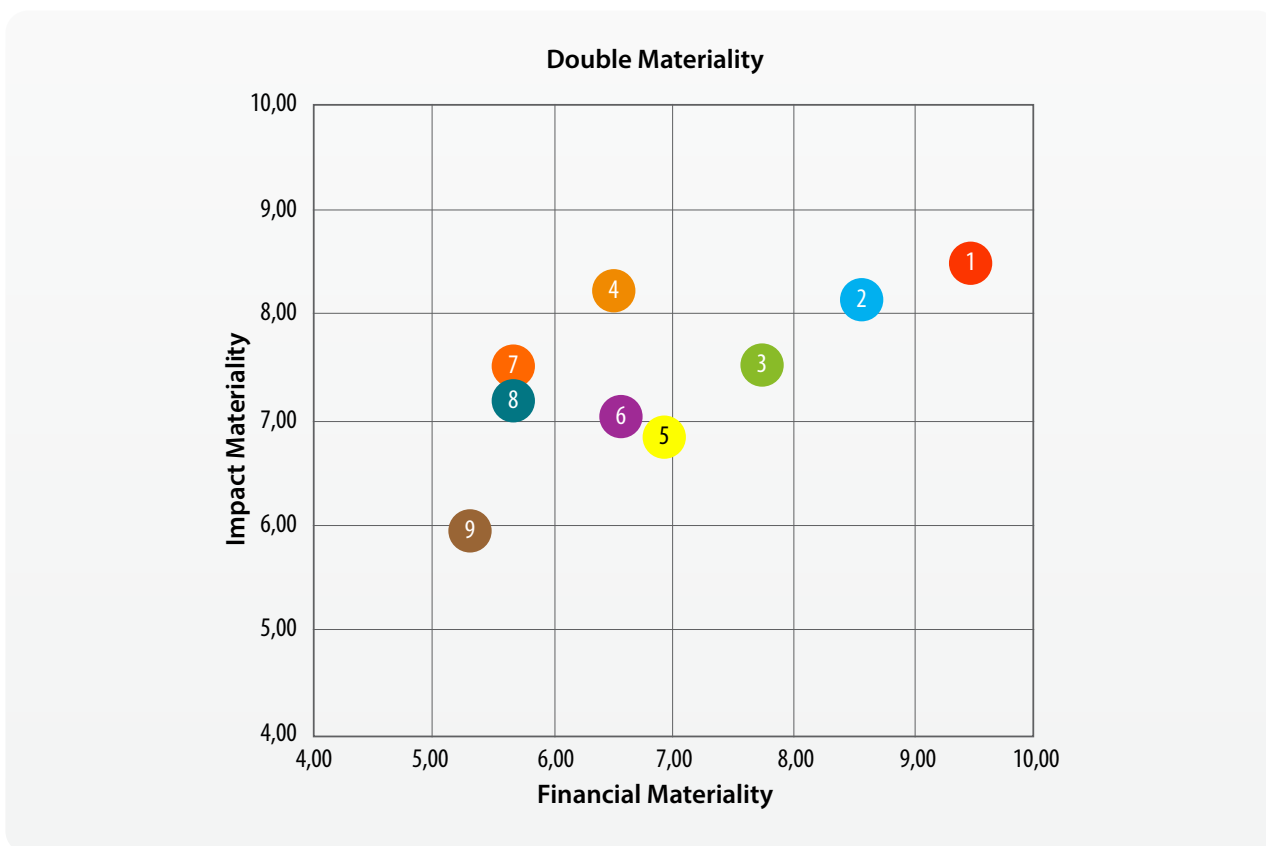
SECTION 2: OPERATING CONTEXT

2.1. Material Matters

In July 2024, a materiality workshop was undertaken in which risks, opportunities, trends and topics were assessed through both a financial and impact lens. The top nine material issues are presented in the chart below together with their financial and impact materiality assessment. In the table that follows the context of each material matter is explained.

Financial and Impact Materiality

The following graph and table assess each material matter for its financial and impact materiality.



Multi-Criteria Table	
1	Tolerable levels of unrest risks
2	Financial position and performance
3	Socio-political, economic and geopolitical impacts, including infrastructure and service delivery failure
4	Customer-centricity, establishing trust, capabilities, agility and presence
5	Data analytics, technology and digitisation, and data security and cybersecurity
6	Sustainable growth, relevance, operational efficiency and effectiveness
7	Evolving special risk diversification and diversity and inclusion in the insurance market
8	Talent, transformation, equality, employee wellness, health and safety
9	Climate change and environmental impact

Our Material Matters

Double Materiality Ranking	Material Matter	Enhanced Context
1	Tolerable levels of unrest risk	Sasria must enhance understanding of underlying socio-political and economic drivers of unrest to anticipate future events. Drivers include youth unemployment, increasing cost of living, inequality, service-delivery/infrastructure failures (including water and electricity), xenophobic attacks, and political clashes and uncertainty.
2	Financial position and performance	<p>Sasria's operational capability and capital position were affected significantly by the July 2021 unrest. The event also depleted Sasria's reserves, catastrophe reinsurance lines and widened the cover gap. The increased inflation worldwide, weakening rand and interest rates that continue to rise globally and in South Africa have also contributed negatively on our performance. Collectively, the negative events and conditions continue to place strain on our financial position and performance. The balance sheet needs strengthening through restored profitability and sensible use of reinsurance in a tough market.</p> <p>In the past three years, our profitability continued to recover due to a decrease in claims. To maintain the improvement in profitability, there is a need for Sasria to move away from monoline insurance and introduce new profitable products within the bounds of legislation and mandate. We rely on the state to provide us with an explicit capital guarantee and to consider extending our mandate to ensure growth, diversity and profitability.</p>
3	Socio-political, economic and geopolitical impacts, including infrastructure and service delivery failure	<p>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 the economic employment and service delivery capability of insured businesses.</p> <p>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.</p> <p>Infrastructure and service delivery failures, especially those of local and metro governments, create certain political dynamics that underlie unrest.</p> <p>Global geopolitics is currently being defined by deep, significant shifts in power structures that are reshaping historical systems and alliances, as well as creating instability and uncertainty. South Africa's stance in being neutral to global geopolitics or aligning with specific alliances can increase that instability and uncertainty locally with a significant impact on the economy.</p> <p>South Africa is also experiencing high levels of youth unemployment, pressure on social grants and on educational grants such as NSFAS. Left unaddressed, these socio-economic conditions may drive further unrest.</p>
4	Customer-centricity, establishing trust, capabilities, agility and presence	<p>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.</p> <p>The ultimate aim is to serve customers in the best way and have a positive impact on the value chain through realising efficiencies. To achieve this, we need to continue ensuring that our offerings are clarified and our clients are aware of the risks they are covered for and the validity of their covers.</p> <p>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 climate change and to manage new risks and regulations. We must demonstrate a solid track record of governance, risk management and compliance capability.</p>

Double Materiality Ranking	Material Matter	Enhanced Context
5	Data analytics, technology and digitisation, and data security and cybersecurity	<p>Digitalisation streamlines user experience and speeds up interaction between the business and its customers. It also results in better products and superior cost efficiency.</p> <p>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.</p> <p>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 cyberattacks.</p> <p>Available digital tools must be optimised to improve decision making and to manage cyber risks.</p>
6	Sustainable growth, relevance, operational efficiency and effectiveness	<p>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.</p> <p>To achieve relevance, growth and sustainability, Sasria needs to offer a portfolio of products that address clients' evolving needs. There is also an opportunity to access untapped markets.</p> <p>Evolving the business model and products of Sasria as the economic, regulatory, social, environmental 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.</p>
7	Evolving special risk diversification and diversity and inclusion in insurance market	<p>This entails diversifying and expanding special risk and risk protection gap coverage to evolving areas, considering natural disasters, climate change impacts and cyber-attacks. To achieve this, there is a need to expand Sasria's mandate to include additional covers, however this needs to be considered in line with capital availability and insurance regulation.</p> <p>It includes guiding policy in evolving risk areas and serving as a centre of excellence for special risk management including public-private partnerships in managing evolving special risks.</p> <p>It also aims to address the insurance gap in the small business and informal market.</p> <p>We have an opportunity to enable access to insurance coverage to these underserved markets.</p>
8	Talent, transformation, equality, employee wellness, health and safety	<p>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. Offering fair remuneration, pay parity and inclusion are also key to attracting and retaining talent.</p> <p>Our competency framework allows us to acquire, develop and retain the skills that we need now and in the future.</p> <p>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.</p> <p>Employee wellness, health and safety are key given the importance of mental and physical wellness of employees.</p>
9	Climate change and environmental impact	<p>The impact on communities, infrastructure and service delivery of climate change physical risks (primarily catastrophic events like floods, storms, drought and fire) can lead to consequential unrest. We can also develop special risk insurance products linked to climate change transition and physical risks mitigation.</p> <p>Our climate change initiatives need to include an assessment of our impact on the environment as we need to play a role in reducing our carbon footprint and climate change mitigation.</p>

2.2. Macro-Economic and Socio-Political Environment

As a provider of special risk cover, Sasria’s performance is impacted by the macro-economic and socio-political environment in South Africa. Economic growth and stability influence the demand for insurance, while inflation and interest rates impact the cost of claims and investment returns, requiring Sasria to adjust rates and strategies accordingly.

Political volatility and social unrest have directly increased the number of claims over the years and the public perception of Sasria’s reliability in handling claims remains crucial for maintaining trust and ensuring the company’s long-term sustainability.

Macro-Economy 2023-2024

South Africa’s real GDP growth was 0,6% in 2023, slowing further to 0,5% in the first quarter of 2024. This is down from 1,9% in 2022 when the economy experienced accelerated growth following the resumption of economic activity post-COVID. Due to sudden changes in interest rate forecasts worldwide, the South African Reserve Bank (SARB) maintained the interest rates at 8,25% at the close of the financial year. Consumer inflation was reported by Statistics South Africa as 5,3% by March 2024.

South Africa’s economic growth is dragged down by structural challenges, persistent electricity shortages, deterioration of logistics infrastructure, and lower international prices for gold and platinum group metals. Individuals and small enterprise were also hard hit by persistently high inflation and rising interest rates. These conditions have a negative impact on business sustainability, the value of insurable assets, and the demand for, and capacity to finance insurance, including insurance for special risk.

Protests, Riots and other Insured Events

South Africa experienced few political protests in the 2023/24 financial year, resulting in a small number of insurance claims. There was also a decline in worker strikes in 2023, with 83 recorded incidents compared to 86 in 2022. There was however an increase in the number of service delivery protests during the year, driven by poor water services and the electricity crisis, with load shedding reaching crisis levels through much of 2023.

Truck burnings were also a major source of insurance claims during the year under review. Trucks were destroyed along national highways in Limpopo, Mpumalanga, KwaZulu-Natal and the Free State, in protest over the employment of foreigners in the sector. Significant damage was also incurred during the Cape Town Taxi Riots in August 2023, triggered by the enforcement of legal and road safety infractions.

Outlook 2024/25

The International Monetary Fund (IMF) downgraded its forecasts for economic growth in South Africa, to a modest 1.0% for 2024, while the SARB forecasts 1.2% growth. The IMF is concerned about logistical issues, including the poor status of the country’s railroads, ports and roads. Nevertheless, the 2024-2025 financial year is expected to see the start of an interest rate cutting cycle, lower inflation, and infrastructure investment, as well as continued improvement in electricity supply.

There were concerns over potential protests and violence during and in the aftermath of the National Elections, which took place on 29 May 2024 (after the reporting period). Election day proceeded peacefully with only minor disruptions. At the time of writing, South Africa has entered a new political reality under a Government of National Unity (GNU). There remains, however, the potential for political protests. At the same time, the GNU is expected to trigger macro-economic reforms, investment and trade, and potentially strengthen service delivery, which will mitigate against protest risk and support accelerated economic growth.



Source: Municipal IQ Municipal Hotspots Monitor

2.3. Industry Trends

At Sasria, our growth and sustainability depend increasingly on our agility, skills and capacity to innovate. It is also important for us to have a clear view of the trends that shape our industry, and impact on our strategy and how we measure and respond to risks and opportunities. The following is an overview of the material trends impacting our business.

Digitalisation

Digitalisation remains a key pillar of Sasria's 5-year Strategic Plan, as evidenced by our investment in the Data and Intelligence Programme.

From a macro-perspective, a highlight over the past several years is the rapid advancement in Artificial Intelligence (AI), and the positioning of AI at the core of many corporate strategies. Within the insurance industry key applications include process automation, streamlined claims processes, fraud detection tools, new product development, marketing, and data analytics and visualisation.

Looking ahead, these advancements will continue to impact business practices among our agents and intermediaries, as well as within Sasria. It is imperative that we remain abreast of the latest developments, continue to prioritise our digitalisation effort, and ensure that our data, and the data of our clients, is protected.

Talent Shifts

Sasria operates within a broader insurance market and must compete with the private sector for key and critical skills. The company is therefore impacted by talent shortages and wider shifts in the world of work.

In recent years, these shifts have included the impact of COVID-19, which entrenched flexible work patterns and shifted the expectations of employees. There is also a

monumental and ongoing change in skills needed to build a modern and innovative company. This has resulted in skills shortages, particularly in IT and related fields. At Sasria, we work to maintain a competitive employee value proposition and to recruit top-talent within short turn-around times.

Hardening Reinsurance Market

In 2022, the reinsurance industry entered a 'hard market' with a significant reduction in global reinsurance capital, leading to significant price increases. This cyclical shift has improved the prospects for many reinsurers, while placing pressure on companies like Sasria, who rely on the reinsurance market to transfer risk. As a result, reinsurance premiums are higher and reinsurer appetite is reduced, particularly within the Political Violence and Terrorism (PVT) class of business. Underwriters may also step away from certain markets as they seek to rebalance their books.

The hardened reinsurance market has a direct impact on our operations and financial position and may require that we find alternative risk transfer mechanisms to lessen our retained risk.

Climate Change

Globally, climate change is forcing a rethink of business and risk models. Africa is particularly vulnerable to these shifts, owing to water scarcity, food insecurity, and a relative lack of resources to offset impacts.

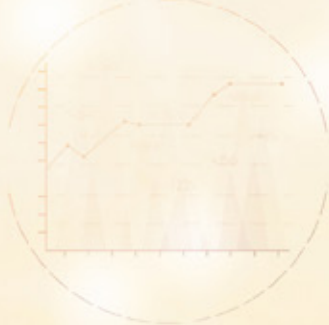
The call to action by industry and government is growing stronger, as evidenced by global compacts such as the Paris Agreement and the UN SDGs, as well as South Africa's climate policies and Just Transition Framework. At Sasria, we are investigating these impacts and seeking opportunity to expand our product offering to provide cover for climate-related risks.



SECTION

03

HOW WE CREATE VALUE



SECTION 3: HOW WE CREATE VALUE

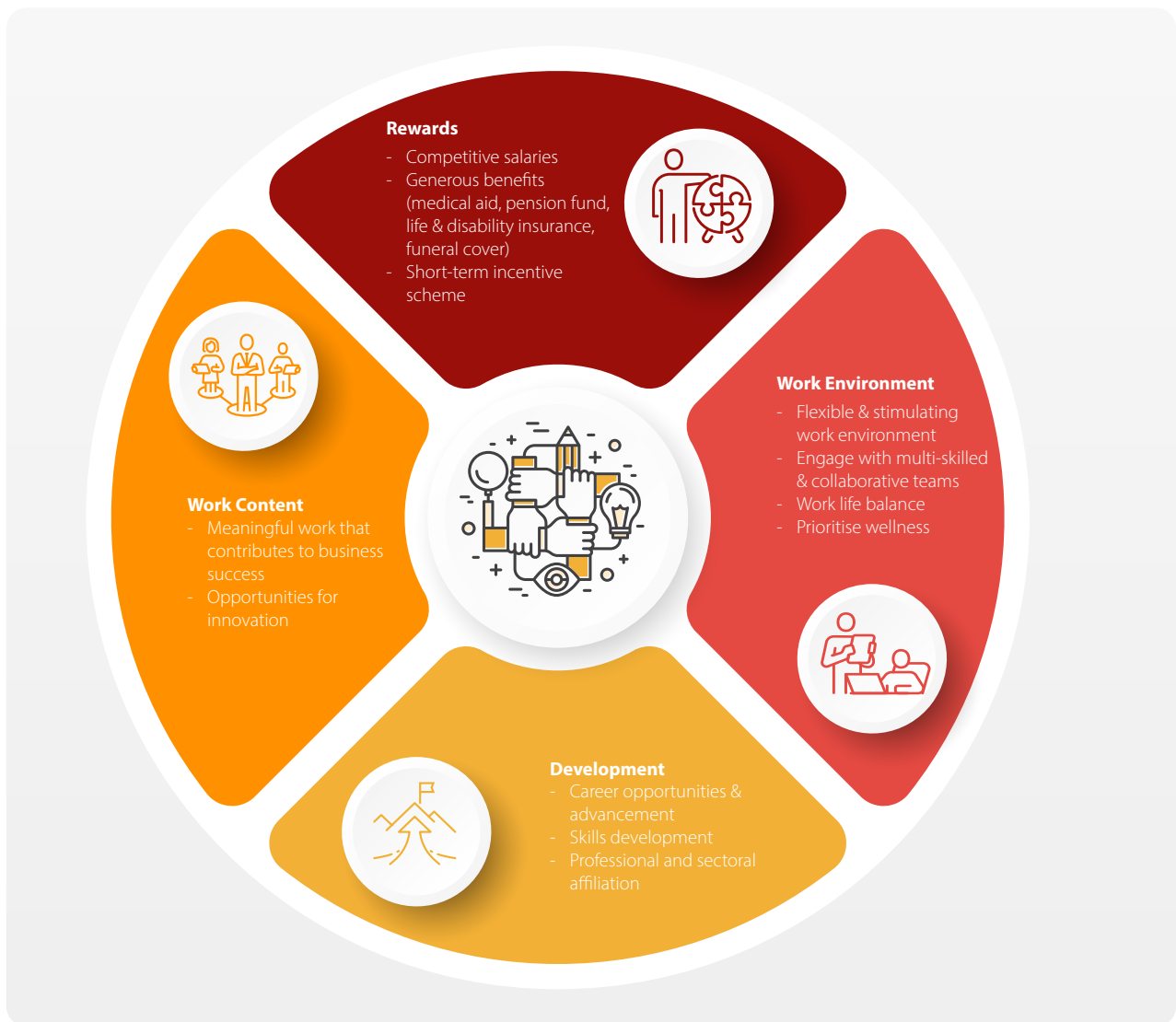
3.1. Our People



Employee Value Proposition

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.

This 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. Sasria’s Employee Value Proposition is premised on four core pillars:



Company Culture

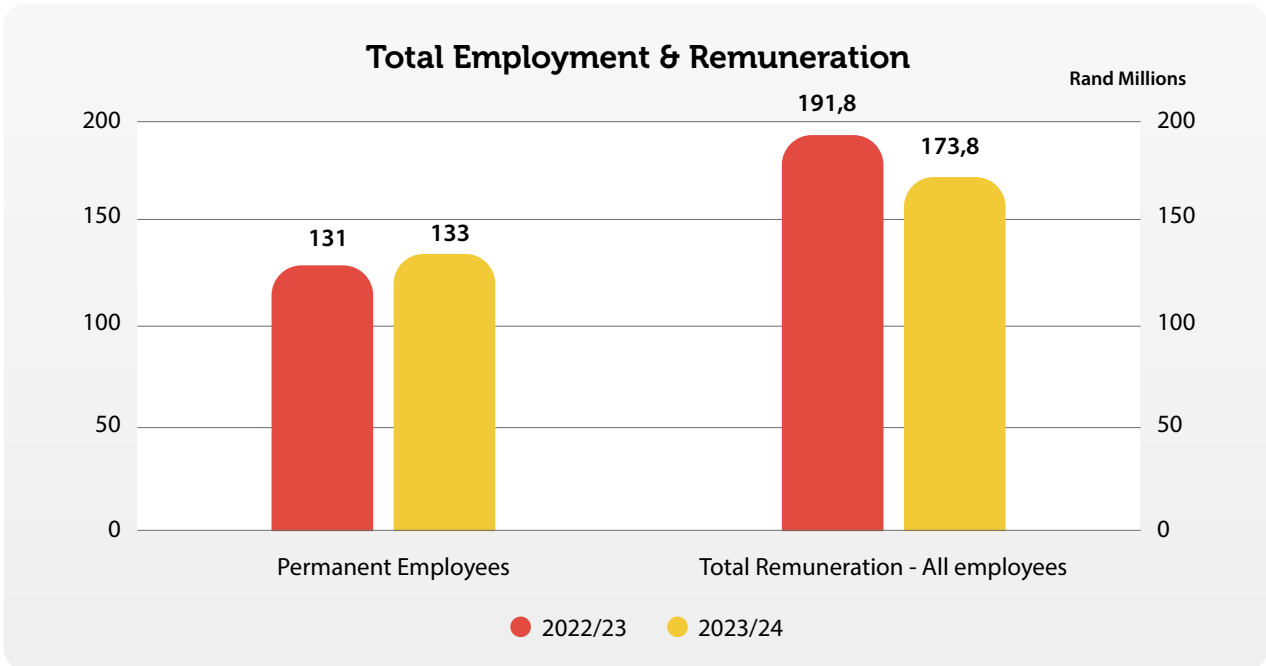
Sasria’s organisational culture rests on three pillars, namely communication, empowerment and active leadership. Every two years, Sasria conducts a Culture Climate Survey to assess and enhance the overall employee experience.

The last survey, conducted in 2023 (2022/23 financial year) achieved an overall score of 78.8%, situating Sasria as a ‘top company’. Results from the next survey, scheduled for 2025, will be presented in Sasria’s 2024/25 Integrated Report.

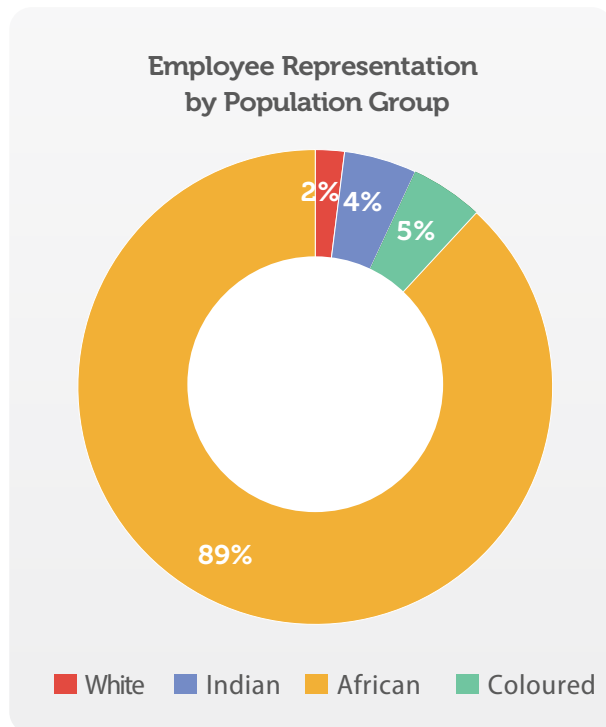
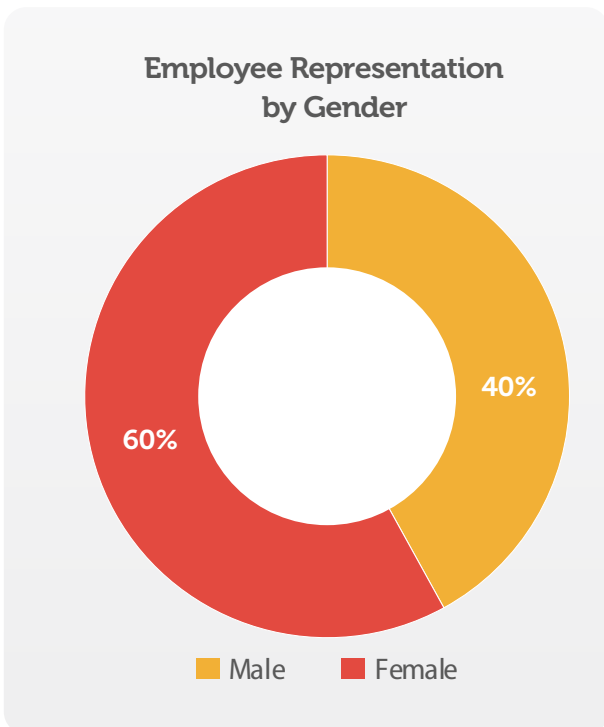


Employee Profile

The Sasria team comprised of 133 permanent employees as of 31 March 2024. Our total remuneration bill was R173.8 million for 2023/24, down 9.4% from the previous year, despite an increase in the number of employees at year end. The drop in remuneration expenditure is attributed to high vacancy rate, especially at the Executive and senior management levels towards the end of the financial year, which reduced the overall wage bill but was addressed through recruitment efforts.



The demographic's of Sasria employees, including permanent employees, interns and temporary employees, for the year under review is provided below.



Equity and Transformation

Management Control

Sasria seeks to promote diversity in the workplace while balancing the transformation agenda of the industry and South Africa. It is for this reason that Sasria has prioritised the promotion and appointment of suitably qualified black and female candidates.

Sasria tracks and has exceeded its transformation targets for the year. These include black and female representation on the Board, Executive and other management positions, and the employment of people with disabilities.

Employment Inclusion

Overall, for 2023/24, 54% of Sasria’s training expenditure benefited women. Sasria is seeking opportunities to increase this ratio, recognising that female representation in key training programmes, such as actuarial sciences, is low. Efforts to address this imbalance are made at the basic education level through our CSI programme.

Emphasis is also placed on the recruitment and training of qualified youth in support of our transformation goals and efforts to address youth unemployment. These objectives are supported by our Learnership and Internship programmes, through which talented youth are trained and absorbed into the organisation, allowing Sasria to better compete for talent in critical IT and actuarial skills. In 2023/24 a total of 20 interns and 5 learners took part in the programme.

Recruitment

Sasria remained resolute in our commitment to recruit critical and specialised skills, ensuring the organisation has the capacity required to achieve its short-and long-term goals.

Sasria experienced a high turnover rate of 18.4% over the financial year, which is above the Company threshold of 10%. In total, 25 employees left the organisation, of which 21 resigned, one retired early and three were dismissed. Insights gained from exit interviews indicate that the main reasons for resignation are job enrichment, lean structure and the job market presenting an attractive cost to company for technical skills, especially Actuarial and IT related skills.

The Human Capital Department addressed the turnover rate by prioritising recruitment, with positions filled faster than the targeted turnaround times. Several permanent vacancies were approved and activated at the beginning of the financial year, and replacement roles were attended to with speed. Throughout the financial year, 26 permanent appointees commenced employment at Sasria. By the end of March 2024, Sasria had reduced its overall vacancy rate to 6.8%.

In addition, three key executive positions were filled towards the end of the financial year, namely the Chief Actuarial Officer (CAO), Chief Financial Officer and Chief Information Officer (start dates for the CAO and CFO were after 31 March 2024). These recruitments support key priorities within the organisation, specifically the continued strengthening of financial performance and strategic advancement of the Data and Intelligence Programme.

Remuneration

Sasria takes its lead from the State-owned Enterprises Remuneration Guidelines, FSC and King IV to ensure fair and responsible remuneration. The remuneration policy is approved by the Minister of Finance, while employee pay scales are informed by an annual benchmarking exercise, with rates that enable the attraction and retention of key and critical skills.

Sasria’s remuneration framework is currently under review to ensure the organisation can compete for skills in the non-life insurance market. The following table shows the average annual salary increase per employment category over the past three years:

Staff Categories	Average Salary Increase		
	2021/22	2022/23	2023/24
Top management – CEO & Managing Director	-	4.5%	5%
Senior management - Executives	3.5%	4.5%	5.5%
Middle management	4.5%	5%	6.5%
Specialists	4.5%	5%	6.5%
Technically skilled/Junior management	4.5%	5%	6.5%
Semi-skilled	5%	5.5%	6.5%
Unskilled	5%	5.5%	6.5%

In 2023/24, employees received bonus payments aligned to their performance in the prior reporting period, as per Sasria's Short-Term Incentive Scheme. The organisation will continue to deliver performance incentives commiserate with industry benchmarks and performance, in support of employee satisfaction, retention and recruitment.

Skills Development and Training

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 enhancing behavioural competencies.

Short-Term Insurance Capacity Building

Following the events of July 2021, Sasria management undertook a capacity assessment, evaluating the organisation's readiness to achieve strategic objectives. Overall, the assessment indicated inadequate Short-Term Insurance (STI) skills, poor contextual awareness among support functions, and a claims team unable to cope with demand in the aftermath of July 2021.

A multi-pronged approach was developed to address the identified capacity gaps which included recruitment of key and critical skills, development of a talent pipeline through the internship and learnership programmes, and internal upskilling and reskilling through STI interventions with strategic partners.

The STI capability initiative is geared towards building a sustainable Sasria by ensuring that there is capacity to conduct core operations and develop a talent pool for future deployment within the organisation and the sector. In short, Sasria will be prepared should we experience another catastrophic event such as the July 2021 unrest. The programme is designed in such a way that addresses key development areas, described in the table below.

Looking ahead to 2024/25, Sasria will shift our capacity building efforts towards Claims Development, Actuarial Development and Underwriting.

Intervention	Partner	Status
General Principles of STI	Wits Business School	Group 1 completed in December 2023 with 21 participants. Group 2 in progress at financial year-end with 18 participants.
Claims processing capacity building programme	Claims training by internal facilitators; soft skills provided by external service providers	Group 1 completed in March 2024 with 21 participants completing the programme. Group 2 to commence in 2024/25 with 10 participants.
STI Fundamentals	External service provider	Initial roll out reached 101 employees in 2023/24; annual session for new employees scheduled for 2024/25.
Actuarial development through partnerships	Leading Reinsurers: Swiss Re, Pool Re, and Aon, among others	Engagements taking place with target partners.

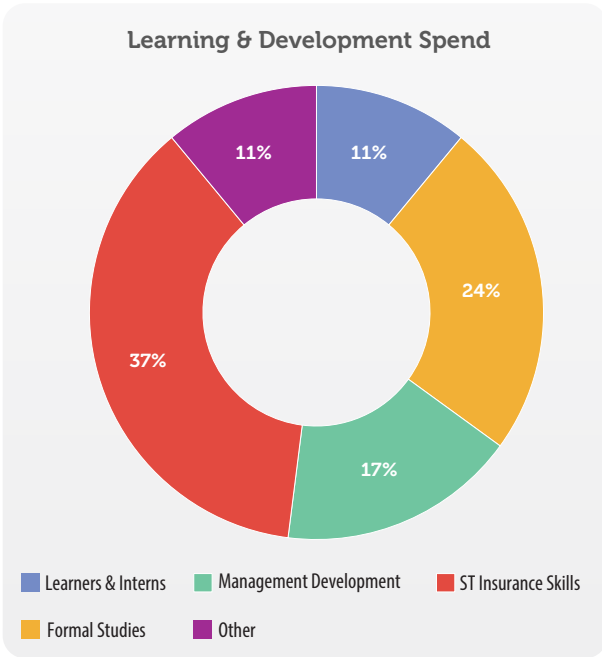
Youth Development

Sasria delivers work readiness skills and technical training for young professionals through our Learnership and Internship Programmes. In the year under review, 20 Interns and 5 Learners were hosted by Sasria. Of these, approximately 50% are contributing directly to the development of insurance skills in actuarial, IT and underwriting functions. The remaining 8 interns were placed in support functions.

Training Spend

Investment in capacity building continued to focus on supporting the talent and culture objectives for management development, Interns and Learners, as well as building STI capabilities.

The distribution of expenditure on learning and development for 2023/24, among key priority areas, is illustrated below:



3.2. Stakeholder Management

Stakeholder management is central to Sasria’s business, from a revenue, business sustainability, effectiveness and relevance standpoint. As such, Sasria’s business model places stakeholder engagement at the heart of its activities across the value chain.

We forge and nurture relationships that enable us to refine our product offerings, enhance our customer service and generate revenue to remain sustainable, effective and compliant with regulatory legislation. In every engagement, we aim to provide true value and convey a positive perception 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.

Our Objectives

Sasria’s approach to stakeholder engagement seeks to support all areas of the business. The following diagram illustrates the objectives which guided our engagement activities for 2023/24.

Community Engagement	Brand Building	Consumer Education
Create resilient and informed communities by building meaningful partnerships with community leaders, members and local government, towards risk mitigation.	Targeted media campaigns to maintain visibility, strengthen the Sasria brand, and educate communities and clients about our products and claims processes.	Proactive above and below the line media campaigns to educate consumers and the larger society about the impact and shocks in the aftermath of destruction of property in order to cultivate a favourable narrative that resonates with responsible protesting across South Africa.
Intelligence Gathering and Risk Mitigation	Reducing Claims Severity	Exploring New Products & Possibilities
Engagement with communities, clients, police and security forces, and government to gather data and intelligence in support of risk mitigation.	Analysing and supplementing data through engagement activities, to identify potential high risk-scenarios and develop targeted response strategies.	Engagement across the market to enhance product reach, establish new distribution channels, and identify opportunities to advance our offering to new and untapped markets.

Key Stakeholders and How We Engage Them

Our key stakeholders, their needs, and how we respond to them is provided below.

Key Stakeholders	Relationship with Sasria	Stakeholder's Material Needs	Engagement Strategies
Shareholder (Government represented by National Treasury)	Provide support, guidance and an enabling environment. Approve company strategy and other documents.	<ul style="list-style-type: none"> • Good corporate governance from agent entity's • Sasria's sustainability and ability to honour claims • Ability to further NDP objectives, transformation and socio-economic change 	<ul style="list-style-type: none"> • Regular meetings • Reporting against strategic plans • Participation in public sector forums
Existing Customers	Impact our growth and sustainability.	<ul style="list-style-type: none"> • Understanding of Sasria's role and awareness of the Sasria brand • Product satisfaction • Prompt claims settlement 	<ul style="list-style-type: none"> • Engage commercial customers • Engage corporates through key forums • Monitor claims turn-around times • Monitor complaints • Monitor Ombudsman cases • Consumer education
Future Customers	Instrumental to our continued growth.	<ul style="list-style-type: none"> • Access to information on Sasria • Easy access to Sasria products • Prompt claims settlement 	<ul style="list-style-type: none"> • Market research • Consumer education • Monitor customer satisfaction
Regulators	Provide a regulatory environment in which to operate and hold the power to deregister organisations for non-compliance.	<ul style="list-style-type: none"> • Compliance with regulations and prescripts • Solvency • Above-reproach market conduct 	<ul style="list-style-type: none"> • Regular meetings with the Prudential Authority and FSCA
Insurance Industry Bodies	Our growth strategy is dependant on their influencing of members.	<ul style="list-style-type: none"> • Policy fees • Brand awareness • Product knowledge • Service 	<ul style="list-style-type: none"> • Obtain feedback on products and services • Participate in forums with the Financial Intermediaries Association and SAIA
Media	Influence our brand, our visibility and the perception of our business.	<ul style="list-style-type: none"> • Information • Access to Sasria Executives during crises • Reputation 	<ul style="list-style-type: none"> • Media campaigns and engagements • Strategic partnerships • Public relations management
Employees	Enable us to achieve our strategies and goals, power our brand, and influence our work climate.	<ul style="list-style-type: none"> • Job security through company sustainability • Career progression • Wellbeing • Fair and competitive remuneration 	<ul style="list-style-type: none"> • Employee value proposition • Training • Talent & succession management • Fair remuneration • Conducive environment & culture • Change management
Agents and Intermediaries	Influence customers product choices and in turn impact our growth and sustainability.	<ul style="list-style-type: none"> • Keeping abreast of and complying with regulatory changes • Creation of brand awareness among existing and potential customers • Product knowledge • Prompt and efficient service 	<ul style="list-style-type: none"> • Monitoring complaints and service levels • Product training • Insurance solutions
Industry Groups (i.e. CGCSA)	Comprised of Sasria clients most vulnerable to special risk.	<ul style="list-style-type: none"> • Data and intelligence • Product satisfaction • Prompt claims settlement 	<ul style="list-style-type: none"> • Participation in forums • Information sharing

Key Achievements for the Reporting Period

Sasria advanced engagement with all stakeholders in the year under review. The following is a summary of key engagements held with these groups:

Collaboration with Agents and Intermediaries

Sasria relies on agreements with agent companies (traditional insurers) and intermediaries to deliver our insurance products to clients. This reliance extends to the entire insurance value chain, from client acquisition, to underwriting and the registration of claims. Engagement with our agents and intermediaries is thus imperative for business growth and sustainability.

In 2023/24, we continued to strengthen these relationships, addressing a key gap identified following the events of July 2021. A series of roadshows were held throughout the year to reinforce better understanding of our distribution channels for an improved consumer experience.

This collaboration is strengthened by Sasria’s Data and Intelligence Program, detailed on page 54, which seeks to bridge the gap between Sasria and our policyholders. In 2023/24, we executed phase one of this program, developing robust data tools to capture information of all our policyholders.

Engagement with Government

Sasria continued to engage with government, at various levels, throughout the reporting period. The engagements held included the National Treasury with ongoing risk financing discussion as Sasria takes the next strategic trajectory, which amongst others includes the potential conversion of the Sasria Act to allow coverage for natural disasters and climate related risks. In addition, efforts were

made to engage the Security Cluster around intelligence sharing and the strengthening of the levels of defence.

In 2023/24 we also extended our engagement to include local government, focusing on KwaZulu-Natal and Gauteng. The intent is to establish collaborative partnerships with communities in order to better understand and predict special risk events. We envision that, over time, these relationships will yield information for our Data and Intelligence Program and help us shape a more impactful CSI programme, aligned to our risk mitigation aims.

Partnership with the Consumer Goods Council of South Africa

In 2023/24 Sasria established a partnership with the Consumer Goods Council of South Africa (CGCSA), which represents over 9 000 companies in an industry with the greatest exposure to protests, riots and political unrest. Through this partnership we are building a greater understanding of the industry’s risks measurement tools, mitigations, responses and capacity to predict such events. This initiative is linked to existing and future customers as part of improving Sasria’s risk mitigation and providing greater insights into protest intelligence.

Consumer Education Campaign

The Consumer Education Campaign was launched in 2023/24 to educate consumers about the impact of violent protest and to foster a culture of informed decision making around protest activities. The campaign includes:

- Mainstream television and radio productions, in four local languages
- Township wall murals, targeting Gauteng and KwaZulu-Natal
- Airing of the television productions at taxi ranks, incentivising viewers with free wi-fi



3.3. Socio-Economic Development

Sasria has a dual mandate to promote stability and encourage sustainable transformation in our industry and South Africa. We recognise that the success of our business is directly linked to the wellbeing of the communities we operate in. Our efforts are guided by local and international frameworks including the National Development Plan and the United Nations Sustainable Development Goals.

As such, we are committed to delivering socio-economic development directly, through our business activities.

This includes through meaningful employment, capacity building, targeted procurement, and support for sustainable economies through our insurance coverage.

Sasria also supports socio-economic development indirectly through our stakeholder engagement and Corporate Social Investment (CSI) programme. This is enabled through collaboration with government, non-government organisations, communities, educators and development partners, to address the underlying causes of protest and unrest. We are also exploring ways to further integrate these initiatives with our risk management process.



Corporate Social Investment

Focus Areas

Sasria supports CSI initiatives across four focus areas. These focus areas were identified by our leadership and align to our values and socio-economic aims.

Education

Support for primary, secondary, tertiary and consumer education.

Skills Development

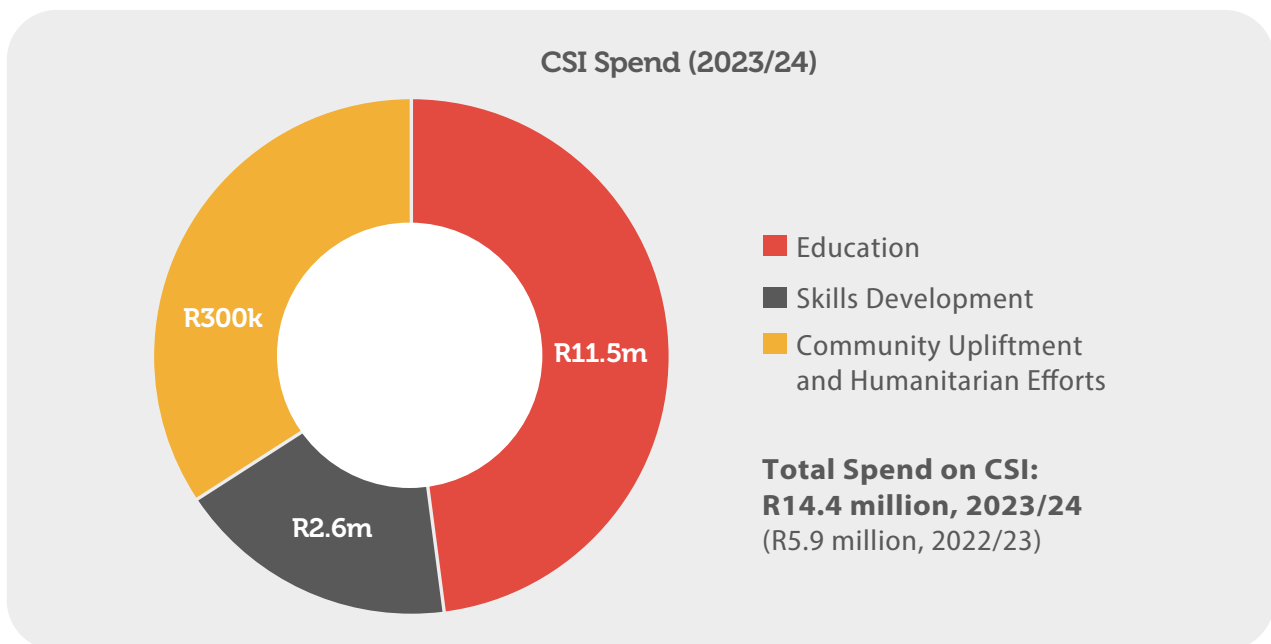
Developing insurance skills, including non-life insurance training for youth.

Municipal Assistance

Aiding municipalities where Sasria is most impacted.





Humanitarian Effort

Providing relief in disaster-stricken areas.



Contribution to the NDP and SDGs

The following table illustrates how Sasria's activities and achievements contribute to SDG and NDP outcomes.

SDGs	NDP OUTCOMES FOCUS AREA	Sasria	
		ACTIVITY AND ACHIEVEMENT	
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> • Quality basic education • A skilled and capable workforce to support an inclusive growth path 	<p>Talent</p> <p>CSI (Education & Skills Development)</p>	<ul style="list-style-type: none"> • Learnerships & Internships • CSI initiatives in education and skills development <ul style="list-style-type: none"> - South African Actuaries Development Programme - Insurance Institute of South Africa skills development programmes - Primestars Maths and Science Revision Programme - Thuthuka Education Upliftment Programme - Sasria Bursary Scheme - Partnership with the Lot Phalatse Primary School (North West) through the Adopt-A-School Programme - Sasria contracted to fund 101 learners to study through the UCT online high school in 2024
 <p>2 ZERO HUNGER</p>	<p>Vibrant, equitable and sustainable rural communities contributing to food security for all</p>	<p>CSI (Community Upliftment)</p>	<ul style="list-style-type: none"> • CSI initiatives in community upliftment <ul style="list-style-type: none"> - Mandela Day – partnership with Amor Community of Hope to build homes in the Delmas area
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>An efficient, competitive and responsive economic infrastructure network</p>	<p>Sustainability and capital management</p>	<ul style="list-style-type: none"> • Investing profits responsibly • Special construction risk insurance • Investments in data technology
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> <ul style="list-style-type: none"> • Create a better South Africa and Africa • All people in South Africa are and feel safe 		<ul style="list-style-type: none"> • Instilling investor confidence • Guaranteeing that all claims will be paid • Instilling an ethical culture in Sasria • Supporting urban economies through our coverage • Establishing a partnership with the Umgungundlovu Municipality to support the Mooi River community

SDGs	NDP OUTCOMES FOCUS AREA	Sasria		
		ACTIVITY AND ACHIEVEMENT		
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development</p> <ul style="list-style-type: none"> • An inclusive and responsive social protection system • A diverse, socially cohesive society with a common national identity 		<ul style="list-style-type: none"> • Affordable non-life insurance • Contributing to growth and transformation • Developing asset managers through the incubation programme • Building intelligence to limit the impact of special risk events 	
 <p>5 GENDER EQUALITY</p>	<p>Achieve gender equality and empower all women and girls</p> <ul style="list-style-type: none"> • Economic infrastructure • Inclusive rural economy • Healthcare for all • Building safer communities 	Talent Procurement	<ul style="list-style-type: none"> • Attracting and promoting women • Capacity building for women, inside and outside the organisation • Supporting women owned businesses through our procurement process 	
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Decent employment through inclusive economic growth</p>	<p>Talent</p> <p>Customer-centricity and distribution channels</p>	<ul style="list-style-type: none"> • Providing meaningful employment • Ensuring job continuity in communities • Paying loss-of-income claims • Restoring liquidity • Developing financial sector skills • Socio-economic development initiatives
	<p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • Economy and employment • Social protection • Building safer communities • Nation building and social cohesion 	Socio-economic impact	<ul style="list-style-type: none"> • Contributing to transformation • Enterprise development • Supplier development • Preferential procurement • Contribution towards education and skills development
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • An efficient, effective and development-oriented public service • A responsive, accountable, effective and efficient developmental local government system 		<ul style="list-style-type: none"> • Contributing to the fiscus of South Africa • Taxation • Disciplined SOE • Delivering on the mandate profitably • Researching special perils • Strong governance culture • New business initiatives
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> • Economic infrastructure • Environmental sustainability and resilience 	Digitalisation and business intelligence	<ul style="list-style-type: none"> • Research into climate-related risks • Exploring opportunities to provide coverage for drought and other climate risks 	

3.4. 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. Any exceptions are detailed in the 2023/24 Integrated Report.

Compliance with King IV

Sasria complies with the 17 principles of the King IV Report on Corporate Governance for South Africa 2016. The following table provides a summary of how these principles were applied throughout the year and in the drafting of the Integrated Report.

KING IV PRINCIPLES	APPLIED	APPLICATION SUMMARY
Outcome: Ethical Culture		
1. The accounting authority leads ethically and effectively	Yes	Sasria’s directors hold one another accountable for decision-making and behave ethically in line with the King IV principles. Board members sign an ethics statement and report any conflicts of interest, including declaring all other directorships. The Board has a Social and Ethics Committee with a clear mandate and terms of reference on ethics. This Committee reports annually to the shareholder. Sasria also has a key performance indicator in its Corporate Plan, targeting 100% of ‘Reported incidents of unethical behaviour investigated’ and reports against this quarterly to the shareholder.
2. The accounting authority governs the ethics of the state- owned company (SOE) in a way that supports the establishment of an ethical culture	Yes	Sasria has an Ethics Management Policy in place that applies to Board members and employees. An Ethics Strategy was also developed, and its implementation is monitored on an ongoing basis. Ethics risks were identified during 2023/24 and are being monitored.
3. The accounting authority ensures 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.
Outcome: Performance and Value Creation		
4. The accounting authority appreciates 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’s paramount responsibility is to ensure that Sasria sustainably delivers on its mandate for the benefit of our clients, shareholder and South Africa. The 2023/24 Integrated Report demonstrates how Sasria’s strategy, business model, approach to risk, performance and sustainability are all key elements of our value creation process.
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-term prospects	Yes	The 2023/24 Integrated Report provides users with a summary of Sasria’s performance over the five-year strategy period, which ended in 2024, as well as a detailed view of performance over the 2023/24 financial year. Performance is presented in a holistic and balanced manner, within the context of the economic and social environment within which Sasria operates.
Outcome: Adequate and Effective Control		
6. The accounting authority is the focal point and custodian of corporate governance in the SOE	Yes	The Board’s roles and responsibilities are articulated in the Board Charter. The Board meets quarterly to discuss key issues, review performance and vote on major decisions.

KING IV PRINCIPLES	APPLIED	APPLICATION SUMMARY
7. The accounting authority comprises 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. During the 2023/24 financial year, a new Chairperson and two non-executive directors were appointed to the Board, further strengthening the Board’s capacity.
8. The accounting authority ensures 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 Board has established five committees to assist the director’s in fulfilling their responsibilities. Each committee has a formal, Board-approved charter and reports regularly to the Board. Membership of the Board committees and the distribution of authority between the Chairperson and other directors are balanced as per King IV guidelines and is detailed in the Integrated Report.
9. The accounting authority ensures 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	The Board conducts a full performance evaluation every three years and a self-evaluation annually.
10. The accounting authority ensures 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. In 2023/24 Sasria filled three key executive positions, which are described in the Integrated Report. The Board is satisfied that Sasria is appropriately resourced and that its delegation to management enables the effective exercise of authority and responsibility.
11. The accounting authority governs risk in a way that supports the SOE in setting and achieving its strategic objectives	Yes	The Board has adopted an enterprise risk management framework and approach to managing risk, detailed in the Integrated Report. The Risk Committee assists the Board with risk governance.
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. The Integrated Report provides an overview of Sasria’s Data and Intelligence Programme, which is designed to strengthen the role of technology and information in the company.
13. The accounting authority governs 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	The Board ensures compliance with all regulations, laws, rules and standards. In 2023/24, this included compliance with new International Financial Reporting Standards (IFRS 17) and implementation of phase 1 of the Data and Intelligence Programme to enable compliance with the Policyholder Protection Rules, 2017.
14. The accounting authority ensures 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 takes its lead from the State-owned Enterprises Remuneration Guidelines, FSC and King IV to ensure fair and sustainable remuneration. The remuneration policy is approved by the Minister of Finance and employee pay scales are informed by an annual benchmarking exercise, with rates that enable the attraction and retention of key and critical skills.

KING IV PRINCIPLES	APPLIED	APPLICATION SUMMARY
<p>15. The accounting authority ensures 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</p>	<p>Yes</p>	<p>The Board is satisfied that the combined risk assurance model results in an adequate and effective control environment and the integrity of external reports for better decision-making. Sasria's risk assurance model is described in the Integrated Report.</p>
<p>Outcome: Trust, Good Reputation and Legitimacy</p>		
<p>16. In the execution of its governance role and responsibilities, the accounting authority adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders and the best interests of the SOE over time</p>	<p>Yes</p>	<p>Sasria has a robust stakeholder engagement framework that balances the material needs and interests of stakeholders, with the best interests of the entity, supporting all lines of the business. This framework, key stakeholder groups, and engagement outcomes are described in the Integrated Report.</p>
<p>17. The accounting authority ensures that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests</p>	<p>Yes</p>	<p>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.</p>

Responsible Investing

In keeping with the imperative of responsible investing, we:

- Support the Code for Responsible Investing in South Africa (CRISA) and are a signatory of PRI
- Encourage incorporating 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.

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 in our 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 practice the principles of responsible investing 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 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 approaches in the selection, appointment and monitoring of asset managers.

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 2024 for submission in 2024/25.

Broad-Based Black Economic Empowerment (B-BBEE)

Sasria’s most recent B-BBEE assessment, issued 5 March 2024, found the company ‘non-compliant’. The organisations non-compliance is a result of:

- Sasria’s business model, which outsources most aspects of policy administration to agent companies and limits management’s ability to influence discretionary spend, which has a negative impact on our ability to score preferential procurement points.
- Stricter application of recognition rules for Enterprise Supplier Development (ESD) programmes, which excluded Sasria’s ESD initiatives (these were previously scored).

To address these challenges and improve B-BBEE compliance, Sasria is working to improve our ESD skills and recognition criteria for current programmes.

The following is a summary view of Sasria’s current B-BBEE scorecard as of 5 March 2024:

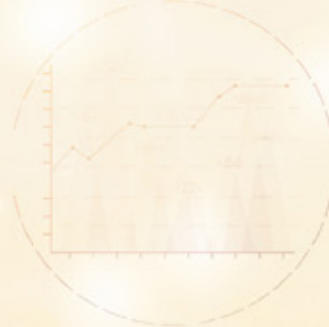
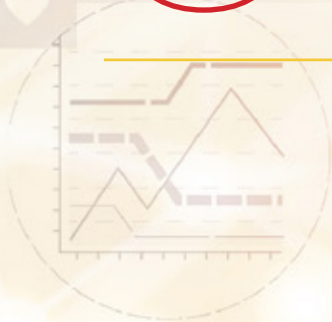
SCORECARD ELEMENT	ENTITY SCORE	WEIGHTING POINTS
MANAGEMENT CONTROL	15.00	20.00
SKILLS DEVELOPMENT	14.31	25.00
ENTERPRISE AND SUPPLIER DEVELOPMENT	0.00	50.00
SOCIO-ECONOMIC DEVELOPMENT	4.00	5.00
TOTAL	33.31	100.00



SECTION

04

**RISKS AND
OPPORTUNITIES**



SECTION 4. RISKS AND OPPORTUNITIES

4.1. Our Approach to Risk

Sasria adopts a strategic approach to enterprise risk management, balancing growth opportunities with stability and minimising losses. Our risk strategy outlines our risk preferences and emphasises the importance of identifying, measuring, managing, monitoring, and reporting risks. The strategy allows Sasria to undertake risks that are well-understood, effectively monitored, and managed in a capital-efficient manner.

The execution of Sasria’s strategic objectives exposes it to different types of risks. Some, such as operational risks, are retained in full, whereas others, such as underwriting risks, are reduced by transferring them on to third parties.

Retained risk exposure is addressed by holding capital as a buffer against adverse events, implementing controls to mitigate the impact of insured events, and reducing the frequency and severity of claims.



Risk Identification and Assessment



Our Risk Appetite

In executing our business model and strategy we are exposed to risks that need to be managed within our risk appetite and tolerance. The Board has identified the following risk appetite measures to be adopted throughout Sasria. These measures are to be implemented, measured and monitored.



The following is an overview of Sasria’s risk appetite measures, limits and status for 2023/24.

Measure	Value	Status
1.1) Capital at Risk – SCR	SCR Ratio = 234.9%	Above Target (230%)
1.2) Capital at Risk – ECR	ECR Ratio = 200%	Below Target (230%) but Above Threshold (180%)
2) Earnings at Risk	E@R = 19%	Below Limit (20%) but Above Threshold (15%)
3.1) Operational Risk (IFW)	R39 094 584	Limit breach (R0k)
3.2) Operational Risk (Other losses)	R60 885	Within Target (R700k)

As of 31 March 2024, Sasria is adequately capitalised and the capital at risk measure is above the threshold level from the ECR perspective, and above the target from an SCR perspective and earnings at risk measure is below the limit. The operational risk measure for irregular, fruitless and wasteful expenditure has breached the limit for other operational losses. Controls have been put in place by management to address all breaches and to reduce these within Sasria’s target risk appetite and tolerance levels.

Four Lines of Assurance



INTELLECTUAL

Sasria follows a four lines of assurance model, defining clear accountabilities for managing risk and the control environment. The Combined Assurance committee ensures a coordinated approach to receiving assurance on key risk management areas. The combined assurance plan, charter, and committee were successfully embedded within the organisation during the year under review.



4.2. Top Material Risks and Emerging Risks

Management identified the top material risks that may threaten our success. Risks were identified and assessed based on their impact or severity and the likelihood of occurrence. These risks are monitored quarterly by the risk management function.

Top Material Risks

The following table provides Sasria’s top ten risks, their classifications, and the actions and opportunities to address them.

Rating	Risk Name	Risk Classification	Risk Response	Opportunities
1	Increased insurance risk as a result of volatile strikes, protests and other special risks, including catastrophic events and the simultaneous occurrence of non-connected events	Underwriting Risk	<ul style="list-style-type: none"> Scenario analyses are performed annually to determine capital requirements and potential management actions to be implemented should the insurance risk increase drastically. Annual technical pricing review conducted. Annually perform a Possible Maximum Loss study on selected known insured properties (capping on exposure) to ensure we purchase sufficient reinsurance. In addition, scenario analysis are performed. 	<ul style="list-style-type: none"> Utilising data as a driver for decision making and building resilience by way of business intelligence. Reviewing Sasria’s product offering and regulations (underwriting guidelines).
2	Breakdown in South Africa’s defence mechanisms	Underwriting Risk	<ul style="list-style-type: none"> Close collaboration with government and private sector to improve defence and response strategies. Wider stakeholder collaboration to reduce the impact of social unrest. P4RR Initiatives (proactive mitigation). 	<ul style="list-style-type: none"> Using the data collected from agent companies to develop a defence level catastrophe mitigation model that evaluates and enhances the impact of mitigation per defence level. Implementing Risk Mitigation Initiatives including community engagement, partnerships with municipalities, engagement with the taxi industry and customer education.
3	Inadequate capital reserves/capacity for future CAT events	Strategic Risk	<ul style="list-style-type: none"> Ongoing discussions with reinsurers to ensure that we improve the reinsurance capacity going forward. Gross Quota Share is in place. Annually perform a Possible Maximum Loss study on selected known insured properties (capping on exposure) to ensure we purchase sufficient reinsurance. In addition, scenario analysis are performed. 	<ul style="list-style-type: none"> Utilising data as a driver for decision making and building resilience by way of business intelligence.
4	Increase in claims/litigation as a result of wide or poorly written Sasria policy wording	Underwriting Risk	<ul style="list-style-type: none"> Annual review of policy wording for gaps and exposure by the Underwriting Department and Exco. Policy wording workshops are held with senior management and specialist, including Claims, Underwriting and Legal. Roll-out of policy wording by the SMD team and communication by the Marketing department to the industry through circulars. 	<ul style="list-style-type: none"> Develop a plan to finalise and implement the new policy wordings.

Rating	Risk Name	Risk Classification	Risk Response	Opportunities
5	Inability to retain critical skills in the company	Operational Risk	<ul style="list-style-type: none"> • 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. • Regular climate survey. 	Initiatives to address loss of critical skills include: <ol style="list-style-type: none"> 1. Building short-term insurance capability 2. Dual career pathing 3. Internships and learnerships 4. Embedding of the culture project.
6	Cyber security risk	Operational Risk	<ul style="list-style-type: none"> • Access control is monitored, and logon credentials regularly updated and reviewed. • Daily backups are performed and stored. Disaster recovery testing is performed bi-annually. • Artificial Intelligence security monitoring implemented to actively manage the security landscape of the organisation. • Continuous vulnerability assessments and penetration tests are performed for servers and end-user devices. 	<ul style="list-style-type: none"> • Conducting incident response simulations and exercises with business to ensure the organisation is ready for an attack. • Third party risk management.
7	Inadequate management of our distribution channel, including incomplete and inaccurate Sasria revenue	Operational Risk	<ul style="list-style-type: none"> • Outsource agreements are in place with the Agent Companies, which includes cancellation clauses where there is non-performance by Agent Company. • Continuous engagements with the distribution channel. • Annual customer survey. • External audit conducted twice a year at Agent companies by the registered external auditors. 	<ul style="list-style-type: none"> • Delivering Sasria product training via e-learning to the distribution channel. • Training on Outsourcing Procedure.
8	Failure to enhance data management and risk intelligence capability	Strategic Risk	<ul style="list-style-type: none"> • The outsource agreements between Sasria and the Agents make provision for Sasria to have continued access to the policyholder and the Sasria policy information held by the agent companies. • Working teams/projects initiated with all agent companies, and submission of Policy Holder Data (PHD) files which are loaded onto the data warehouse and the dashboards. • Obtaining the rest of the data from our agents is ongoing and per our plan. 	<ul style="list-style-type: none"> • Utilising data as a driver for decision making and building resilience by way of business intelligence.

Rating	Risk Name	Risk Classification	Risk Response	Opportunities
9	Failure to comply with regulatory requirements and governance codes	Operational Risk	<ul style="list-style-type: none"> Compliance function monitors compliance with regulatory requirements during Q3 and Q4 in line with the Compliance Monitoring Plan and issues Compliance Monitoring Reports to the relevant departments monitored and reports to various Board Committees, including Risk Committee. Training and Awareness interventions on regulatory and governance requirements is done during Governance Week annually. 	<ul style="list-style-type: none"> Developing a code of ethics/ conduct. Employee awareness of the Ethics Management Policy.
10	Failure to optimise our technology to ensure agility, enhanced performance and service excellence to our customers	Operational Risk	<ul style="list-style-type: none"> Project charter and plans are set up and tracked monthly by the Project Manager. The team systematically monitors the capabilities of each system in Sasria applications portfolio. Before seeking new system procurement, the team prioritises optimising current resources, ensuring efficient utilisation. 	<ul style="list-style-type: none"> Replacing the Rating Calculation Engine and Customer Web Portal. Improve process efficiency by implementing Straight Through Processing.

Emerging Risks

Emerging risks are uncertain, not well understood, difficult to quantify, and systemic. Sasria has identified nine material emerging risks, including systemic failure of public infrastructure, government instability, labour unrest, geopolitical instability, the NSFAS crisis, high youth unemployment, cost of living crises, failed climate change mitigation, and succession challenges for critical skills.

The nine material emerging risks is as follows:

Rating	Material emerging risk	Mitigation
1	Systemic failure of public infrastructure e.g., water crises	Pre-emptive actions to address emerging risks include: <ol style="list-style-type: none"> Risk mitigation initiatives which include; community engagements, taxi industry engagements and consumer education; Alternative reinsurance structures e.g. Gross Quota Share and investigation of CAT bonds; Review of our Probable Maximum Loss study covering terrorism and strikes, riots and civil commotion perils; Building data and intelligence capability to ensure we have a better understanding of our risk profile, ensure adequate pricing and more effective monitoring of our risk profile; and Actions to ensure we are prepared for future CAT events, include building additional claims skills and capability, working with agent companies during CAT events, working with a panel of loss adjustors and strengthening the resilience of our systems and staff for future CAT events.
2	Government of national/provincial unity instability	
3	Labour unrest risk (due to job losses in the mining sector)	
4	Geopolitical instability	
5	NSFAS crisis	
6	Extremely high youth unemployment	
7	Cost of living crises	
8	Failed climate change mitigation (New)	
9	Succession challenges for critical skills	

4.3. Strategic Opportunities

Sasria acknowledges that strategy, risk and opportunity are inseparable elements.

Our process in identifying opportunities is based on the risks that Sasria is currently facing, risks which the industry is facing and risks that government is facing. Below are Sasria’s strategic opportunities over the next 2-5 years.

Rating	Opportunity	Likelihood	Anticipated Return
1	Reintroducing Excess of Loss Cover (Wrap Cover)	Almost Certain	Very high
2	Disaster Relief Fund for the uninsured (protection against drought and other climate-related risks)	Possible	High
43	Government Fund Administration (delivery of payment/grant programs on behalf of government)	Possible	High

4.4. Data and Intelligence Programme

The Sasria Data and Intelligence Programme is a strategic imperative for the organisation. It supports the development of an integrated data management system, which incorporates data from various sources to build intelligence on our client portfolio and the wider forces driving special risk in South Africa.

Programme Objectives

The Data and Business Intelligence Programme is designed to meet to key imperatives in the organisation by delivering on the following objectives:

1. Regulatory Compliance – Collect and manage policyholder data in compliance with the Policyholder Protection Rules (PPRs) 2017.
2. Risk Mitigation – Build intelligence on our clients and broader forces driving special risk in South Africa, to inform mitigative measures.
3. Predictive Analytics – Utilise data and intelligence to enable a proactive, rather than reactive, response to special risk.
4. Enhanced Cyber Security - Advance our cyber security to ensure that our systems and data are protected.

Phased Approach

Sasria is taking a phased approach to the Programme implementation.

Phase 1 - The Policyholder Data Project

In 2023/24 Sasria successfully implemented Phase 1 of the Programme, through the Policyholder Data Project. This Project established new data submission requirements for agents and intermediaries holding Personal and Commercial Lines policies. The project also involved the development of more advanced data modelling and visualisation tools and capabilities.

In the next phase of the project (2024/25), Sasria will further refine and extend these requirements to our more complex Corporate insurance business. This includes our policies with insurers that cover South Africa’s leading retailers, logistics and other at-risk enterprise. Data gathered from Corporate insurance entities will be far more extensive, strengthening our intelligence and predictive capabilities.

Phase 2 – Data Enrichment

In phase two, Sasria will expand on the type and granularity of data gathered, to enrich our risk intelligence. This may encompass claims data, information on social media, and inputs from our partners, including the Consumer Goods Council of South Africa (CGCSA) and other stakeholders. In 2023/24 we invested resources in better understanding these data sources and engaging with potential collaborators (pages 38-39).



SECTION
05

**PERFORMANCE
AND OUTLOOK**

CHIEF EXECUTIVE OFFICER'S REPORT

Mpumi Tyikwe
Chief Executive Officer



“Over the last two years we have worked to restore Sasria following the events of July 2021, which resulted in R 31 billion in claims. This could not have been achieved without our stakeholders, brokers, agent insurers, clients, and the support of National Treasury. Looking ahead, we can now focus on advancing our contribution to the South African economy and society.

To ensure resilience in the event of future crises, Sasria is taking measured steps to increase our reserves. A primary focus remains the appropriateness of our premiums in relation to our exposure. In 2023/24 we achieved another year of positive, sustainable growth in our premium income. We continued to improve market penetration on the back of premium increases in the previous year, seeking opportunities in existing markets and among the uninsured. We are also working to reintroduce comprehensive Wrap Cover for our corporate clients, after it was discontinued in 2022 in response to soaring international reinsurance rates. By filling this gap in our offering, we can further strengthen our financial position, while addressing the demand for cover beyond our current limits.

Our profit over the last two years exceeded R6.7 billion. This extraordinary performance has allowed us to rebuild our reserves, and build our sustainability. We have also made gains in our effort to enhance investment returns.

Nevertheless, we continue to face challenges in our efforts to restore Sasria. Of greatest concern is the rising cost of reinsurance. While this impacts insurance markets globally, cost increases are particularly high in South Africa owing to scepticism about the market following July 2021. Sasria is also not immune to global events, including ongoing conflicts Ukraine and the Middle East which place added pressure on the reinsurance market.

We also recognise that by expanding our client pool and products we expose the company to a greater level of risk. In response, Sasria has advanced our risk mitigation strategy to better predict and respond to events such as

civil commotion, public disorder, strikes and riots. Key to this are the advances made in obtaining our policyholder data with the assistance of our agent companies and other intermediaries. This advancement will create a detailed view of our clients, the location of their assets, and the risks they face.

Through these investments, we are building the capacity to warn clients and communities that a protest, riot or other risk may be on its way. Over the long term, we also seek to better understand and address the triggers of this behaviour. This includes engagement with municipalities prone to service delivery protest, community education campaigns, and investments in reducing youth unemployment.

The events we insure against will always be difficult to predict. But we are confident that Sasria has the right strategy to reduce the severity of claims, while also building sufficient reserves to withstand another R31 billion shock.

On that note I wish to thank the Board, executives, and the entire Sasria team for their hard work and commitment to our strategy. I also extend my gratitude to our former Chairperson, Mr. Moss Ngoasheng, and welcome Dr Nolwandle Codelia Mgoqi, our new Chairperson of the Board.

Mpumi Tyikwe
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

Dirk Kunz
Chief Financial Officer (CFO)



“Most importantly, Insurance contract liabilities continued to reduce by approximately R1.0 billion due to the low loss ratio experienced, but also the settlement of the final outstanding claims related to the July 2021 unrest and the previous year’s claims.



Financial performance highlights

R5.25 billion

Insurance revenue
2023: R4.46 billion

R1.08 billion

Gross claims incurred (excluding July 2021 adjustments) 2023: R1.42 billion

R1.33 billion

Net reinsurance expense (restated)
2023: R1.09 billion

R1.98 billion

Net insurance service result
2023: R3.45 billion

R1.01 billion

Net investment income
2023: R0.69 billion

R3.33 billion

Profit for the year
2023: R3.75 billion

The financial performance and position of Sasria have improved significantly for a second consecutive year allowing the company to rebuild its assets under management to R13.34 billion from R10.73 billion in the previous year. Growth in premiums written were 17.67%, and a continuing positive claims experience and improved investment returns have led to an IFRS 17 restated profit of R3.3 billion in 2023/24 from a profit of R3.75 billion in 2022/23.

The International Financial Reporting Standard 17, or IFRS 17, provides for a marked difference in reporting look and feel from previous years. IFRS 17 presentation in the statement of comprehensive income distinguishes between the insurance business, the investment business, the insurance finance business and other business activities. Other business activities relate mainly to corporate social investment.

31 March 2024 marked the expiry of a quota share reinsurance arrangement Sasria entered on the 1st of April 2021 as part of a suite of interventions aimed at responding to the aftermath of the July 2021 civil unrest. While the

contract period was two and a half years, some contractual terms were negotiated annually. Amongst these was the ceding rate. Sasria ceded (and recouped from the reinsurers as part of claims settled) 42.4% of its written premiums in the current year (2023: 52.6% and 2022: 46.1%), while also receiving a commission of 44.3% on the premium ceded, adjustable on a sliding scale basis at contract expiry based on the loss ratio. Due to a low loss ratio, Sasria received a profit commission of 20%.

The impact of the arrangement over the duration of the contract (01 Sep 2021 to 31 March 2024) is a net outflow of R867 million, broken down as follows: reinsurance premiums of R5.4 billion was ceded to reinsurers, a total income of R3.5 billion (R2.4 billion standard commission and R1.1 billion profit commission) was received from the reinsurers and claims of R1.3 billion were recovered from the reinsurers.

The company still has an assessed loss of which 80% was applied against taxable income as per legislation, resulting in a much lower tax expense of R161 million.



Financial position highlights

R13.34 billion

Assets under management
2023: R10.73 billion

R14.14 billion

Equity (restated)
2023: R10.80 billion

R1.15 billion

Reinsurance contracts (restated)
2023: R1.78 billion

R1.98 billion

Insurance contract liabilities
2023: R3.07 billion

Most importantly, Insurance contract liabilities continued to reduce by approximately R1.0 billion due to the low loss ratio experienced, but also the settlement of the final outstanding claims related to the July 2021 unrest and the previous year’s claims.

IFRS 17

The Finance, Actuarial and Business Change and Technology teams have invested a significant amount of time over the past few years in preparation for IFRS 17 reporting in this financial year. The journey has not been a straight-forward one even though initially assessed as such, due to a combination of the complexities of the quota share treaties with reinsurers and the election of the full retrospective approach. The 2023/24 reporting period required the restatement of financial statements for the past three years which resulted in an increase of R162.46 million retained earnings at 1 April 2022.

Procurement

The company acknowledges the significant role its procurement policies can play in the transformation of the financial sector. To this end, Sasria has adopted the specific objectives for its tenders following the changes to procurement regulations in 2022/23. These objectives target preference for black owned (more than 50%), black women owned (more than 30%), qualifying small enterprises (QSE’s) and exempt micro enterprises (EME’s).

Enhancement of the supplier development incubation programme remains a cornerstone of the company’s transformation drive. Almost R2.0 billion of assets under management have been allocated to the incubation asset managers by 31 March 2024.

Outlook

The accumulation of sufficient own funds or reserves for claims from a future catastrophic event remains at the core of the company’s strategy. Providing the necessary support to business to improve premium collection and minimise controllable spend, whilst not significant within the bigger picture, will still contribute to this objective.

Focus on the investment policy and strategy to ensure protection of capital, optimised returns, transformation and responsible investing can further contribute to the overall business success.

Appreciation

Finalisation of this year’s annual financial statements and integrated report in time for reporting deadlines required commitment and tireless drive of several role-players, both internal and external. I cannot thank these individuals enough for the sacrifices they have made. Your efforts are appreciated.

We look forward to the positive impact of Vision 2029 on our clients and other stakeholders. We aim to be ready and well prepared for any future catastrophic claims event.

Dirk Kunz

Chief Financial Officer



SECTION

06

**AUDITED
ANNUAL
FINANCIAL
STATEMENTS**



**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2024**

The annual financial statements were internally prepared by the Senior Finance Manager:

Sibusiso Shongwe CA(SA)

These annual financial statements were prepared under the supervision of:

Dirk Kunz CA(SA)

Chief Financial Officer

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



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 IFRS® Accounting Standards. They are based on appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgements 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 2024 annual financial statements were audited by the independent auditors Forvis Mazars.

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 page 67.

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 have not noted 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 2024 integrated report and its annual financial statements, set out from page 73, were approved by the Board of Directors in accordance with their responsibilities and were signed on their behalf by:

Dr Nolwandle Mgoqi
Chairperson
29 August 2024

Mpumi Tyikwe
Chief Executive Officer
29 August 2024

COMPANY SECRETARY CERTIFICATE

In accordance with section 88(2)(e) of the Companies Act 71 of 2008 as amended (the Act), it is hereby certified that the Company has lodged with the Companies And Intellectual Property Commission 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
29 August 2024



DIRECTORS' REPORT

Nature of the business

Sasria is the only non-life 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.

As 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 R3.33 billion for the year ended 31 March 2024 compared to a net profit after tax of R3.75 billion for the previous year. The annual financial statements for the year ended 31 March 2024 appear on pages 73 to 138 and comply with IFRS Accounting Standards and the requirements of the Companies Act and PFMA.

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 2024, (2023: R0.00).

Share capital

There were no changes to the authorised shares or issued shares during the financial year. The authorised shares remained at 1 000 000 and issued shares remained at 220 001. Further details regarding the authorised and issued shares are disclosed in note 11 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

Dr Nolwandle Mgoqi

Independent non-executive directors

Sathie Gounden

Reginald Haman

Japhtaline Mantuka Maisela

Desmond Marumo

Refilwe Moletsane

Enos Ngutshane

Margaret Mosibudi Phiri

Deshni Subbiah¹

Johannes Jacobus Venter²

Executive directors

Mpumi Tyikwe (Chief Executive Officer)

Notes:

1. Appointed 01 October 2023

2. Appointed 01 October 2023

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

Movement of directors during the financial year

Chairperson and independent non-executive director

Moss Ngoasheng¹

Independent non-executive directors

Christiaan Johannes Van Dyk²

Moipone Ramoipone³

Executive directors

Bajabulile Mthiyane (Chief Financial Officer)⁴

Notes:

1. Resigned on 31 December 2023

2. Term ended 23 June 2023

3. Term ended 23 June 2023

4. Resigned on 30 September 2023



DIRECTORS' REPORT

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; and
- Approval of an annual inflationary adjustment on the 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.

The roles and functions of the Audit Committee and the Risk Committee are detailed on page 22 and 23 respectively.

Auditor

Forvis Mazars was appointed as Sasria's external auditors for the year ended 31 March 2024. Refer to the inside back cover for further details.

Events after the reporting date

No events have been identified after the reporting date. Please refer to 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 2024

The Audit Committee is pleased to present its report for the year ended 31 March 2024.

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 its 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 22.

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, compliance and head of actuarial function (HAF), 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 a process of 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, as well as its compliance and enterprise risk management processes. Where necessary, programmes for corrective action have been initiated. Nothing material has come 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 the internal controls and systems (which includes the 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 REPORT

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 the applicable legal, regulatory, and other responsibilities.

INDEPENDENT EXTERNAL AUDIT

The external auditor is appointed for a five-year term. Each year of its five-year term, the auditor is assessed and formally reappointed. The Minister of Finance appointed Forvis Mazars in South Africa as Sasria's new external auditors for the 2024 financial year. In line with the Companies Act, the Audit Committee reviewed and is satisfied with the independence, skills and competence of the external auditors.

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

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



AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2024

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 judgements; and
- Recommendations made by the external auditor 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 Mr Dirk Kunz 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 auditor regarding the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the independent auditor.

REVIEW OF THE INTEGRATED REPORT

The Audit Committee reviewed the integrated report for the year ended 31 March 2024 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 and 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, 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 as 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
27 August 2024

Independent auditor's report to Parliament on Sasria SOC Ltd

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the Sasria SOC Ltd (the public entity) set out on pages 73 to 137 which comprise the statement of financial position at 31 March 2024, 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 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, 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 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of 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.

Registered Auditor – A firm of Chartered Accountants (SA) - IRBA Registration Number 900222

Partners: MV Ninan (Country Managing Partner), C Abrahamse, SJ Adlam, JPMP Atwood, JM Barnard, AK Batt, S Beets, T Beukes, WI Blake, HL Burger, MJ Cassan, JC Combrink, JR Comley, TVDL De Vries, G Deva, Y Dockrat, DS Dollman, S Doolabh, A Driscoll, M Edelberg, JJ Eloff, T Erasmus, F Esterhuizen, Y Ferreira, MH Fisher, T Gangen, M Groenewald, K Hoosain, MY Ismail, B Jansen, J Kasan, D Keeve, J Marais, N Mayat, B Mbunge, G Molyneux, A Moruck, R Murugan, S Naldoo, MG Odendaal, W Olivier, MV Patel, M Pieterse, E Pretorius, W Rabe, N Ravele, D Resnick, L Roeloffze, M Saayman, E Sibanda, MR Snow, W Sterley, EM Steyn, HH Swanepoel, AL Swartz, DM Tekie, MJA Teuchert, N Thelander, S Truter, PC van der Merwe, R van Molendorff, JC Van Tubbergh, N Volschenk, S Vorster, J Watkins-Baker

Our offices: Bloemfontein, Cape Town, Durban, Gqeberha, Johannesburg, Paarl, Pretoria

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 the 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 objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected objectives that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic Objective number	Strategic Objective	Key performance indicator	Page number in the annual performance report
Objective 1	Finance – sustainable growth	Premium growth (GWP) - Percentage growth of gross written premium income compared to the 2022/2023 financial year	10
Objective 2	Finance – sustainable growth	Operational efficiency - Expenses for administration and marketing (less depreciation, STI and LTI (incentive schemes) as a percentage of GWP	10
Objective 3	Finance – sustainable growth	Efficient distribution costs - Percentage of GWP reduction in policy administration and intermediary fees by year end (2023 baseline)	10
Objective 4	Finance – capital efficiency	Loss ratio – Percentage average gross incurred loss ratio range over a three-year rolling period, excluding IBNR reserve and catastrophe events	11
Objective 5	Customer – deliver value to the customer	Claims overturned by the ombudsman - Claims overturned by the Ombudsman for Short-term Insurance, as a percentage of the total claims received	11
Objective 11	Internal processes – operational excellence	Fast-track claims effectiveness & efficiency - Fast-track claims turnaround time	14
Objective 12	Customer-centricity – deliver value-add to the customer	Large loss claims effectiveness & efficiency - Large loss claims turnaround time	14
Objective 13	Capacity building – capacity building in the financial sector	Insurance skills - Percentage of identified employees trained on insurance fundamentals	14

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
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable
 - 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 or conclusion.
15. We did not identify any material findings on the usefulness and reliability of the reported performance information for the objectives of the selected subject matter. We identified, on the strategic objective below, that the definition needs to be improved to define the value of claims to be excluded from the calculation of the loss ratio actual achievement reported.

Strategic Objective number	Strategic Objective	Weighting	Key performance indicator
4.	Finance – capital efficiency	10%	Loss ratio – Percentage average gross incurred loss ratio range over a three-year rolling period, excluding IBNR reserve and catastrophe events

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 misstatement on the reported performance information in paragraph 18 of this report.
18. We identified a material misstatement in the annual performance report submitted for auditing. The material misstatement was in the reported performance information of strategic objective 13: Capacity building – capacity building in the financial sector. Management subsequently corrected the misstatement, and based on the correction we did not include any final material finding in this report.

Report on the audit of compliance with legislation

19. 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.
20. We performed procedures to test compliance with selected requirements in key legislation in accordance with the Auditor-General of South Africa (AGSA) findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
21. 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.
22. We did not identify any material non-compliance with the selected legislative requirements.

Other information in the financial statements

23. The accounting authority is responsible for the other information. The other information comprises the information included in the financial statements 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 objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

24. 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.
25. 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.
26. 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

27. 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.

Other reports

28. 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.
29. 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 2024.

Other matters

30. The financial statements of Sasria SOC Limited for the year ended 31 March 2023, were audited by SizweNtsalubaGobodo Grant Thornton Inc, who is no longer the auditor in the current period. The auditor for the prior year expressed an unmodified opinion on those financial statements on 28 September 2023.

Auditor tenure

31. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Forvis Mazars has been the auditor of Saria SOC Ltd for 1 year.

Forvis Mazars
Partner: Riana Groenewald
Registered Auditor
30 August 2024
Rialto Rd, Century City, 7441

Annexure 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 judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial 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 legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(b)
Erratum National Treasury Instruction No. 5 of 2020/21 Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 1 Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3, 4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	31 March 2024	Restated* 31 March 2023	Restated* 01 April 2022
Assets				
Intangible assets	6	55 082	60 138	65 207
Property and equipment	5	20 693	7 593	15 858
Deferred tax	14	1 460 284	817 487	713 879
Financial assets				
Financial assets at fair value through profit and loss	7.1	7 637 377	6 546 617	37 302
Financial assets at amortised cost	7.2	574 690	452 908	275 659
Reinsurance contract assets	9	1 147 222	1 780 856	2 453 857
Prepayments	8.1	25 392	196 420	401 194
Other receivables	8.2	-	82 101	743 149
Cash and cash equivalents	10	5 532 129	4 127 328	14 578 781
Total assets		16 452 869	14 071 448	19 284 886
Equity				
Share capital	11.1	22 000 000	22 000 000	-
Shareholder capital contribution	11.2	-	-	22 000 000
Accumulated loss		(7 857 459)	(11 190 139)	(14 936 169)
Total equity		14 142 541	10 809 861	7 063 831
Liabilities				
Lease liability	5.1	16 820	-	8 610
Insurance contract liabilities	9	1 980 979	3 071 123	12 127 655
Reinsurance contract liabilities	9	82 071	65 526	45 760
Employee benefit liability	13	38 865	38 124	21 138
Current tax payable	28	28 249	19 710	-
Payables	12	163 344	67 104	17 892
Total liabilities		2 310 328	3 261 587	12 221 055
Total equity and liabilities		16 452 869	14 071 448	19 284 886

*Comparative information has been restated due to the initial application of IFRS 17, refer to note 2 for additional information.



STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 MARCH 2024

		2024	Restated* 2023
Insurance revenue	16	5 251 296	4 464 017
Insurance service expenses	17, 22 & 23	(1 941 574)	80 007
Insurance service result		3 309 722	4 544 024
Insurance expenses for reinsurance contracts	18	(1 217 520)	(1 309 132)
Insurance service income for reinsurance contracts	18	(111 477)	216 992
Net reinsurance expense		(1 328 997)	(1 092 140)
Net insurance service result		1 980 725	3 451 884
Investment Income	21	1 023 240	693 516
Expenses for investment-related activities	22	(17 577)	(7 428)
Net investment income		1 005 663	686 088
Finance expenses from insurance contracts	19	(113 129)	(368 158)
Finance income from reinsurance contracts	20	18 044	94 403
Net insurance finance expenses		(95 085)	(273 755)
Net insurance and investment result		2 891 303	3 864 217
Other income		754	7 690
Other operating expenses	22 & 23	(44 012)	(34 187)
Net other operating expenses		(43 258)	(26 497)
Profit before other finance cost and tax		2 848 045	3 837 685
Other Finance costs	22.2	(196)	(35)
Profit before tax		2 847 849	3 837 685
Taxation	24	484 831	(91 655)
Profit for the year		3 332 680	3 746 030
Other comprehensive income		-	-
Total comprehensive income for the year		3 332 680	3 746 030

*Comparative information has been restated due to the initial application of IFRS 17, refer to note 2 for additional information.



STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2024

	Share capital	Shareholder capital contribution	Accumulated loss	Total equity
Balance at 1 April 2022	-	22 000 000	(15 098 628)	6 901 372
IFRS17 transitional adjustment	-	-	162 459	162 459
Balance at 1 April 2022 – restated*	-	22 000 000	(14 936 169)	7 063 831
Profit for the year	-	-	3 746 030	3 746 030
Other comprehensive income for the year	-	-	-	-
Shareholder capital contribution	-	(22 000 000)	-	(22 000 000)
Ordinary shares issued	22 000 000	-	-	22 000 000
Balance at 31 March 2023 – restated*	22 000 000	-	(11 190 139)	10 809 861
Profit for the year	-	-	3 332 680	3 332 680
Other comprehensive income for the year	-	-	-	-
Balance at 31 March 2024	22 000 000	-	(7 857 459)	14 142 541

Note 11.1

Note 11.2

*Comparative information has been restated due to the initial application of IFRS 17, refer to note 2 for additional information.



STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2024

	Note	2024	2023
Cash flows from operating activities			
Cash generated from/(used in) operations	27	1 801 198	(4 383 559)
Dividends received		11 105	-
Interest received		794 141	581 472
Interest paid	28	(1 828)	(404)
Income tax paid		(149 427)	(175 554)
Net cash from/(used in) operating activities		2 455 189	(3 978 045)
Cash flows from investing activities			
Purchase of property and equipment	5	(2 204)	(3 774)
Proceeds on disposal of property and equipment		128	84
Purchases relating to intangible assets	6	(2 412)	(4 368)
Net purchase of financial assets		(1 043 397)	(6 456 740)
Net cash used in investing activities		(1 047 885)	(6 464 798)
Cash flows from financing activities			
Cash payment relating to principal lease liability	5.1	(2 503)	(8 610)
Net cash used in financing activities		(2 503)	(8 610)
Net increase/(decrease) in cash and cash equivalents		1 404 801	(10 451 453)
Cash and cash equivalents at the beginning of the year	10	4 127 328	14 578 781
Cash and cash equivalents at the end of the year	10	5 532 129	4 127 328



ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

1. Introduction

Sasria 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 which is 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 IFRS Accounting Standards and IFRIC® Interpretations issued and effective at the time of preparing these Annual Financial Statements as well as all relevant Reporting Requirements applicable in South Africa,

1.2 Basis of presentation

The annual financial statements have been prepared on a going concern basis in compliance with IFRS Accounting Standards. The historical cost basis has been used for measurement purposes except for financial instruments which are measured at fair value through profit or loss and (re)insurance contracts which are measured at fulfilment cash flows.

The Company has consistently applied the accounting policies to the current and prior periods presented, unless otherwise indicated. The new accounting standards, interpretations and amendments to existing accounting standards and

interpretations that have a impact on the company have been disclosed. The amendments to the standards not yet effective as at 31 March 2024 are not expected to have a significant impact on the company.

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 rather it is presented in the increasing order of liquidity .

The following asset balances are current: cash equivalents, reinsurance contract assets and 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 financial assets at amortised cost.

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

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 judgements

The preparation of the financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. 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 judgements 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 judgement 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 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

2. Accounting policies

2.1 Summary of material 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.

The company has adopted the following new and amended standards in the current financial year:

IASB effective date	Standards
1 January 2023	<p>IFRS 17: Insurance Contracts</p> <p>IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. Whereas the previous standard, IFRS 4, allowed insurers to use their local Generally Acceptable Accounting Practice. The new standard will have an impact on Sasria's recognition, measurement, presentation and disclosure in the financial statements of insurance contracts issued. The impact of the standard is disclosed under 2.1.(c) below.</p> <p>IFRS 17 requires an entity to measure insurance contracts at the present value of fulfilment cash flows which comprise of the estimated future cash flows, an adjustment to reflect the time value of money, an explicit risk adjustment for non-financial risk and contractual service margin. The standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less.</p> <p>In terms of IFRS 17, the recognition, measurement, presentation and disclosure have a material impact (re) insurance contracts.</p>
1 January 2023	<p>IAS 1: Presentation of Financial Statements</p> <p>Disclosure of Accounting Policies: The amendments require the company 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.</p>
1 January 2023	<p>IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors</p> <p>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.</p>
1 January 2023	<p>IAS 12: Income Taxes</p> <p>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.</p>
1 January 2023	<p>IFRS 9: Financial Instruments</p> <p>IFRS 9 has changed 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'.</p>



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

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 statement for the year 31 March 2024. None of these are expected to have an effect on the financial statements of the company, except the ones set out below:

IASB effective date	Standards
1 January 2024	<p>IAS 1: Presentation of Financial Statements</p> <p>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.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2024. the amendments are not expected to have a significant impact on the company and will be adopted in its financial statements for the year ending 31 March 2025</p>

c) IFRS 17 insurance contracts

The International Accounting Standard Board (IASB) issued an emended IFRS 17: Insurance Contracts in June 2020. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023.

The Audit Committee and an IFRS 17 Steering Committee provided oversight and governance of the implementation of IFRS 17. The Steering Committee comprised of Executive Management from various functions including finance, actuarial, risk and claims. The Internal Audit functions also provided assurance during the implementation.

The company adopted IFRS 17 as of 01 April 2023 and the transition date is 01 April 2022. A full retrospective approach on transition has been elected given the short boundaries of its contracts. Comparative information has been restated as required by the transitional provisions of IFRS 17.

The company derecognised any existing balances that would not exist had IFRS 17 been applied and recognised the IFRS 17 balances that replace these and recognised the resulting difference in equity.

The transition resulted in an increase of R162.46 million in retained earnings at 01 April 2022. The increase is mainly attributable to the changes in carrying amounts of insurance and reinsurance assets and liabilities at the date of transition. The impact is depicted on the table below:

	Impact on equity on 01 April 2022			Impact on equity on 31 March 2023		
	31 March 2022 R'000	IFRS 17 restatement R'000	Restated 01 April 2022 R'000	31 March 2023 R'000	IFRS 17 restatement R'000	Restated 31 March 2023
Accumulated loss	(15 098 628)	162 459	(14 936 169)	(11 516 135)	325 996	(11 190 139)

Impact of changes in tax legislation

National Treasury promulgated the 2022 Taxation Laws Amendment Act in January 2023, which contains the changes to section 28 of the Income Tax Act (the Act) to cater for the implementation of IFRS 17. The main objective of these changes is to ensure that section 28 is aligned to the terminology and principles of IFRS 17, as well as to mitigate unintended tax implications as a result of the transition from IFRS 4 to IFRS 17. A phase-in period of three years applies to non-life insurers in respect of the transition amount (phasing-in amount).

The insurance sector engaged with National Treasury in this regard to effect changes to the Act. The 2023 Taxation Laws



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

Amendment Act was promulgated on 22 December 2023, effective for the company's 2024 financial year. The changes made to section 28 of the Act did not address all unintended consequences as the interpretation of the IFRS 17 requirements continued to evolve.

Based on the current provisions of the Act, the phasing-in amount is calculated with reference to the difference between the total net insurance liabilities determined under IFRS 4 to only a portion of net insurance liabilities determined under IFRS 17. This results in an overstatement of the phasing-in amount. A deferred tax liability has been raised for the phasing-in amount which will be phased in over three years. The Act also allows non-life insurers in the first year of assessment commencing on or after 01 April 2023, to add reinsurance premium payables and deduct salvages receivable in determining insurance liabilities under IFRS 17.

The current legislation results in a decrease in the deferred tax asset of R62.83 million on the date of transition and a decrease of deferred tax asset of R123.32 million as at 31 March 2023.

d) IFRS 9 Financial instruments

The company adopted IFRS 9 as of 01 April 2023. IFRS 9 has no significant impact on the recognition, measurement and disclosure of financial assets and financial liabilities. The table below presents the classification in terms of IAS 39 and IFRS 9:

Line item	IAS 39	IFRS 9
Financial assets		
Financial assets	Fair value through profit or loss	Fair value through profit or loss
Deposits and loans	Loans and receivables	Amortised cost
Investment receivables	Loans and receivables	Amortised cost
Intermediary receivables	Not applicable – measured under IFRS 4	Amortised cost
Cash and cash equivalents	Amortised cost	Amortised cost
Financial liabilities		
Trade and other payables	Amortised cost Amortised cost	Amortised cost Amortised cost
Investment payables	Amortised cost Amortised cost	Amortised cost Amortised cost

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 is 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.



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

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 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 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	5 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 recognize 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 is recognized 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 as maintenance, utilities and insurance are expensed as incurred.



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

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.

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	Useful life
Computer software	3 – 10 years

2.5 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 revalued amount in accordance with another standard. An impairment loss is only reversed 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.



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

2.6 Financial assets and liabilities

2.6.1 Recognition

The company recognises financial assets or financial liabilities in the statements of financial position when it becomes party to the contractual provisions of the instrument.

2.6.2 Classification

On initial recognition, the company classifies its financial assets into the following categories: financial assets held at fair value through profit or loss and amortised cost. The classification of financial assets is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics. The company assesses the business model first before considering whether an instrument meets the definition of the contractual cash flow test.

The company classifies its investments in equity and debt instruments at fair value through profit or loss. The classification is considered appropriate as the company manages and evaluates the performance of the instruments on a fair value basis,

Loans and other receivables are classified at amortised cost as the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The company's financial liability is payables which are classified at amortised cost.

2.6.2.1 Financial assets at fair value through profit or loss

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 initially recognised 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 income from financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment income. Dividend income is recognised when Sasria's right to receive payments is established and interest income is recognised when it accrues to Sasria. 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 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.



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

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.

2.6.2.2 Asset and liabilities 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

The carrying values of trade receivables (less expected credit losses) are assumed to approximate their fair values. Fair values of investment related receivables are determined by reviewing the spreads internally by the committees of the respective asset managers.

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

Trade payables

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.

2.6.3 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.

2.6.4 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 de-recognition. An entity shall de-recognise a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

On derecognition, the difference between the carrying amount of the financial asset or financial liability and the consideration received or paid shall be recognised in the statement of comprehensive income.



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

2.6.5 Expected credit loss

The company applies the general approach to provide for expected credit losses prescribed by IFRS 9. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics and the days past due to create three categories namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 12 months before year-end. The loss rates are adjusted to reflect current and forward-looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be “not performing” and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed. The amount of the reversal is recognised through profit or loss.

2.7 Insurance and reinsurance contracts

The company provides 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.

The company applies IFRS 17 to insurance contracts it issues and reinsurance contracts it holds in the normal course of business.

2.7.1 Identification and classification of insurance and reinsurance contracts

Insurance contracts are defined as contracts under which the company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is significant if there is any scenario that causes the company to pay amounts to the policyholder that significantly exceed the expected income from the contract on a present value basis.

The company has not identified any contracts that meet the requirement of investment contracts with direct participation features. No distinct investment components, embedded derivatives or non-insurance services were identified by the company in the underlying contracts that it issues. Furthermore, the company has not identified any other factors that would require the combination of any of its contracts.

The company uses reinsurance to mitigate its insurance risk exposures. A reinsurance contract transfers significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The company has not identified any distinct or non-distinct investment components, service components or embedded derivatives that need to be separated from the reinsurance contracts it holds.

2.7.2 Aggregation of insurance and reinsurance contracts

The company has identified each line of business as an insurance contract portfolio. This is appropriate as insurance contracts within each line of business are subject to similar risks and are managed together. The portfolio is further disaggregated into groups of contracts that are issued within a financial year (annual cohorts). Each cohort of a portfolio is further divided into the following profitability groups at inception; onerous groups (not profitable) for all contracts that have a combined ratio greater than 100% and remaining group (not onerous with significant likelihood of becoming onerous) for all contracts with a combined ratio less than 100%. The “no significant possibility of becoming onerous” group was deemed unwarranted given SASRIA’s business model. The profitability assessment process is performed on a set of contracts basis and not at an individual contract due to data availability constraints. It is assumed that no contract in the determined portfolios are onerous at initial recognition.



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

The company has identified each reinsurance contract as a unique reinsurance contract portfolio. Each reinsurance portfolio is further disaggregated into annual cohorts. There is no requirement to further disaggregate these into profitability groups as all the reinsurance contracts that are held by the company are individual contracts.

2.7.3 Recognition of insurance and reinsurance contracts

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- The beginning of the coverage period; or
- The date when the first payment from the policyholder is due or actually received, if there is no due date; or
- When the company determines that a group of contracts becomes onerous.

The company recognise a group of reinsurance contracts held from the earlier of:

- The beginning of the coverage period of the group of reinsurance contracts held. However, if the beginning of the coverage period is earlier than the recognition date of the underlying insurance contract, the recognition of the reinsurance contract delayed until the date when the underlying reinsurance contract is recognised; or
- The date of initial recognition of the onerous underlying contract.

Only contracts that meet the recognition criteria at the end of the reporting period are included in the groups.

2.7.4 Measurement of insurance and reinsurance contracts

The company applies the Premium Allocation Approach (PAA) model for measuring all insurance contracts it issues as most of the lines of business have a coverage period of one year or less and it reasonably expects that the measurement of the liability for remaining coverage under the PAA model would not differ materially from the one that would be produced by applying the GM Model for the remainder of the lines of business.

The company applies the PAA model for measuring all reinsurance contracts it holds as the some of the reinsurance contracts have a coverage period of one year or less and it reasonably expects that the measurement of the reinsurance asset for remaining coverage under the PAA model would not differ materially from the one that would be produced by applying the General Measurement (GM) Model for the remainder of the contracts.

2.7.4.1 Initial measurement

On initial recognition of insurance contracts issued, the company measures the liability for remaining coverage as an amount of premiums received, less any acquisition cash flows allocated to the group of contracts. The company has elected not to expense the acquisition cash flows. The premium received and the acquisition cash flows exclude value added tax. The portion of premiums that are receivable and the related acquisition cash flows that are payable to intermediaries are recognised as premium received and acquisition cash flows allocated in the measurement of the liability for remaining coverage. The net premium receivable (premium receivable less acquisition cash flows payable) from intermediaries is recognised as an IFRS 9 receivable.

On initial recognition of reinsurance contracts held, the company measures the asset for remaining coverage as an amount of premiums paid, less any acquisition cash flows allocated to the group of contracts. The premium paid and the acquisition cash flows exclude value added tax.



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

2.7.4.2 Subsequent measurement

The carrying amount of the insurance contracts issued at the end of the reporting period comprise of liability for remaining coverage and liability for incurred claims. Similarly, the carrying amount of the reinsurance contracts held at the end of the reporting period comprise of asset for remaining coverage and asset reinsurance asset for incurred claims.

Liability for remaining coverage

The carrying amount of the liability for remaining coverage for insurance contracts issued at the end of the reporting period is calculated as:

- The carrying amount at the beginning of the reporting period;
- Plus, premiums received in period;
- Minus insurance acquisition cash flows paid in period;
- Plus amortisation of acquisition cash flows as expense;
- Minus insurance revenue recognised for coverage provided.

The carrying amount of the asset for remaining coverage for insurance contracts issued at the end of the reporting period is calculated as:

- The carrying amount at the beginning of the reporting period;
- Plus, reinsurance premiums paid in period;
- Minus insurance acquisition cash flows received in period;
- Plus amortisation of acquisition cash flows as expense;
- Minus reinsurance expense recognised for coverage provided.

The company does not allow for time value of money and the effect of financial risk when calculating the liability for remaining coverage for insurance contracts issued and reinsurance asset for remaining coverage for reinsurance contracts held as the time between the receipt of premiums or payment of reinsurance premiums and the provision of insurance or reinsurance coverage is one year or less.

Loss component

If a group of contracts becomes onerous, the company increases the carrying amount of the liability for remaining coverage to the amounts of the fulfilment cash flows determined under the GM model and recognise the increase as a loss component in insurance service expenses.

Subsequently, the company amortises the amount of the loss component within the liability for remaining coverage by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the company remeasures the fulfilment cash flows by applying the GMM and reflects changes in the fulfilment cash flows by adjusting the loss component as required until the loss component is reduced to zero.

Where the company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses and recognise the component as a loss-recovery component in insurance income.

The company calculates the loss recovery component by multiplying the loss component recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage and reinsurance income.



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

Liability for incurred claims

The carrying amount of the liability for incurred claims for insurance contracts issued at the end of the reporting period comprise the fulfilment cash flows related to past service allocated to the group at reporting date. The fulfilment cash flows comprise the following:

- An outstanding claims reserve ("OCR"), comprising claims which have been reported but have not yet been approved or paid;
- An incurred but not reported ("IBNR") reserve, comprising claims which have occurred, but which the insurer has not yet been informed about (due to various delays);
- An incurred but not enough reported ("IBNER") reserve, which is set up to allow for the expected difference between the OCR held for outstanding claims and the actual amount paid for these claims. These differences could arise due to an over- or underestimation of the expected claim amount, the repudiation of claims, or due to over- or underestimated recoveries made on certain claims; and
- Expense reserve in respect of non-acquisition fulfilment expenses that are payable in respect of past service and have not yet been settled.

Reinsurance arrangements do not relieve Sasria of its direct obligations to its policyholders. The carrying amount of the reinsurance asset for incurred claims for reinsurance contracts held at the end of the reporting period comprise the fulfilment cash flows related to past service allocated to the group at reporting date. The fulfilment cash flows comprise the following:

- A reinsurance asset for paid claims, comprising reinsurance recovery for claims which have been paid;
- A reinsurance asset for outstanding claims reserve, comprising reinsurance recovery for claims which have been reported but have not yet been approved or paid;
- A reinsurance asset for incurred but not reported reserve, comprising reinsurance recovery for claims which have occurred, but which the insurer has not yet been informed about; and
- A reinsurance asset for incurred but not enough reported reserve, which is set up to allow for the expected difference between the reinsurance asset for outstanding claims reserve held for outstanding claims and the actual amount paid for these claims;

A risk adjustment is determined and allowed for when measuring the liability for incurred claims and the reinsurance asset for incurred claims as there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows.

The company allow for the time value of money and the effect of financial risk on fulfilment cash flows related to the liability for incurred claims and the reinsurance asset for incurred claims.

Insurance revenue

Insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. As the majority of the underwriting risks are incurred uniformly over the term of the contract, the release of risk during the coverage period is on a straight-line basis, using the 365th method.

Insurance service expense

Insurance service expense comprise the following:

- Claims incurred and other insurance service expense which consist of claims and claims handling expenses paid during the financial year as well as administration costs that are attributable to insurance services incurred during the financial year. Both the amounts exclude value added tax;
- Amortisation of insurance acquisition cash flows. The company amortise insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Changes in liability for incurred claims relating to past service;
- Losses on onerous group of contracts and reversals of such losses;



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

The company conducts an assessment to determine expenses that are directly attributable to fulfilment of the insurance contract (attributable expenses) and expenses that are not attributable to fulfilment of the insurance contract (non-attributable),

Attributable administrative expenses are allocated to the insurance groups using gross written premium as a key allocation driver.

Non-attributable expenses are excluded from the valuation of insurance contract liabilities and reinsurance contract assets and are expensed in profit and loss when incurred.

Reinsurance income

Reinsurance income consists of changes in reinsurance asset for incurred claims relating to past service including the change in loss-recovery component.

Reinsurance expense

Reinsurance expense for the period is the amount of expected reinsurance premium payments allocated to the period based on the passage of time over the coverage period. The service received is allocated on a straight-line basis during the coverage period, using the 365th method. The expected reinsurance premium payments allocated are reduced by the amounts of commission not contingent on claims that the company expect to receive from the reinsurer.

Insurance finance income and expenses

Insurance finance income and expenses comprise of changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

2.7.5 Allowance for non-performance (re)insurance contracts

No allowance for the risk of non-performance of the issuer of the reinsurance contracts held is incorporated in the present value of fulfilment cash flows as it is considered to be immaterial.

2.7.6 Derecognition of insurance and reinsurance contracts

The company derecognises an insurance contract when:

- The rights and obligation of the contract expires or when the contract is discharged or cancelled; or
- If its terms of the contract are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed.

On derecognition, the liability for remaining coverage of the group of insurance contracts is adjusted to reflect the amount of premiums refunded to the policyholder. In case of a modification, the liability for remaining coverage of the group of insurance contracts is adjusted to reflect the amount of premiums that would have been received for a new contract.

2.7.7 Presentation

The company presents the carrying amount of insurance contracts issued that are assets and those that are liabilities as well as the portfolio of reinsurance contracts held that are assets and those that are liabilities separately in the statement of financial position.

The company disaggregates amounts recognised in the statement of comprehensive income into; insurance service result comprising insurance revenue and insurance service expenses; and insurance finance income or expenses.



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

Income and expenses from reinsurance contracts are presented as separate amounts in the insurance service result as follows: the amounts that are contingent on claims experience are presented as reinsurance income; and the amounts that are not contingent on claims experience are treated as reinsurance expense.

The company disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses.

The company has elected not to disaggregate insurance finance income and expenses between profit or loss and other comprehensive income. All insurance finance income and expenses for the period are presented in profit or loss.

2.8 Taxation

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

2.8.1 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.

2.8.2 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 arises 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.

2.8.3 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, the South African Revenue Service (SARS) is included as part of receivables or payable in the statement of financial position.



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

2.9 Employee benefits

2.9.1 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.

2.9.2 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 twelve months after the reporting date are discounted to present value.

2.9.3 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.

2.9.4 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.

2.9.5 Salaries

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

2.10 Critical accounting estimates and judgements in applying accounting policies

2.10.1 Premium Allocation Approach eligibility test

The company applies the PAA to measure a group of insurance contracts issued or reinsurance contract held if:

- The group is automatically PAA eligible if, at inception of the group, the coverage period of each contract in the group of (re)insurance contracts is one year or less; or
- the company reasonably expects that the PAA measurement model would produce a measurement of the asset/liability for remaining coverage for a group of (re)insurance contracts that would not differ materially from the measurement that would be achieved by applying the GM model.

Where the cover period is greater than one year, the company assesses the appropriateness of the PAA measurement model as follows:

- the company performs quantitative eligibility testing for each profitability group within the existing portfolios at transition rather than testing each new cohort's groups at their respective inception dates. The assessment for post transition groups is done on a qualitative basis.



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

- Post transition, quantitative eligibility testing is only reperformed for the profitability groups within any newly introduced portfolios, or if any of the trigger conditions occur impacting the groups within pre-existing portfolios (i.e. where the qualitative assessment fails).`

Relative thresholds are set for each portfolio based on ensuring that the combined absolute impacts of all IFRS 17 groups with contract boundaries longer than a year applying the PAA falls within an absolute measure of balance sheet materiality for Sasria for each future year.

Quantitative testing

The following approach is followed when the company is assessing the materiality of this difference PAA and GM measurement for groups containing contracts with coverage periods of greater than one year. The assessment is performed for most recent cohort of IFRS 17 groups of each portfolio and it includes the following:

- Projecting the fulfilment cash flows of the group of contracts, with an allowance for time value of money;
- Calculating the projected liability for remaining coverage under the PAA at each projected time period;
- Calculating the liability for remaining coverage under the GM, including the contractual service margin at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, i.e., half-yearly or annually);
- At each point in the projection calculate the difference between the liability for remaining coverage under the PAA and GM;
- Compare the difference to the pre-determined materiality threshold (relative measure) at each point in time;
- If the difference does not exceed the determined threshold at any point in time, then the group passes the PAA eligibility test (for the base case); and
- Perform scenario testing using the above process to ensure differences remain immaterial.

The eligibility testing process includes future stresses to fulfilment cashflows in order to determine projected differences under various scenarios. An assessment of this difference will be done at each projection point in the expected lifetime of the contract.

The company follows the same process that is defined on 2.14.1(i) when conducting a test for new portfolios and if there is a need for post transition quantitative testing.

Qualitative testing

The company follows a qualitative testing approach for new cohorts annually. The company compares each new cohort to the equivalent cohort's Qualitative Assessment Framework. The assessment includes consideration of the differences between the assumptions made on the framework, policy terms and/or materiality. Should the assessment confirm that there is no cause to "reasonably expect" that the most recent cohort would be ineligible (i.e. none of the trigger conditions were met), then eligibility can be assumed for the new cohort as well.

2.10.2 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 we operate, 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.



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

2.10.2.1 Outstanding claims

Provision is made on a prudent basis for the estimated final cost of claims. 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 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.

2.10.2.2 Provision for claims incurred but not reported (IBNR)

Provision is also made for claims arising from insured events that occurred before the close of the financial year, but which had not been reported to the company 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.

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).

The basic chain-ladder methodology, Cape Cod, Bornhuetter-Ferguson and average cost per claim methods

Sasria uses the basic chain-ladder, Cape Cod, Bornhuetter-Ferguson and the average cost per claim 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.

A stochastic process is applied to the choice of development factors for each incident year in accordance with standard statistical practices. Numerous simulations are performed to obtain a distribution of the ultimate claims cost.

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.

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.



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

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. Allowance for such uncertainty is made through the Risk Adjustment and discussed in section 2.2.2.3 below.

2.10.2.3 Risk Adjustment

An explicit liability for the uncertainty around non-financial risks needs to be held as part of the fulfilment cash flows (FCFs) under IFRS 17, this is represented by the Risk Adjustment (RA). The Risk Adjustment is an adjustment to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk. It reflects the compensation that Sasria require to be indifferent between servicing a contract with fixed cash flows and a contract with a range of uncertain outcomes, but the same expected present value. This compensation reflects:

- The degree of risk aversion; and
- The diversification benefits that Sasria include in determining the compensation required.

An explicit Risk Adjustment is set up for both underlying insurance contracts and reinsurance contracts held. The Risk Adjustment for a group of reinsurance contracts held represents the amount of non-financial risk transferred by the cedant (i.e. the insurer) to the reinsurer.

The company's calibrated risk adjustment is determined using the Value-at-Risk (confidence level) approach and held such that the technical liabilities are held to be at least sufficient at the 75th percentile of the ultimate loss distribution.

2.10.3 Discount rate

The company has elected to allow for impact of time value of money on the liability for incurred claims. The company has adopted a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates is appropriate reference liquid risk-free curves – taking into consideration the currency characteristics of the contracts and their respective cashflows. The company utilises risk-free yield curves provided by the regulator to determine discount rates.

Illiquidity premium is not factored in Sasria's discount rates since it is considered to be immaterial. Sasria policy follows the liquidity of the underlying policy, the nature of the underlying policies are considered to be liquid policies in the South African insurance market (as policyholders in South Africa could easily take out similar policies with agent insurers within the market which Sasria is obliged to offer). An exception may be Engineering / Contract Works policies which are expected to exhibit lower levels of liquidity though any such liquidity adjustment in respect of these policies are not expected to result in a material impact on the insurance contract liability.

The company did not adjust for the removal of credit risk in the derivation of Sasria's discount rates.

2.10.4 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 judgement. 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.



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

2.11 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 Accounting Standards 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.

2.12 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.



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

3. Management of risk

As an insurance company, Sasria is exposed to various insurance and financial risks. The risks that Sasria is exposed to as at 31 March 2024 is representative of the exposure over the financial year; there are no new risks to which the company is exposed to as at 31 March 2024 and there are no risks to which the company was exposed to during the financial year, but which no longer materially prevail as at 31 March 2024.

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 our 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 which include the following:

3.1.1 Own risk and solvency assessment (ORSA)

The Prudential Standards for Insurers introduces a requirement for insurers licenced 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 compare 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 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.



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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 (ECR)

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)

SCR is a formula-based figure calibrated by the Prudential Authority (PA) 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 PA 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 is 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 pro-active claims handling.

The Company underwrites risks that natural persons, corporate or other entities that 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 impacted 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 what has been provided for.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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 who 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 the 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.
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 development 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 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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	2024	2023
	%	%
Property	70.12	72.61
Motor	24.34	21.49
Engineering	3.56	3.66
Other	1.97	2.34
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 R500 million. 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 insured's other than natural persons) policies as follows:

Split by type of policyholder	2024	2023
	%	%
Personal policies	13.50	13.94
Commercial policies	86.50	86.06
Total personal and commercial policies	100.00	100.00

The Company ensures that agent companies adhere to the set underwriting guidelines through bi-annual 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 pro-active 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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

Split by type of policy

Annual policies

Monthly policies

Total annual and monthly policies

	2024	2023
	%	%
Annual policies	37.50	37.66
Monthly policies	62.50	62.34
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 which 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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 this financial risk 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:

	2024	2023
	%	%
Financial and insurance assets		
Listed equity	511 808	-
Total equity securities	511 808	-
Money market fund	5 780 452	5 237 379
Government and semi-government bonds	260 715	147 893
Other bills and bonds (fixed rate)	1 055 732	1 131 345
Unit trusts	28 670	30 000
Total debt and money market securities	7 125 569	6 546 617
Total financial assets at fair value through profit or loss	7 637 377	6 546 617
Intermediary receivables	385 552	351 659
Loans and receivables	189 138	101 249
Total financial assets at amortised cost	574 690	452 908
Reinsurance contracts assets	1 147 222	1 780 856
Cash and cash equivalents	5 532 129	4 127 328
Total financial and insurance assets	6 679 351	5 908 184
Financial and insurance liabilities		
Insurance contracts issued that are liabilities	1 980 979	3 071 123
Reinsurance contracts issued that are liabilities	82 071	65 526
Payables	163 344	67 104
Total financial and insurance liabilities	2 226 394	3 203 753

The company investment policy specifies approved instruments which 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

4.1 Market risk

from fluctuations in interest rates and equity prices. 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 which 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 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.

Money Market Instruments

The risk is further limited as the money market instruments are typically held until maturity and are actively managed. The money market exposure is also diversified through the money market investment agreements and align to the asset and liability matching strategy.

A hypothetical 2% increase in the interest rate relating to money market instruments would result in an increase in interest earned of R116 million (2023: R119 million – at 2% sensitivity) or an increase in profit after tax and equity of R116 million (2023: R119 million – at 2% sensitivity), respectively.

A hypothetical 2% decrease in the interest rate relating to money market instruments would result in a decrease in interest earned of R116 million (2023: R119 million – at 2% sensitivity) or a decrease in profit after tax and equity of R116 million (2023: R119 million – at 2% sensitivity), respectively.

Other Bills and Bonds

A 2% increase in interest rates would expose the company to the risk of losing value in other bills and bonds by approximately R21 million (2023: R26 million – at 2% sensitivity), while a decrease would expose the company to the risk of gaining value by R21 million (2023: R26 million – at 2% sensitivity).

Government (GOVI) Bonds

A 2% increase in interest rates would expose the company to the risk of losing value in other bills and bonds by approximately R5.2 million (2023: R0.00 – at 2% sensitivity), while a decrease would expose the company to the risk of gaining value by R5.2 million (2023: R0.00 – 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 when they fall due. Exposure to interest rate risk is monitored and managed by management.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

The South African Reserve Bank (SARB) raised the repurchase rate by 50 basis points from 7.75% to 8.25% during the period under review. Moreover, SARB has kept the repo rate unchanged since its Monetary Policy Committee (MPC) meeting in July 2023. During the period under review, Headline Consumer Price Index (CPI) decreased from 7.1% in March 2023 to 5.3% in March 2024, thus its below 3%-6% inflation-targeting range. SARB has indicated that expectations are projected to ease towards the 4.5% objective as inflation slows. Furthermore, SARB is also of the view that stabilising inflation at the mid-point of the target band will improve the economic outlook and reduce borrowing costs.

4.1.2 Equity price risk

The company's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively monitored and managed by management.

Investments in listed equities, which are carried at fair value on the reporting date, have exposure to price risk, being a potential loss of market value resulting from adverse change in prices. Investments in marketable securities are valued at fair value and are therefore susceptible to market fluctuations.

All of the company's investments are managed through outsourced reputable investment managers. Each of these managers is given a mandate to ensure that market risk is mitigated through diversification and investing in reputable companies and institutions. Equity price risk (downside risk) is also mitigated through put options.

Investment decisions are made by the Board's Investment Committee, which has ultimate responsibility for determining the investment portfolio's strategy and taking investment decisions within the risk profile and risk appetite.

As at 31 March 2024, the company had quoted ordinary share investments that have been disclosed at their fair values. A hypothetical 10% decline or increase in quoted investments would result in a decrease/increase in profit before tax by R51.18 million (2023: R0.00). A hypothetical 10% was used during the current financial year due to the expected movements in the equity market. The full impact of a decrease or increase in individual prices of instruments would affect the company's profit or loss since these investments are in the company's capital portfolio.

4.2 Credit risk

Credit risk is the risk that Sasria will experience a loss due to a counterparty being unwilling or unable to meet 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 which 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 only conducts its business 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 only conducting business 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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 the reinsurers rating, below an acceptable level.

The maximum net exposure to credit risk from reinsurers is represented by a net reinsurance asset of R1.14 billion (2023: R1.7 billion).

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

Reinsurer 2024

	% of total cover provided	Credit risk* rating
Swiss Reinsurance company Limited	10.00	AA-
Munich Reinsurance Company of Africa Limited	6.00	AA-
Everest Reinsurance Company	5.00	A+
Endurance Specialty Insurance Ltd. (Zurich)	3.00	A+
Odyssey Reinsurance Company	3.00	A

Reinsurer 2023

	% of total cover provided	Credit risk* rating
Swiss Reinsurance company 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-

* 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

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 poses constrain on the ability to borrow. Sasria investment portfolio is impacted 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 underlining 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 may be 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

The company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2024 and 2023 is the carrying amounts as illustrated on the table below.

As at 31 March 2024

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	-	-	-	228 848	197	-	31 670	260 715
Other bills and bonds	458 603	73 036	5 025	-	-	-	519 068	1 055 732
Money market fund	5 063 108	-	-	-	-	-	717 344	5 780 452
Collective Investment Schemes	-	-	-	-	-	-	28 670	28 670
Loans and receivables and intermediary receivables	-	-	-	-	-	-	574 690	574 690
Cash and cash equivalents	3 736 773	-	-	-	-	-	1 795 356	5 532 129
	9 258 484	73 036	5 025	228 848	197	-	3 666 798	13 232 388

As at 31 March 2023

Financial 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
Loans and receivables and intermediary receivables	-	-	-	-	-	-	452 908	452 908
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	3 654 635	13 220 225

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 Mood's under the following broad investment grade definitions:

• Aaa - Prime grade, subject to low credit risk;
• Aa- Very good quality and is 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 and 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

The Company has an Investment Committee that reviews the credit risk on all the financial instruments and measures are put in place to minimise the credit risk. The risk on our 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 would be available to match liabilities which are short-term in nature.

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

(a) Financial and lease assets and liabilities

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

2024	Within 0 to 3 months	3 months to 1 year	1 to 3 years	Greater than 1 year	Total
	R'000	R'000	R'000	R'000	R'000
Trade and other payables	163 344	-	-	-	163 344
Lease liability	1 158	3 476	10 265	5 677	20 576
Total	164 502	3 476	10 265	5 677	183 920

2023	Within 0 to 3 months	3 months to 1 year	1 to 3 years	Greater than 3 years	Total
	R'000	R'000	R'000	R'000	R'000
Trade and other payables	67 104	-	-	-	67 104

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

2024	Within 0 to 3 months	Within 3 months to 1 year	1 to 3 years	More than 3 years	Total
	R'000	R'000	R'000	R'000	R'000
Financial assets at fair value through profit or loss	1 026 703	5 292 411	40 072	204 178	6 563 364
Financial assets at amortised cost	574 690	-	-	-	574 690
Cash and cash equivalents	6 606 142	-	-	-	6 606 142
Total	7 133 522	5 292 411	40 072	204 178	13 744 196



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

2023	Within 0 to 3 months	Within 3 months to 1 year	1 to 3 years	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	7 637 377
Financial assets at amortised cost	452 908	-	-	452 908	562 527
Cash and cash equivalents	4 127 328	-	-	4 127 328	5 532 129
Total	4 846 876	6 277 120	2 857	12 907 709	11 126 853

b) Reinsurance and insurance contracts assets and liabilities

The following liquidity analysis provides details on the fulfilment cash flows of insurance contracts liability for incurred claims at reporting date:

2024	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Greater than 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance contract liabilities	1 051 363	205 996	51 980	18 111	1 798	23	1 329 271

2023	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Greater than 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance contract liabilities	2 089 410	427 412	74 018	17 904	4 460	725	2 613 929

The following liquidity analysis provides details on the fulfilment cash flows of reinsurance contracts assets for incurred claims at reporting date:

2024	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Greater than 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Reinsurance contract liabilities	237 149	33 860	10 857	3 475	233	65	285 640

2023	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Greater than 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Reinsurance contract liabilities	1 713 810	33 498	24 601	8 476	543	57	1 780 984



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

4.4 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).

The following table analyses within the fair value hierarchy the Company's financial assets (by class) measured at fair value at 31 March 2024:

2024	Level 1	Level 2	Total
Asset	R'000	R'000	R'000
Financial assets designated at fair value through profit or loss:			
- Equity Listed	511 808	-	511 808
- Money market fund	-	5 780 452	5 780 452
- Government and semi-government bonds	29 609	231 106	260 715
- Other bills and bonds	-	1 055 732	1 055 732
- Unit trusts	28 670	-	28 670
	570 087	7 067 290	7 637 377
2023	Level 1	Level 2	Total
Asset	R'000	R'000	R'000
Financial assets designated at fair value through profit or loss:			
-- Money market fund	-	5 237 379	5 237 379
-- Government and semi-government bonds	147 893	-	-
-- Other bills and bonds	-	1 131 345	1 131 345
- Unit trusts	-	30 000	30 000
Total financial assets at fair value through profit or loss	147 893	6 398 724	6 546 617

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 are obtained from fund managers' reports.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

4.5 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 (BCM) plan which is tested on a regular basis and reviewed by internal audit every three years.

5. Property and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	27 376	(22,973)	4,403	26 432	(20 677)	5 755
Furniture and fittings	4 252	(3,465)	787	4 419	(3 300)	1 119
Motor vehicles	565	(550)	15	565	(515)	50
Office equipment	2,556	(2,529)	27	2 556	(2 493)	63
Leasehold improvements	16,297	(16,294)	3	16 297	(15 691)	606
Right-of-use asset	19 323	(3 865)	15 458	25 237	(25 237)	-
Total	70 369	(49 676)	20 693	75 506	(67 913)	7 593

Reconciliation of property and equipment - 2024

	Opening net book amount	Additions	Disposals	Adjustments	Depreciation charge	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	5 755	2 204	(52)	-	(3 504)	4,403
Furniture and fittings	1 119	-	(63)	-	(269)	787
Motor vehicles	50	-	-	-	(35)	15
Office equipment	63	-	-	-	(36)	27
Leasehold improvements	606	-	-	-	(603)	3
Right-of-use asset	-	19 323	-	-	(3 865)	15 458
	7 593	21 527	(115)	-	(8 312)	20 693

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****Reconciliation of property and equipment - 2023**

	Opening net book amount	Additions	Disposals	Adjustments*	Depreciation charge	Total
	R'000	R'000	R'000	R'000	R'000	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)	-
	15 858	3 774	(37)	-	(12 002)	7 593

5.1 Lease

	2024	2023
	R'000	R'000
Minimum lease payments due		
- within one year	4 634	-
Undiscounted minimum lease payments	20 576	-
- Less future interest expense	(3 756)	-
Present value of minimum lease payments	16 820	-

Lease payments represent rentals payable by the Company for its office properties, the address is outlined on the I. Leases are negotiated for an average term of five years and escalate at 7% on average. No contingent rent is payable.

	2024	2023
	R'000	R'000
Reconciliation of lease liability		
Opening balance	-	8 610
Lease liability recognised during the period	19 322	-
Interest expense	1 828	404
Total lease cash outflows	(4 331)	(9 014)
Lease liability	16 820	-



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

6. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Software	103 251	(52 725)	50,526	103 251	(45 257)	57 994
Capital work in progress	4 556	-	4 556	2 144	-	2 144
Total	107 807	(52 725)	55 082	105 395	(45 257)	60 138

Reconciliation of intangible assets - 2024

	Opening net book amount	Additions	Transfers	Amortisation charge	Total
	R'000	R'000	R'000	R'000	R'000
Software	57 994	-	-	(7 468)	50,526
Capital work in progress	2 144	2 412	-	-	4 556
Total	60 138	2 412	-	(7 468)	55 082

Reconciliation of intangible assets - 2023

	Opening net book amount	Additions	Transfers	Amortisation charge	Total
	R'000	R'000	R'000	R'000	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

7. Financial assets

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

		2024	2023
		R'000	R'000
Financial assets at fair value through profit or loss	7.1	7 637 377	6 546 617
Financial assets at amortised cost	7.2	574 690	452 908
Total financial assets		8 212 067	6 999 525

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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

7.1 Fair value through profit or loss**Equity securities**

Listed

	2024	2023
	R'000	R'000
	511 808	-
	511 808	-

Money market fund

Money market fund

	5 780 452	5 237 379
	5 780 452	5 237 379

Other bills and bonds

Government and semi-government bonds

Other bills and bonds

Unit Trusts

	2024	2023
	R'000	R'000
	260 715	147 893
	1 055 732	1 131 345
	28 670	30 000
	1 345 117	1 309 238

Total financial assets at fair value through profit or loss

	7 637 377	6 546 617
--	------------------	------------------

Movement in financial assets at fair value through profit or loss

Balance at the beginning of the year

Transfer from / (to) cash and cash equivalents

Transfer from / (to) receivables and payables

Interest income

Dividends income

Realised net fair value gains/(losses)

Unrealised net fair value gains/(losses)

Investment administration expense

	2024	2023
	R'000	R'000
	6 546 717	37 302
	797 939	6 325 318
	(170 631)	(59 469)
	442 624	238 900
	13 340	-
	19 747	(118)
	5 218	12 110
	(17 577)	(7 428)
	7 637 377	6 546 617

7.2 Financial assets at amortised cost

Intermediary receivables

Other loans and receivables

	2024	2023
	R'000	R'000
	376 774	347 946
	197 916	104 962
	574 690	452 908



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

8. Other assets

8.1. Prepayments

	2024	2023
	R'000	R'000
Prepayments	25 392	196 420

8.2. Other receivables

	2024	2023
	R'000	R'000
VAT receivable	-	82 101

8.3 Expected credit loss

	Gross	Expected credit loss	Gross	Expected credit loss
	R'000	R'000	R'000	R'000
The trade receivables due from agents at reporting date was:				
Not past due				
Intermediary receivables	376 774	-	376 774	-
Other loans and receivables.	197 916	-	104 962	-
	574 690	-	574 690	-

The carrying amount of the above balances approximate the fair value.

Loans and receivables and intermediary receivables represent the investment related receivables and outstanding premiums due represents the premiums not yet received from agents a month after being raised. The outstanding balances are received after year end therefore the impact of expected credit loss is determined to be immaterial.

9. Insurance contract liabilities and reinsurance contracts

9.1. Statement of financial position composition

	2024	2023
	R'000	R'000
Insurance contract liabilities	1 980 979	3 071 123
Reinsurance contract liabilities	82 071	65 526
Reinsurance contract liabilities	(1 147 222)	(1 780 856)
	915 828	1 355 793

All the insurance contracts are issued and reinsurance contracts held are current.

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****(a) Reconciliation of insurance contract liabilities**

2024

	Liabilities for remaining coverage	Liabilities for incurred claims		Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	R'000	R'000	R'000	R'000
Opening Insurance contract liabilities	601 577	2 363 905	105 641	3 071 123
Balance 01 April 2023	601 577	2 363 905	105 641	3 071 123
Insurance revenue				
Full retrospective approach	(5 251 296)	-	-	(5 251 296)
Total Insurance revenue	(5 251 296)	-	-	(5 251 296)
Insurance service expenses				
Incurred insurance service expenses:				
<i>Claims</i>	-	1 513 687	28 649	1 542 336
<i>Expenses</i>	-	726 114	-	726 114
<i>Other movements related to current service</i>	-	787 573	-	787 573
Amortisation of insurance acquisition cash flows	672 590	-	28 649	28 649
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	-	672 590
	-	(223 163)	(50 189)	(273 352)
Total insurance service expenses	672 590	1 290 524	(21 540)	1 941 574
	-	-	-	-
Total insurance service results	(4 578 706)	1 290 524	(21 540)	(3 309 722)
Insurance finance expense				
The effect of and changes in time of time value of money and financial risk	-	108 396	4 733	113 129
Total insurance finance expense	-	108 396	4 733	113 129
Total changes in the statement of financial performance	(4 578 706)	1 398 920	(16 807)	(3 196 593)
Cash flows (Actual cashflows in the period)				
Premiums received	5 378 505	-	-	5 378 505
Claims and other insurance service expenses paid	-	(2 601 818)	-	(2 601 818)
Insurance acquisition cash flows	(670 238)	-	-	(670 238)
Total cash flows	4 708 267	(2 601 818)	-	2 106 450
Balance 31 March 2024	731 137	1 161 008	88 834	1 980 979
Closing insurance contract liabilities	731 137	1 161 008	88 834	1 980 979
Balance 31 March 2024	731 137	1 161 008	88 834	1 980 979



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

2023

	Liabilities for remaining coverage	Liabilities for incurred claims		Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	R'000	R'000	R'000	R'000
Opening Insurance contract liabilities	504 848	10 865 995	756 812	12 127 655
Balance 01 April 2022	504 848	10 865 995	756 812	12 127 655
Insurance revenue				-
Full retrospective approach	(4 464 017)	-	-	(4 464 017)
Total Insurance revenue	(4 464 017)	-	-	(4 464 017)
Insurance service expenses				
Incurred insurance service expenses:	-	1 474 199	22 573	1 496 772
<i>Claims</i>	-	693 985	-	693 985
<i>Expenses</i>	-	780 214	-	780 214
<i>Other movements related to current service</i>	-	-	22 573	22 573
Amortisation of insurance acquisition cash flows	658 788	-	-	658 788
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	(1 537 463)	(698 104)	(2 235 567)
Total insurance service expenses	658 788	(63 264)	(675 532)	(80 007)
Total insurance service results	(3 805 229)	(63 264)	(675 532)	(4 544 024)
Insurance finance expense				
The effect of and changes in time of time value of money and financial risk	-	343 797	24 361	368 158
Total insurance finance expense	-	343 797	24 361	368 158
Total changes in the statement of financial performance	(3 805 229)	280 533	(651 171)	(4 175 866)
Cash flows (Actual cashflows in the period)				
Premiums received	4 571 151	-	-	4 571 151
Claims and other insurance service expenses paid, including investment components	-	(8 782 623)	-	(8 782 623)
Insurance acquisition cash flows	(669 194)	-	-	(669 194)
Total cash flows	3 901 957	(8 782 623)	-	(4 880 666)
Balance 31 March 2023	601 577	2 363 905	105 641	3 071 123
Closing insurance contract liabilities	601 577	2 363 905	105 641	3 071 123
Balance 31 March 2023	601 577	2 363 905	105 641	3 071 123

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****(b) Reconciliation of reinsurance contract assets and liabilities**

2024

	Incurred claims component			Total
	Remaining coverage component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	R'000	R'000	R'000	R'000
Opening reinsurance contract assets	30 419	1 734 226	16 211	1 780 856
Opening reinsurance contract liabilities	(65 526)	-	-	(65 526)
Balance 01 April 2023	(35 106)	1 734 226	16 211	1 715 330
Allocation of the premiums paid:				
Full retrospective approach	(1 217 520)	-	-	(1 217 520)
Total allocation of premiums paid	(1 217 520)	-	-	(1 217 520)
Amounts recovered from reinsurance contracts				
Recoveries of incurred claims and other insurance service expense	-	312 799	18 874	331 674
Changes related to past service (changes related to incurred claims component)	-	(430 650)	(12 501)	(443 151)
Total amounts recovered from reinsurance contracts	-	(117 851)	6 373	(111 477)
Total net expenses from reinsurance contracts	(1 217 520)	(117 851)	6 373	(1 328 997)
Reinsurance finance income				
The effect of and changes in time of time value of money and financial risk	-	17 392	652	18 044
Total reinsurance finance income	-	17 392	652	18 044
Total changes in the statement of financial performance	(1 217 520)	(100 458)	7 025	(1 310 953)
Cash flows (Actual cashflows in the period)				
Premiums paid	2 046 052	-	-	2 046 052
Amounts recovered	-	(1 385 278)	-	(1 385 278)
Total cash flows	2 046 052	(1 385 278)	-	660 774
Balance 31 March 2024	793 426	248 489	23 236	1 065 151
Closing reinsurance contract assets	875 497	248 489	23 236	1 147 222
Closing reinsurance contract liabilities	(82 071)	-	-	(82 071)
Balance 31 March 2024	793 426	248 489	23 236	1 065 151



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

2023

	Remaining coverage component	Incurred claims component		Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	R'000	R'000	R'000	R'000
Opening reinsurance contract assets	48 658	2 324 228	80 972	2 453 857
Opening reinsurance contract liabilities	(45 760)	-	-	(45 760)
Balance 01 April 2022	2 898	2 324 228	80 972	2 408 097
Allocation of the premiums paid:				
Full retrospective approach	(1 309 132)	-	-	(1 309 132)
Total allocation of premiums paid	(1 309 132)	-	-	(1 309 132)
Amounts recovered from reinsurance contracts				
Recoveries of incurred claims and other insurance service expense	-	336 868	8 522	345 390
Changes related to past service (changes related to incurred claims component)	-	(51 877)	(76 521)	(128 398)
Total amounts recovered from reinsurance contracts	-	284 991	(67 999)	216 992
Total net expenses from reinsurance contracts	(1 309 132)	284 991	(67 999)	(1 092 140)
Reinsurance finance income				
The effect of and changes in time of time value of money and financial risk	-	91 165	3 238	94 403
Total reinsurance finance income	-	91 165	3 238	94 403
Total changes in the statement of financial performance	(1 309 132)	376 156	(64 761)	(997 737)
Cash flows (Actual cashflows in the period)				
Premiums paid	1 271 128	-	-	1 271 128
Amounts recovered	-	(966 158)	-	(966 158)
Total cash flows	1 271 128	(966 158)	-	304 970
Balance 31 March 2023	(35 106)	1 734 226	16 211	1 715 330
Closing reinsurance contract assets	30 419	1 734 226	16 211	1 780 856
Closing reinsurance contract liabilities	(65 526)	-	-	(65 526)
Balance 31 March 2023	(35 106)	1 734 226	16 211	1 715 330



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

9.2 Short-term insurance contracts - assumptions, change in assumptions and sensitivity.

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.

(a) Claim provisions

The Company's outstanding claims provisions include notified claims, IBNR claims as well as ULAE.

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 Value Added Tax.

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.

(b) 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.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

(c) Sensitivity analysis

The following sensitivity analysis shows the impact on profit and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis.

Insurance risk sensitivity analysis

The liability for incurred claims is considered to be the most sensitive to changes in the expected claims and in particular, expected ultimate claims; therefore, a sensitivity analysis is performed.

The table below provides a sensitivity analysis of the potential impact of a change in ultimate claims including risk adjustment impacts with all other assumptions left unchanged.

2024	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity before tax gross of reinsurance	Impact on equity before tax net of reinsurance
5% increase in ultimate claims	(129 957)	(88 171)	(129 957)	(88 171)
5% decrease in ultimate claims	129 957	88 171	129 957	88 171

2023	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity before tax gross of reinsurance	Impact on equity before tax net of reinsurance
5% increase in ultimate claims	(147 374)	(134 785)	(147 374)	(134 785)
5% decrease in ultimate claims	(147 374)	(134 785)	(147 374)	(134 785)

It should be noted that the impact of a +/-5% change in ultimate claims has a linear and equivalent effect on both profit before tax and equity.

Financial risk: Interest rate sensitivity analysis

The impact on profit and loss (before tax) and equity arising from the impact of 50 basis point increase and decrease in discount rates on insurance contract liabilities and reinsurance contract assets, is as follows:

2024	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity before tax gross of reinsurance	Impact on equity before tax net of reinsurance
Yield Curve plus 50 basis points	3 944	3 257	3 944	3 257
Yield Curve minus 50 basis points	(3 985)	(3 291)	(3 985)	(3 291)

2023	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity before tax gross of reinsurance	Impact on equity before tax net of reinsurance
Yield Curve plus 50 basis points	(28,655)	(19,999)	7,743	6,395
Yield Curve minus 50 basis points	28,928	20,178	(7,820)	(6,457)

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****10.5 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 for non-CAT claims.

Payment development - gross Non CAT

Reporting Year	Gross Non CAT											
	Total R thousand	2024 R thousand	2023 R thousand	2022 R thousand	2021 R thousand	2020 R thousand	2019 R thousand	2018 R thousand	2017 R thousand	2016 R thousand	2015 and prior R thousand	
Actual claims costs												
2024	814 390	366 086	282 221	46 480	8 792	2 153	33 110	74 105	513	877		53
2023	476 001		202 256	168 489	38 774	19 305	5 810	28 757	9 830	2 781		-0
2022	1 259 399			784 535	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		861
2020	1 006 806					355 401	487 312	123 312	31 049	8 120		1 613
2019	1 045 709						634 889	284 975	101 177	21 225		3 443
2018	708 218							263 403	262 700	171 440		10 675
2017	651 024								297 447	290 826		62 750
2016	420 594									196 415		224 179
2015	300 022											300 022
Cumulative payments to date		366 086	484 477	999 503	492 376	771 956	1 443 466	865 728	712 115	692 938		603 655



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

Payment Development - net - Non CAT

Net Non CAT	Total	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015 and prior
	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand
Reporting Year											
Actual claims costs											
2024	502 434	210 884	134 055	37 903	8 792	2 153	33 110	74 105	513	877	42
2023	333 401		96 072	132 073	38 774	19 305	5 810	28 757	9 830	2 781	- 0
2022	1 230 071			755 218	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	858
2020	1 006 488					355 401	487 312	123 312	31 049	8 120	1 295
2019	1 045 174						634 889	284 975	101 177	21 225	2 908
2018	707 855							263 403	262 700	171 440	10 312
2017	650 869								297 447	290 826	62 596
2016	419 224									196 415	222 809
2015	293 636										293 636
Cumulative payments to date		210 884	230 127	925 193	492 376	771 956	1 443 466	865 728	712 115	692 938	594 503



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

Reporting development - gross - Non CAT

Gross Non CAT	Total		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015 and prior
	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand
Reporting Year												
Provision raised												
2024	794 572	337 761	78 911	57 958	10 717	290 781	11 840	570	- 5	3 068	2 971	
2023	643 260		400 562	127 718	52 193	5 049	22 312	28 176	- 5	3 344	3 912	
2022	658 854			322 453	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	4 016	
2020	1 095 653					462 834	460 513	140 263	17 430	11 613	3 000	
2019	1 141 437					740 765	324 085	324 085	63 058	12 400	1 130	
2018	719 294						430 502	222 924	62 017	3 851		
2017	747 216						438 264	269 667	39 285			
2016	587 990						460 855	127 134				
2015	427 936							427 936				
Cumulative reported to date	337 761	479 473	508 129	627 321	978 965	1 434 997	1 050 110	758 406	836 066	617 146		



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

Reporting development - net - Non CAT

Net Non CAT	Total	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015 and prior
	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand
2024	600 553	194 567	37 483	49 158	10 717	290 781	11 840	570	- 5	3 068	2 373
2023	408 971		190 267	104 509	52 193	5 049	22 312	28 176	- 5	3 344	3 126
2022	606 080			270 464	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	3 219
2020	1 095 053					462 834	460 513	140 263	17 430	11 613	2 400
2019	1 141 429						740 765	324 085	63 058	12 400	1 121
2018	719 186							430 502	222 924	62 017	3 743
2017	747 079								438 264	269 667	39 148
2016	587 179									460 855	126 324
2015	425 715										425 715
Cumulative reported to date		194 567	227 750	424 132	627 321	978 965	1 434 997	1 050 110	758 406	836 066	610 296



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

10. Cash and cash equivalents

Cash and cash equivalents comprise:

	2024	2023
	R'000	R'000
Call account	597 271	1 469 194
Money market instruments with maturities of less than three months	6 763	705 256
Bank and cash balances	4 928 095	1 952 878
	5 532 129	4 127 328

The effective interest rate on short-term bank deposits with maturities of less than three months ranges between 7.96% and 8,35% (2023: 4.44% and 8.00%). The effective interest rate on the call account at the reporting date ranges between 7,50% and 8.00% (2023: 4.00% and 7.50%) and on the SARB account between 7.75% and 8.25% (2023: 4.25% and 7.90%).

11. Share capital and reserves

	2024	2023
	R'000	R'000
Authorised		
1 000 000 ordinary shares		
Issued		
220 001 ordinary shares	22 000 000	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.

11.2 Shareholder Capital Contribution

	2024	2023
	R'000	R'000
Opening balance	-	22 000 000
Acquisition of shares	-	(22 000 000)
Balance at year end	-	-

The shareholder capital contribution of R22 billion that was received in the 2022 financial year was used to acquire shares during the prior year.

12. Payables

	2024	2023
	R'000	R'000
Trade payables and accrued expenses	90 843	67 104
VAT Payable	72 501	-
	163 344	67 104



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

13. Employee benefit liability

Reconciliation of employee benefit liability - 2024

	Opening balance	Change recognised in the statement of comprehensive income to profit or loss	Cash paid	Total
	R'000	R'000	R'000	R'000
Leave pay	6 245	2 373	(2 582)	6 036
Bonus	31 879	38 193	(37 243)	32 829
	38 124	40 566	39 925	38 865

Reconciliation of employee benefit liability - 2023

	Opening balance	Change recognised in the statement of comprehensive income to profit or loss	Cash paid	Total
	R'000	R'000	R'000	R'000
Leave pay	7 019	1 555	(2 329)	6 245
Bonus	14 119	51 223	(33 463)	31 879
	21 138	52 778	(35 792)	38 124

The leave pay provision relates to vested leave pay which 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.

14. 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:

	2024	2023
	R'000	R'000
At beginning of the year	817 487	713 879
Recognised in the statement of comprehensive income	642 796	103 608
	1 460 283	817 487

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

	Balance 01 April 2023	Change recognised in the statement of comprehensive income to profit or loss	Balance 31 March 2024
	R'000	R'000	R'000
Right of use asset	-	368	368
Provisions	11 601	227	11 828
Unrealised appreciation of investments	(5 457)	(1 409)	(6 866)
Prepayments	(631)	(429)	(1 060)
IFRS 17 transition	(123 321)	41 066	(82 255)
Assessed loss	935 295	602 973	1 538 268
Total	817 487	642 796	1 460 283

	Balance 01 April 2022	Change recognised in the statement of comprehensive income to profit or loss	Balance 31 March 2023
	R'000	R'000	R'000
Provisions	6 314	5 287	11 601
Unrealised appreciation of investments	(2 188)	(3 269)	(5 457)
Prepayments	-	(631)	(631)
IFRS 17 transition	(62 834)	(60 486)	(123 321)
Assessed loss	772 587	162 708	935 295
Total	713 879	175 127	817 487

	2024	2023
	R'000	R'000
Deferred income tax assets	1 538 635	946 896
Deferred income tax liabilities	(90 181)	(129 409)
Net deferred tax balance	1 460 283	817 487

	2024	2023
	R'000	R'000
Unrecognised deferred estimated tax loss at beginning of the year	4 725 517	5 669 279
Recognised deferred tax on estimated tax loss	(1 255 186)	(943 762)
Unrecognised deferred on estimated tax loss	3 470 331	4 725 517

Deferred tax asset of R1.46 billion (2023: R817.49 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 losses amounting to R12.85 billion (2023: R17,50 billion) because it is not probable that future taxable profit will be available against which the deferred asset will be utilised.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

15. Current vs non-current split of assets and liabilities

	31 March 2024			31 March 2023		
	Total	Non-current	Current	Total	Non-current	Current
	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS			-			
Intangible assets	55 082	55 082	-	60 138	60 138	-
Property and equipment	20 693	20 693	-	7 593	7 593	-
Deferred tax	1 460 284	1 460 284	-	817 487	817 487	-
Financial assets					-	-
Financial assets at fair value through profit and loss	7 637 377	244 251	7 393 126	6 546 617	2 857	6 543 760
Financial assets at amortised cost	574 690	-	574 690	452 908	-	452 908
Reinsurance contract assets:	1 147 222	41 207	1 106 015	1 780 856	51 351	1 729 504
Prepayments	25 392	-	25 392	196 420	-	196 420
Other receivable	-	-	-	82 101	-	82 101
Cash and cash equivalents	5 532 129	-	5 532 129	4 127 328	-	4 127 328
Total Assets	16 452 869	1 821 517	14 631 352	14 071 448	939 426	13 132 021
LIABILITIES						
Lease liability	16 820	13 728	3 092	-	-	-
Insurance contract liabilities	1 980 979	237 703	1 743 277	3 071 123	458 827	2 612 296
Reinsurance contract liabilities	82 071	-	82 071	65 526	-	65 526
Employee benefit liability	38 865	-	38 865	38 124	-	38 124
Current tax payable	28 249	-	28 249	19 710	-	19 710
Payables	163 344	-	163 344	67 104	-	67 104
Total Liabilities	2 310 328	251 430	2 058 898	3 261 587	458 827	2 802 760

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****16. Insurance revenue**

Contracts measured under the PAA

Total insurance revenue

2024	2023
R'000	R'000
5 251 296	4 464 017
5 251 296	4 464 017

All the contracts are under the fully retrospective transition approach.

17. Insurance service expense

Incurred claims and other insurance service expenses

Amortisation of insurance acquisition costs

Changes in liability for incurred claims relating to past service;

Total service expense

2024	2023
R'000	R'000
1 897 454	1 496 772
672 590	658 788
(628 469)	(2 235 567)
1 941 574	(80 007)

18. Net expense from reinsurance contracts

Reinsurance expenses –contracts measured under the PAA

Incurred claims recovered

Total service expense

2024	2023
R'000	R'000
1 217 520	1 309 132
111 477	(216 992)
1 328 997	1 092 140

19. Finance expenses from insurance contracts

Interest accreted

Effect of changes in interest rates and other financial assumptions

Total service expense

2024	2023
R'000	R'000
116 929	383 974
(3 799)	(15 817)
113 129	368 158



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

20. Finance income from reinsurance contracts

	2024	2023
	R'000	R'000
Interest accreted	18 719	96 852
Effect of changes in interest rates and other financial assumptions	(675)	(2 449)
Total service expense	18 044	94 403

21. Investment income

	2024	2023
	R'000	R'000
Investment income on cash and cash equivalents:		
Interest income	259 937	442 624
Investment income on financial assets held at fair value through income:		
Dividend income	13 340	-
Interest income	724 998	238 900
Unrealised net fair value (losses)/gains	5 218	12 110
Realised net fair value (losses)/gains	19 747	(118)
	763 303	250 892
	1 023 240	693 516

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****22. Expenses for administration and marketing and Finance Cost****22.1 Expenses for administration and marketing**

	Note(s)	2024	2023
		R'000	R'000
Expenses for administration and marketing include:			
Advertising expenses		16 027	6 755
Auditor remuneration: statutory audit		3 439	4 841
Depreciation - property and equipment	5	4 447	5 694
Depreciation - right of use asset	5	3 865	6 309
Investment administration expenses		17 577	7 428
Employee benefit expense	23	173 814	191 815
Social responsibility allocation		14 482	5 901
Consulting and professional fees		9 070	7 712
Policy administration fees		577 846	558 128
Subscriptions		4 772	5 827
Staff training and seminars		9 878	6 469
Amortisation - intangible assets	6	7 468	9 346

22.2 Finance costs

	2024	2023
	R'000	R'000
Interest on lease liability	1 828	404
Interest on late payment of taxes	-	2 272
	1 828	2 676

Expenses that are attributable to insurance business are presented as insurance service expenses on the statement of comprehensive income and those that do not relate to insurance business are presented as other operating expenses.

23. Employee benefit expense

	2024	2023
	R'000	R'000
Wages and salaries	117 137	123 654
Medical aid	4 576	4 259
Leave pay accrual	2 372	1 456
Post-employment benefits: Pension - Defined contribution plan	11 536	11 223
Bonus expense	38 193	51 223
	173 814	191 815

Number of employees	155	147
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Employee benefit expenses that are attributable to insurance business are presented as insurance service expenses on the statement of comprehensive income and those that do not relate to insurance business are presented as other operating expenses.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

24. Taxation

Major components of the tax expense

Current

Current year normal tax

Prior year under/(over) provision

Deferred

Current year deferred income tax

Recognition of tax loss not previously recognised

Assessed tax loss utilised

	2024	2023
	R'000	R'000
	160 995	195 264
	(3 029)	-
	157 966	195 264
	(39 824)	59 099
	(1 255 186)	(943 762)
	652 213	781 054
	(642 797)	(103 608)

Taxation

(484 831)

91 655

Reconciliation of the taxation

Profit / (loss) before tax

Tax at the applicable tax rate of 27%

Effects of: Income not subject to tax:

Disallowable expenses¹

Exempt income²

Deductible operating lease expenses

Prior year over provision: current tax³

Unrecognised assessed loss

Tax charge for the period

	2024	2023
	R'000	R'000
	2 847 849	3 837 684
	768 919	1 036 175
	8 088	3 600
	(3 623)	(1 925)
	-	(2 434)
	(3 029)	-
	(1 255 186)	(943 762)
	(484 831)	91 655

Effective rate (%)

(17.0%)

3,4%

Notes:

1. Disallowable expenses mainly relate to fruitless and wasteful expenditure, donations, depreciation of leasehold improvement and non-deductible investment expenses.
2. Exempt income mainly relates to dividend income and recoveries relating to fruitless and wasteful expenditure.



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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 the 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, stateowned enterprises, and 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 their website www.treasury.gov.za. They 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 only interact with individual insureds in the event of a claim being presented through the agents.

	2024	2023
	R'000	R'000
Purchase of goods and services		
Shareholder, including government departments	838	681
South African Revenue Services (SARS)		
Taxation expense (Income Tax)	157 966	195 263
Regulatory Fees		
Financial Sector Conduct Authority (FSCA)	1 815	1 095
South African Reserve Bank (SARB)	1 797	37
Company and Intellectual Property Commission	3	3
	3 615	1 135
Interest earned from investments with SARB	139 423	338 892
Refunds received from Insurance Sector Education and Training Authority	529	647
	139 952	339 539
Year-end balances arising from transactions		
	2024	2023
	R'000	R'000
Assets included in the statement of financial position		
Bonds issued by government and semi-government	260 715	147 893
Money market instruments issued by government and semi-government	-	-
Cash held at SARB	1 777 809	1 638 386
Receivable from/ (payable to) the Receiver of Revenue	-	82 101
Closing balance	2 038 524	1 842 201



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

Liabilities included in the statement of financial position

	2024	2023
	R'000	R'000
Receivable from/ (payable to) the Receiver of Revenue	28 249	19 710
Closing balance	28 249	19 710

Share capital

The ordinary share capital increased by R22 billion during the previous year due to the issuance of ordinary shares to the shareholder.

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. Please refer to Note 26, for Directors and executive management emoluments.

26. Directors and executive management emoluments

Fees paid to non-executive directors for meeting attendance

	2024	2023
	R'000	R'000
M Ngoasheng ¹	777	885
O Mokonyane ²	123	625
S Gounden	583	457
R Haman	715	487
J M Maisela	819	601
Dr N Mqoqi	712	481
E Ngutshane	536	416
R Moletsane	622	521
M Phiri	903	601
C Van Dyk ³	94	445
M Ramoipone	-	399
D Marumo	505	430
D Subbiah ⁴	320	-
J Venter ⁵	312	-
	7 021	6 348

1. Resigned on 31 December 2023
2. Resigned on 31 March 2023
3. Resigned on 23 June 2023
4. Appointed on 01 October 2023
5. Appointed on 01 October 2023

No bonus and retention, contributions or car allowances were paid to non-executive directors.

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****Executives****2024**

	Salaries	Bonus and retention	Contributions	Allowance	Leave pay-out	Total
	R'000	R'000	R'000	R'000	R'000	R'000
C Masondo (Director) ¹	-	1 227	-	-	-	1 227
M Tyikwe (Director)	4 145	944	336	29	-	5 454
B Mthiyane (Director) ²	1 715	1 381	139	10	328	3 573
D Kunz ³	1 272			254		1 526
T Chocho	2 492	1 033	322	18	-	3 865
M Mavuso	2 289	2 951	577	-	-	5 817
S Nkosi ⁴	831	1 351	67	5	249	2 503
M Dladla	2 505	986	309	19	-	3 819
F Oakley-Smith ⁵	500		86			586
N Mayimele	2 173	267	176	19	-	2 635
T Sibiya	2 050	820	268	-	-	3 138
N Kissun ⁶	846	-	104	-	58	1 008
F Benjamin ⁷	-	569				569
S Harrop-Allin ⁸	-	585				585
	20 818	12 114	2 384	354	635	36 305

1. Contract ended 17 May 2022
2. Resigned on 30 September 2023
3. Acted as CFO from 01 October 2023, appointed 01 May 2024
4. Resigned on 30 June 2023
5. Appointed on 08 January 2024
6. Resigned on 30 June 2023
7. Resigned on 31 August 2022
8. Resigned on 31 May 2022



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

Executives

2023	Salaries	Bonus and retention	Contributions	Car allowance	Leave pay-out	Total
	R'000	R'000	R'000	R'000	R'000	R'000
C Masondo (Director) ¹	627	1 428	66	13	236	2 369
M Tyikwe (Director) ²	3 958	-	268	-	-	4 226
B Mthiyane (Director)	3 199	760	259	-	-	4 219
T Chocho	2 355	546	293	-	-	3 195
M Mavuso	2 209	2 395	465	-	-	5 069
AS Nkosi	3 101	737	251	-	-	4 089
M Dladla	2 374	-	279	-	-	2 653
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
	22 239	7 052	2 388	17	518	32 214

1. Term ended 17 May 2022
2. Appointed as an independent contractor in March 2022 and as the 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

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****27. Cash generated from operations**

	2024	2023
	R'000	R'000
Investment income	(1 023 240)	(693 516)
Depreciation	8 311	12 004
Amortisation	113 129	368 158
Net insurance finance expenses	(18 044)	(94 403)
Finance cost	1 828	404
Profit on disposal of property plant and equipment.	(12)	(46)
Movement in employee benefit liabilities	741	16 986
Operating profit before working capital changes	1 938 030	3 456 708
Reinsurance contract assets	651 678	767 404
Prepayments	171 028	204 774
Financial assets at amortised cost	71 300	(81 646)
Other receivables	82 101	661 048
Insurance contract liabilities	(1 203 273)	(9 424 690)
Reinsurance contract liabilities	16 545	19 766
Payables	73 789	13 077
	1 801 198	(4 383 559)

28. Tax paid

	2024	2023
	R'000	R'000
Balance at the beginning of the year	19 710	-
Current tax for the year recognised in profit or loss	157 966	195 264
Balance at the end of the year	(28 249)	(19 710)
	149 426	175 554



NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

29. Irregular, fruitless, and wasteful expenditure

	2024	2023
	R'000	R'000
Irregular expenditure	16 830	1 411
Fruitless and wasteful expenditure	22 265	2 581
Closing balance	39 095	3 992

30. Contingencies

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 legal claims related contingent liabilities at 31 March 2024 amounts to R179.4 million (2023: R47.30 million).

31. Events after the statement of financial position date

No significant events have occurred after the date of the financial statements.

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 2024, including the net profit after tax of R3.33 billion, total asset of R16.44 billion and the total equity of R14.14 billion;
- Claims experience and the settlements the next 12 months;
- 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 29 August 2024.

TERMINOLOGY

Term	Description
Acquisition cash flows	Cash flows primarily related to the acquisition of new or renewal of insurance contracts, e.g. commissions and management expenses.
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: <ul style="list-style-type: none"> • 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 has 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 which expresses the relationship between claims and premiums. <ul style="list-style-type: none"> • 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. • This is also referred to as the loss ratio.
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
Expense ratio	The percentage of premium used to pay all the costs of acquiring, writing, and servicing insurance and reinsurance.
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 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.

Term	Description
Prudential Authority (PA)	Regulating authority for the financial sector established by the Financial Sector Regulation Act 9 of 2017.
Re-insurance premium	The premium paid by the ceding company to the reinsurer in consideration for the liability assumed by the reinsurer.
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 (SAM)	The project launched to develop a new solvency regime for the South African long-term and short-term insurance industries, in order to align these industries with international standards; specifically the Solvency II initiative under way in Europe.
SAM solvency capital requirement cover ratio	The anticipated solvency capital requirements (SCR) expected under the eventual SAM 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(ULAE)	Expenses that are not attributed to the processing of a specific insurance claims. Unallocated loss adjustment expenses, or ULAE, are part of an insurer's expense reserves.
Underwriting	The process of examining, accepting or rejecting insurance risks, and classifying or segmenting those selected, in order to charge the proper premium for each.



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