NSIA Insurance
...previously ADIC Insurance

Securing tomorrow

NSIA INSURANCE LIMITED

Annual Report

For the year ended 31 December 2016

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Corporate information

Mr. Pascal Dozie	Chairman (Retired 30 March 2016)
Mr. Jean Kacou Diagou*	Chairman
Mrs. Chioma Sideso	Managing Director
Mr. Bakary Kamara**	Director
Mrs. Janine Diagou*	Director
Mr. Bene Boevi Lawson***	Director
Mr. Adewale Sangowawa	Director
Mr. Ituah Ighodalo	Director
Mr. Koreki Guy*	Director

* - Ivorian
** - Mauritanian
*** - Togolese

Registered office
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Off Adeola Odeku, Victoria Island,
Lagos.
enquiry@nsiainsurance.com
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Principal bankers
Diamond Bank Plc
Guaranty Trust Bank Plc
Aso Savings & Loans Plc
Access Bank Plc
Ecobank Nigeria Plc

Reinsurers	African Reinsurance Corporation Continental Reinsurance Plc WAICA Reinsurance Corporation Arab Insurance Group (Arig Re.)
Company Secretary	Punuka Attorneys & Solicitors Plot 45 Oyibo Adjarho Street, Off Admiralty Way Lekki Peninsula, Phase 1 Lagos, Nigeria
Actuary	HR Nigeria Limited 7th Floor, AIICO Plaza Churchgate Street, Victoria Island Lagos, Nigeria FRC/NAS/00000000738
Auditors	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island PMB 40014, Falomo Lagos, Nigeria www.kpmg.com/ng
Property valuers	A.C. Otegbulu & Partners 5th Floor, Western House, 8 – 10 Broad Street Lagos, Nigeria FRC/2013/NIESV/00000001582
Company's FRC No	FRC/2012/0000000000303
Company's RC number	129628

Chairman's statement

I am delighted to welcome you all, on behalf of the Board of Directors of NSIA Insurance Limited, to the Company's 27th annual general meeting to present its financial statements for the year ending 31 December 2016. It is particularly pleasing to put an end to what has been a truly turbulent year locally as well as globally as it presents a great opportunity to face the incoming year with genuine optimism and hope. As a preface to this financial statements, allow me to discuss the global and indigenous economic environment in which we operated for the past one year and how this impacted on our business.

Global and Local Economic Environment

The year 2016 was an eventful year in the political scene globally, as protectionism as against globalization, was the theme of the two most significant events: BREXIT (UK's exit from the European Union) and the US presidential election. These developments have put further downward pressure on global interest rates as monetary policy is now expected to remain accommodative for longer. Although the market reaction to these events have been reassuringly orderly as economic data after both events have been largely positive, the ultimate impact remains unclear as the fate of institutional trade arrangements remain uncertain.

Performance and prospects differ sharply across countries and regions, with emerging Asia in general and India in particular, showing robust growth while the sub-Saharan Africa is experiencing a sharp slowdown. In advanced economies, uncertainty is rife while anti-integration policy platforms are gaining more traction. Market sentiment towards emerging market has improved with the expectation of low interest rates in advanced economies, reduced concerns about China's near-term prospects and firming up of commodity prices. Still, several emerging market and developing economies still face daunting policy challenges as the need for a broad-based policy response to raise growth and manage vulnerabilities becomes more urgent than ever.

On the home front, the country is firmly stuck in a recession. The Nigerian economy lost its way after a decade long growth averaging 6%, driven largely by oil sector woes and haphazard economic policies which dragged the non-oil sector into negative territory. The oil sector recorded a contraction in real growth to -22% as at the third quarter of 2016 while the negative growth in the manufacturing and trading sectors more than doubled due to foreign exchange illiquidity and high cost of borrowing. These developments have tapered optimism about a bottoming out of economic decline in 2016.

Capital importation into Nigeria declined from about $5.8b in the first quarter of 2014 to about $1.82b in the third quarter of 2016, representing a decline of about 70%. This has had a devastating effect on the Nigerian economy. The decline in capital importation from both foreign direct investment and foreign portfolio investment coupled with reduced earnings from oil led to foreign exchange illiquidity in the market, which paralyzed activities in the economy, leading to a recession. The Naira as a result of these challenges has struggled against the major currencies, ranking as the worst performing currency among the more than 150 currencies globally according to Bloomberg. It has continued to depreciate despite the Central Bank of Nigeria's bid to defend it. Furthermore, the foreign reserve has declined by over $5bn in 2016.

In a move to increase supply in the foreign exchange market and also drive economic activities, the Central Bank of Nigeria announced on 15 June 2016 that it would abandon the currency peg that crippled the country's economy for a year. The apex bank's governor, Godwin Emefiele surprised the market by stating that there would be a single exchange rate driven by market forces, although the bank would continue to intervene in the foreign exchange market as the need arises.

Despite all efforts by the Central bank, there has continued to be a widening gap between the official rate and the runaway "black" market rate. Rumors of rate fixing and scarcity of foreign exchange plagued the economy. Six months after Nigeria adopted a flexible exchange rate policy to avoid these very problems, the problems are all still here and in many ways, worse than they were before the policy change.

All of these have led to cost push inflation with operating expenses putting significant downward pressure on profit margins of corporations. The inflation rate has remained unabated closing at 18.48% as at November 2016. A lack of policy stability is contributing significantly to Nigeria's political, social and economic uncertainty and it is scaring foreign investors away.

All sectors of the Nigerian economy are witnessing compressed margins with industry consolidation intensifying in the brewing sector as players face mounting margin compression. The domestic aviation sector is in turmoil. Increasing fuel cost, exit of international players (Iberia & United), prohibitive pricing and default on loan obligations. Some local airlines are grounded for insolvency; others are limping while all are under pressure on their local and international schedule with abrupt cancellations and delay a feature within the industry. About half of the companies on the NSE have reported very disappointing half year results.

Chairman's statement, continued

The security situation in the country is improving as the federal government is gaining upper hand in the war on Boko Haram. Also, kidnapping seems to be on the decline on the back of legislative actions while the incessant attacks on oil facilities in the Niger Delta region looks to have abated somewhat as the government and most of the militant groups are posturing for negotiation.

Dear shareholders, the economic challenges mentioned above did not deter your Company from striving for excellence. Please join me in commending the management and all staff members of NSIA Insurance. They maintained a relentless focus on serving our clients and improving shareholders' value.

Insurance Market

The National Insurance Commission commenced the implementation and enforcement of the Corporate Governance Code from April 1, 2016. The commencement of the enforcement of the code was a major step towards full implementation of the Risk Based Supervision (RBS), a globally accepted supervisory model that will launch Nigerian insurance industry into the main stream of global best practice standard.

The Commission during the year also suspended bancassurance partnership deals between insurance companies and banks indefinitely following a dispute with the Central Bank of Nigeria (CBN). The regulator took the decision after the CBN refused to allow NAICOM issue licences to banks for the provision of bancassurance services to bank customers.

To add to the tax burden that the insurance industry is grappling with, the Federal Inland Revenue Service recently imposed a revised Stamp Duty Act on all insurance firms, requesting a payment of 1.5% on premiums written between 2012 and 2015 as well as a 10% penalty on the total for non-remittance. The Nigerian Insurance Association is currently liaising with the tax authority on behalf of the industry.

Financial Highlights

Gross premium income recorded for the year was N4.771billion while net underwriting income was N3.09billion. Profit before tax recorded was N253.363million while profit after tax for the year was N277.018million.

Dear shareholders, please be assured of our resolve to continue to make profit and to surpass shareholders' expectations. The executive management and all the members of staff are devoted to actualising the vision of this company.

Future outlook

The global economy has been sluggish in the last few years and 2016 has been the same. This sluggishness is majorly attributable to weaker than expected activity in the advanced economies as well as implications of the UK referendum. However, the post UK referendum and the US presidential election economic signs have been encouraging. The performance is expected to continue in 2017and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies gradually normalize.

However, despite an improvement in the developing economies external financing conditions, their outlook is uneven and generally weaker than in the past. A combination of factors can account for this weakness: a slowdown in China whose spill overs are magnified by its lower reliance on import and resource intensive investment, continued adjustment to structurally lower commodity revenue in a number of commodity exporters, spill overs from persistently weak demand from advanced economies, domestic strife, political discord and geopolitical tensions in a number of countries.

Locally, economic performance is expected to be a function of oil output and market efficiency as commodity windfall is expected and shortfalls is expected to catalyse or suppress growth. Corruption, waste and inefficiency will remain a drag on government expenditure meaning sub-optimality in output and national income. Real gross domestic product (GDP) is expected to underperform.

Policy reform in the oil sector is expected to unlock about $6bn of cash as a result of the new JV cash call arrangement and also a reduction in production interruption. Labour productivity is expected to be boosted by increased power supply from the national grid as well as technology and internet penetration as a result of increased technological investments in 2017.

Although 2016 has been troubling, we envisage a similarly challenging economic environment in 2017. However, we will continue our commitment to the highest standards of operational practice at all times.

Conclusion

On behalf of the board, I will like to express our appreciation to the management and staff of the company for their commitment, dedication and perseverance in what has been a very turbulent year. On behalf of the management and staff, I express my gratitude to our customers for their invaluable patronage, and the shareholders for their continued confidence.

Jean Kacou Diagou (Chairman)
27 March 2017

Directors' Report

For the year ended 31 December 2016

The directors present their annual report on the affairs of NSIA Insurance Limited (“the Company”) together with the audited financial statements and the independent auditor’s report for the year ended 31 December 2016.

(a) Legal form

The Company, previously known as ADIC Insurance Limited, was incorporated in Nigeria as a limited liability Company in April 1989. It was licensed on 18 April 1989 to carry on insurance business and commenced operations in September 1989. It is a subsidiary of NSIA Participations Holding SA.

(b) Principal activity and business review

The principal activity of the Company is the provision of Non-life and Life insurance services to individuals and corporate entities.

(c) Operating results

The highlights of the Company’s results for the year are as follows:

In thousands of Naira	**2016**	**2015**
Total revenue	3,858,492	4,759,103
Profit before taxation	253,363	812,177
Taxation	23,655	(273,862)
Profit after taxation	277,018	538,315
Appropriations:		
Transfer to contingency reserve	(143,011)	(140,152)
Transfer to Retained earnings	134,007	369,945
Retained earnings, beginning of the year	915,399	1,595,033
Dividend paid during the year	-	(1,049,579)
Retained earnings, end of the year	1,049,406	915,399

(d) Dividend

Proposed dividend

The Company has not proposed dividend payment for the year ended 31 December 2016 (2015: The Company's directors proposed a total dividend of N365,388,800 but this was not approved at the Company's Annual General Meeting).

(e) *Governance framework*

The primary objective of the Company’s risk and financial management framework is to protect the Company’s stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the importance of having an effective and efficient risk management system in place.

The Company’s strategy for managing risk exposures is to establish and maintain a robust Enterprise Risk Management (ERM) programme that is embedded in all processes and driven by technology with emphasis on protection from unwanted risk while maintaining stakeholders’ value. The ERM programme will help structure and coordinate all direct and indirect risk management activities within the Company, while eliminating redundancies and ensuring consistency in the risk management process. The risk management strategy also entails constantly monitoring daily risk positions, attracting and retaining qualified personnel, reducing volatility in supplies, and managing political risk. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior management.

Directors' Report, continued

Lastly, a policy framework which sets out the risk profiles, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance.

The board of directors approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's:

- identification of risk and its interpretation,
- limit structure to ensure the appropriate quality and diversification of assets,
- align underwriting and reinsurance strategy to the corporate goals and,
- specify reporting requirements.

(f) Directors and their interests

Directors that served during the year are as follows:

Directors	Direct Shareholding: Number of 50k Ordinary Shares Held 2016	Number of 50k Ordinary Shares Held 2015
Mr. Pascal Dozie (Retired in 30 March 2016)	Nil	Nil
Mrs. Chioma Sideso	2,918,382	2,918,382
Mr. Jean Kacou Diagou	Nil	Nil
Mr. Bakary Kamara	Nil	Nil
Mrs. Janine Diagou	Nil	Nil
Mr. Bene Boevi Lawson	Nil	Nil
Mr. Adewale Sangowawa	Nil	Nil
Mr. Ituah Ighodalo	Nil	Nil
Mr. Koreki Guy	Nil	Nil

(g) Property and equipment

Information relating to changes in property and equipment is given in note 26 to the financial statements. In the directors' opinion, the market value of the Company's properties is not less than the value shown in the financial statements.

(h) Shareholding analysis

The shareholding pattern of the Company as at 31 December 2016 is as stated below:

Share range	No. of shareholders	Percentage of shareholders (%)	No. of shares	%
100,000,001-5,000,000,000	1	10	8,782,887,009	96.15
0 – 100,000,000	9	90	351,833,629	3.85
	10	**100**	**9,134,720,638**	**100**

The shareholding pattern of the Company as at 31 December 2015 is as stated below:

Share range	No. of shareholders	Percentage of shareholders (%)	No. of shares	%
100,000,001-5,000,000,000	1	10	8,782,887,009	96.15
0 – 100,000,000	9	90	351,833,629	3.85
	10	**100**	**9,134,720,638**	**100**

Directors' Report, continued

Major Shareholding

According to the register of Members, no shareholders, other than the undermentioned held more than 5% of the issued share capital of the Company as at 31 December 2016:

	31 December 2016		31 December 2015	
	No of shareholding	% shareholding	No of shareholding	% shareholding
NSIA Participations Holding SA	8,782,887,009	96.15%	8,782,887,009	96.15%

(i) Directors interest in contracts

For the purposes of section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004 (CAMA), none of the existing Directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

(j) Donations and charitable gifts

The Company donated the total sum of N1,499,500 (31 December 2015: N3,844,572) to charitable organizations during the year.

(k) Human resources

Employment of disabled persons

The Company has a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. In the event of members of staff becoming disabled, effort is made to ensure their continued employment with the Company. None of the Company's employees however suffered disability during the year.

Health, safety and welfare at work

The Company accords priority to staff health and welfare. The Company retains private hospitals where medical facilities are provided for staff and their immediate families at the Company's expense. A contributory Pension Scheme in line with the Pension Reform Act exists for employees.

(l) Employee involvement and training

The Company ensures, through various fora, that employees are informed of matters concerning them and they undergo relevant trainings. This on the job training is also complemented by classroom-type in-house and externally sponsored training opportunities to continuously update their skills. In-line with its policy, the Company in the year under review sponsored its employees for various training programmes both in-house and externally.

i. Gender analysis for employees and the Board of directors

The number and percentage of male and female employed during the financial year vis-à-vis total workforce was as follows:

31 December 2016	Male Number	Female Number	Total Number	Male Percentage	Female Percentage
Employees	61	52	113	54%	46%
Gender analysis of the Board and top management is as follows:					
Board	6	2	8	75%	25%
Top management	8	6	14	57%	43%
Detailed analysis of the Board and top management is as follows:					
Associate	2	1	3	67%	33%
Senior Associate	3	3	6	50%	50%
Assistant Vice President	3	2	5	60%	40%
Executive Directors	1	1	2	50%	50%
Non-executive Directors	5	1	6	83%	17%
Total	**14**	**8**	**22**		

Directors' Report, continued

31 December 2015	Male Number	Female Number	Total Number	Male Percentage	Female Percentage
Employees	64	56	120	53%	47%
Gender analysis of the Board and top management is as follows:					
Board	7	2	9	78%	22%
Top management	8	5	13	62%	38%
Detailed analysis of the Board and top management is as follows:					
Associate	1	2	3	33%	67%
Senior Associate	4	2	6	67%	33%
Assistant Vice President	2	1	3	67%	33%
Vice President	1	0	1	100%	0%
Executive Directors	0	1	1	0%	100%
Non-executive Directors	7	1	8	88%	13%
Total	**15**	**7**	**22**		

(m) Events after the reporting date

There were no significant events after the financial position date which require adjustments to, or disclosure in the financial statements.

(n) Auditor

Messrs KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

PUNUKA Attorneys & Solicitors
FRC/2013/NBA/00000002878
Company Secretary
27 March 2017

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2016

The directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Repoting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and National Insurance Commission (NAICOM) circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mrs. Chioma Sideso (MD/CEO)	Mr. Ituah Ighodalo (Director)
FRC/2013/CIIN/00000002322	FRC/2013/ICAN/00000003919
27 March 2017	27 March 2017

KPMG Professional Services
KPMG Tower
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of NSIA Insurance Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of NSIA Insurance Limited (the Company), which comprise the statement of financial position as at 31 December, 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 17 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, and the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

Basis for Opinion

We conducted our audit in accordance with 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. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethics requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information obtained at the date of this report are; corporate information, chairman's statement, directors' report, directors responsibilities to the financial statements and other national disclosures but does not include the financial statements and our audit report thereon.
Our opinion on the financial statements does not and will not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria, the Financial Reporting Council of Nigeria Act, 2011, and the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

• Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Kabir Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
30 March 2017
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
SG/ICAN
0053816

Summary of Significant Accounting Policies

1 General information

NSIA Insurance Limited, formerly known as ADIC Insurance Limited ("the Company") was incorporated in Nigeria as a limited liability company domiciled in Nigeria. It was licensed on 18 April 1989 to carry on insurance business. The address of the Company's registered office is 3 Elsie Femi Pearse Street, Victoria Island, Lagos.

The Company is organized into two main divisions; short-term business (non-life/ general and group life) and long-term business (individual life). It provides insurance risk management and investment services to both private and corporate individuals. The long-term business relates to the underwriting of risks relating to death of an insured person, and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. Short-term business relates to all other categories of annual insurance business accepted by the Company such as those associated with loss or damage of property, loss of life, health, disability and liability insurance; these are analysed into several sub-classes of insurance business based on the nature of the assumed risks. The Company also issues investment contract policies in the form of investment linked products to members of the public.

Shareholding structure

NSIA Participation Holdings SA (incorporated in Cote d'Ivoire) owns 96.15% of the share capital of NSIA Insurance Limited. NSIA Participation Holdings SA has interests in 24 companies in 12 African countries across insurance, finance and banking sectors.

Authorisation for issue

The financial statements include the assets and liabilities of the Company and were authorized for issue by the directors on 27 March 2017.

2 Going concern assessment

These financial statements have been prepared on the going concern basis. The Company has no intention nor need to reduce its business operations substantially. Management believes that the going concern assumption is appropriate for the Company due to sufficient solvency ratio and liquidity. Continuous evaluation of current ratios are being carried out by the Company to ensure that there are no going concern threats to the operations of the Company.

a Basis of preparation

i Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

The financial statements comply with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, Financial Reporting Council of Nigeria Act 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and related notes.

ii Changes in accounting policies and disclosures

A. New and amended standards adopted by the Company

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

(i.) Annual improvements to IFRSs 2012 - 2014 cycle - various standards
(ii) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
(iii) Disclosure Initiative (Amendments to IAS 1)
(iv) IFRS 14 Regulatory Deferral Accounts

The revised standards did not have any effect on the Company's reported earnings or financial position and had no material impact on the accounting policies. IAS 1 amendment resulted in the Company removing immaterial information from its financial statement disclosures.

B. New and amended standards that are not yet effective

A number of new standards, amendment to standards and interpretation are effective for annual periods beginning after 1 January 2017 early application is permitted; however they have not been applied in preparing these financial statements.
The Company does not plan to adopt these standards early. Those which may be relevant to the Company are set out below. However, the Company is still evaluating the potential effect of the new standards.

(i) Disclosure Initiative - Amendments to IAS 7
The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances arising from financing activities

The standard is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted.
The Company will adopt the amendments for the year ending 31 December 2017.

(ii) Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12
The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.
Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will.

Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendment is not expected to have any significant impact on the financial statements of the Company. The Company will adopt the amendments for the year ending 31 December 2017.

(iii) Revenue from contracts with customers - IFRS 15
This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.
The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

Summary of Significant Accounting Policies

(iv) Financial Instruments - IFRS 9

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The Company will adopt the amendments for the year ending 31 December 2018.

(v) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The differing effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard could have a significant impact on insurers.

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB has issued amendments to IFRS 4 Insurance Contracts.

The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement.

The optional solutions are:

• Temporary exemption from IFRS 9 – Some Companies will be permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement. To qualify for this exemption the Company's activities need to be predominantly connected with insurance.

• Overlay approach – This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

The standard is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company will adopt the amendments for the year ending 31 December 2018.

(vi) Foreign currency transactions and advance consideration - IFRIC 22

The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when a Company:

• pays or receives consideration in a foreign currency; and

• recognises a non-monetary asset or liability – eg. non-refundable advance consideration – before recognising the related item.

The standard is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.
The Company will adopt the amendments for the year ending 31 December 2018.

(vii) Leases - IFRS 16

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

• assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

• depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard is effective for annual periods beginning on or after with early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

(viii) Transfers of Investment Property - Amendments to IAS 40
The IASB has amended the requirements of IAS 40 Investment Property on when a Company should transfer a property to, or from, investment property.
The amendments state that a transfer is made when and only when there is a change in use – i.e. an asset ceases to meet the definition of investment property and there is evidence of a change in use. A change in management intention alone does not support a transfer.
A company has a choice on transition to apply:
• the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or
• the retrospective approach – i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight.

The standard is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.
The Company will adopt the amendments for the year ending 31 December 2018.

C. New or amended standard that are not expected to have a significant impact on the Company's financial statement

The following new or amended standards are not expected to have a significant impact on the Company's financial statements:
• Equity Method in Separate Financial Statements (Amendments to IAS 27)
• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
• Classification and measurement of share based payment transactions (Amendments to IFRS 2)
• Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

iii Basis of measurement

The financial statements are prepared on the historical cost basis except the following material items in the statement of financial position:
· Available-for-sale financial assets are measured at fair value
. Land and building are carried at revalued amount
. Investment property are carried at fair value
. Insurance contract liabilities, which are actuarially valued

iv Judgement, Estimates and Assumptions

The preparation of financial statements requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an on-going basis to reflect the realities of the Company's business activities. Information about significant judgements, estimates and assumptions applied in the financial statements are contained in note 4.

Summary of Significant Accounting Policies

3 Summary of Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set out in Section 3 (a) - (w).
These policies have been consistently applied to all years presented, unless otherwise stated.

a Foreign currency translation

Transactions in foreign currencies are translated into the functional currency of the Company at the spot exchange rates at the date of the transactions.
Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses are presented in the Statement of profit or loss and other comprehensive income within 'other operating income' or 'other operating expenses'.

b Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments. Cash and cash equivalents are classified and measured as Loans and receivables under IAS 39.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts.

c Financial assets and liabilities

A financial instrument is any contract that gives rise to financial asset in one entity and financial liability or equity instrument in another entity. The Company classifies non-derivative financial assets as indicated below:

Financial assets
All financial assets are recognised in the statement of financial position and measured in accordance with their assigned category.

i Classification of financial assets

The Company classifies its financial assets into the following categories:
- Held to maturity
- Loans and receivables
- Available-for-sale financial assets.

Management determines the appropriate classification of its investments at initial recognition.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale.

Summary of Significant Accounting Policies

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples of the Company's loans and receivables include staff loans, loans to policy holders and other receivables.

Available-for-sale financial assets (AFS)

This category represents financial assets that are designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss (b) held to maturity investments or (c) loans and receivables.

ii Initial recognition and measurement

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and liabilities are initially recognised on trade date.
Financial assets are initially recognised at fair value. Transaction costs (except for transaction costs on financial assets fair valued through profit or loss) are recognised as part of the carrying amount of the asset.

iii Subsequent measurement

Held to maturity

Held-to-maturity investments after initial measurement are carried at amortised cost using the effective interest rate method (EIR), less impairment. Gains and losses are recognized in profit or loss when the investments are derecognized.
Interest on held- to - maturity investments is included in the statement of profit or loss and reported as part of "Investment Income". In the case of an impairment, the impairment loss is reported as a deduction in the carrying amount of the asset and recognised in the statement of profit or loss as "impairment losses".

A sale or reclassification of a more than insignificant amount of held to maturity investments would result in the reclassification as available for sale, and would prevent the Company from classifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassification in any of the following circumstances would not trigger a reclassification:
- sales or reclassification that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassification after the Company has collected substantially all of the assets original principal; and
- sales or reclassification that are attributable to non-recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

Loans and receivables

Loans, advances and receivables after initial measurement are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of profit or loss and other comprehensive income.

Loans and receivables on the statement of financial position comprise "cash and cash equivalents", "trade receivables" and "statutory deposit". Interest on loans and receivables are reported as "investment income".
Loans granted at below market rates to employees are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class. The difference between the nominal value of the employee loans and fair value is accounted for as employee benefits under staff costs.

Available-for-sale financial assets

Changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated as a separate component of equity under the heading of fair value reserve.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at the end of each reporting period.

Summary of Significant Accounting Policies

iv *Impairment of financial assets*

Financial assets measured at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For loans and receivable, the amount of loss is measured as the difference between its carrying value and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

Available-for-sale financial assets

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

v *De-recognition of financial assets*

The Company derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Summary of Significant Accounting Policies

(vi) Presentation of financial assets

The Company presents separate lines in the statement of financial position of each of the following components of financial assets - cash and cash equivalents, trade receivables, reinsurance assets, other receivables and prepayments, deferred acquisition costs and statutory deposits to enhance the relevance of these information and understanding of the Company's financial position.

Financial liabilities

i Trade payables

Trade payables are recognized when due. These include amounts due to agents, brokers and insurance contract holders. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

ii Other payables and accruals

Other payables and accruals on the statement of financial position comprise "accruals" and "other creditors". Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, the non - interest bearing liability is measured at the invoice amount as the impact of discounting is immaterial.

Classification of financial liabilities

The Company classifies its financial liabilities as measured at amortised cost.

The Company's financial liabilities are non-derivative financial liabilities and are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by an IFRS accounting standard, or for gains and losses arising from a group of similar transactions.

d Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders.

The Company assesses at each reporting date whether there is objective evidence that a trade receivable is impaired. If there is objective evidence that the trade receivable is impaired, the carrying amount of the trade receivable is reduced accordingly through an allowance account and recognized as impairment loss in the statement of profit or loss. The fair value of a non-interest earning assest is its discounted settlement amount. If the due date is less than one year, discounting is omitted.
The Company gathers the objective evidence that a trade receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets.

e Reinsurance assets

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprises gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract. The Company has the right to set off reinsurance payables against amounts due from reinsurers and brokers in line with the agreed arrangement between both parties.

Impairment of Reinsurance assets

The Company assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets measured at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.
Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.
Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.
Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.
Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

f Other receivables and prepayments

Other receivables are made up of prepayments and other amounts receivable from third parties which are not directly related to insurance or investment contracts. These are carried at cost less accumulated amortisation (prepayments) and accumulated impairment (other receivables) losses.

g Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non performance risk.
When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.
If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

h Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at intial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount minus any reduction for impairment

i Deferred commissions and deferred acquisition costs

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent the proportion of acquisition costs which corresponds to the unearned premium and are deferred as an asset and recognized in the subsequent period.

j Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

i Recognition and measurement

Investment properties are initially measured at cost, including all transaction costs. Subsequently, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value are included in profit or loss in the period in which they arise.

In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment property being valued, values the portfolio annually.

ii De-recognition

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

iii Transfers

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the accounting policy on property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

iv Disposal

A gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

k Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is measured at cost less accumulated amortisation and impairment losses.

Summary of Significant Accounting Policies

i *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

ii *Amortisation*

Computer software acquisition costs recognized are amortised over their estimated useful lives of five years using the straight line method.

iii *Derecognition of intangible assets*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

l **Property and equipment**

i *Recognition and measurement*

All categories of property and equipment are initially measured at cost.

Land and building are measured subsequently using revaluation model at the end of the financial period. Any increase in the value of the assets is recognised in other comprehensive income and accumulated in equity classified as assets revaluation reserves, unless the increase is to reverse a decrease in value previously recognised in profit or loss, whereby the increase will be recognised in profit or loss. A decrease in value of land and building as a result of revaluation will be recognised in profit or loss, unless the decrease is to reverse an increase in value previously recognised in other comprehensive income, whereby the decrease will be recognised in other comprehensive income.

Other items of property and equipment (computer hardware, furniture and office equipment, motor vehicle and leasehold improvement) are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

ii *Subsequent costs*

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii *Depreciation*

Depreciation is calculated to write-off the cost/ revalued amounts of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de-recognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership at the end of the lease term.

The estimated useful lives for the current period are as follows:

leasehold improvement	over the unexpired lease term
Buildings	50 years
Computer hardware	5 years
Furniture and office equipment	5 years
Motor vehicles	4 years
Land	Not depreciated

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the reporting period.

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement of the year the asset is derecognised.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in income statement.

m Statutory deposits

Statutory deposits represent 10% of the minimum capital required by the regulator to be deposited with the Central Bank of Nigeria in pursuant to Section 10(3) of the Insurance Act of Nigeria. Statutory deposit is measured at cost.

n Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk and are therefore treated as financial instruments under IFRS. Financial risk is the risk of a possible change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Investment contract liabilities

Interest accruing to the assured from investment of the savings is recognized in profit or loss in the period it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss. The insurance risk, related to the investment contract, is measured as an insurance contract liability and in included in the liability adequacy test.

o Insurance contracts

i Classification

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance Contracts

Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature (DPF). As a general guideline, the Company defines as significant insurance risk, the possibility of having to pay benefits on the occurence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Summary of Significant Accounting Policies

A number of insurance and investment contracts contain a discretionary feature. This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- That is likely to be a significant portion of the total contractual benefits.
- Whose amount or timing is contractually at the discretion of the Company; and
- That are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract
  - realised and /or unrealized investment returns on a specified pool of assets held by the Company
  - the profit or loss of the Company, fund or other entity that issues the contract.

Insurance contracts and investment contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed. These are long term and short term insurance contracts.

(a) Long-term insurance business (i.e. long-term insurance contracts with fixed and guaranteed terms, and long-term insurance contracts without fixed terms and with discretionary participation features -DPF) includes insurance business of all or any of the following classes, namely; life insurance business, superannuation business and business incidental to any such class of business. For contracts with DPF features, the actuary calculates the bonus due to the policy holders and is accounted for as part of the insurance or investment contract liabilities.

The Company underwrites long-term insurance contracts without fixed terms and with DPF. Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuation of human life and any contract securing the grant of an annuity for a term dependent upon human life.

(b) Short term insurance contracts

Short term insurance contracts are insurance business with a duration of one year, although some specialised insurance contracts (such as Construction All Risk and Erection All Risk) may exceed one year period.

(i.) Group Life business

Group life insurance policy covers members of a group. The group could be employees, members of a club, society, association, church, mosque etc. It provides financial compensation in the event of death of a member of the group.

(ii.) General insurance business

General insurance business means insurance business of any class or classes not being long term insurance business. Classes of general insurance include:

- Fire insurance business
- General accident insurance business;
- Motor vehicle insurance business;
- Marine and aviation insurance business;
- Oil and gas insurance business;
- Engineering insurance business;
- Bonds credit guarantee and surety-ship insurance business; and
- Miscellaneous insurance business

For all these contracts, premiums are recognized proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are recognised to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Summary of Significant Accounting Policies

i. ***Recognition and measurement of insurance contracts***

Premium income is recognized on assumption of risks by the company.

Gross premiums

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums.

Gross premium income

Gross premium earned includes estimates of premiums earned but not yet received, less unearned premium.

Reinsurance

The Company cedes premium through reinsurance in the normal course of business for the purpose of limiting its net loss potential through the transfer of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premiums ceded, claims recovered and commission received are presented in the Statement of profit or loss and other comprehensive income and Statement of financial position separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer.

Claims and policyholder benefits payable

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

For general insurance business, claims incurred comprise claims and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.
Adjustments to the amount of claims provisions established in prior years are accounted for prospectively in the financial statements for the period in which the adjustments are made, and disclosed seperately if material.

Claims and loss adjustment expenses are recognised in statement of profit or loss when incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Salvage and subrogation reimbursement

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

ii Insurance contracts liabilities

These represent the Company's liabilities to the policyholders. They comprise the unearned premium, outstanding claims and the incurred but not reported claims. At the end of each accounting period, these liabilities are reflected as determined by the actuarial valuation report at the end of each reporting period.

Unearned premium provision

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relates to the unexpired terms of policies in force at the end of reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis.

Reserve for unexpired risk

A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

Outstanding claims provision

Provision for outstanding claims is made for the estimated cost of all claims notified but not settled at the reporting date using the best information available.

Incurred but not reported claims provision

This is the additional provision to cover the claims for incidents which have happened, but have not been reported to the Company and it is estimated from the liability adequacy test actuarial valuation

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is recognised in profit or loss by increasing the carrying amount of the related insurance liabilities.

p Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. A provision is recognized if, as a result of a past event, the Company has a present obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions have been made for legal settlements.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of a past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised as assets in the statement of financial position but may be disclosed if inflow of economic benefits is probable.

q Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Staff incentives

A provision is recognised for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company recognises a liability and an expense for bonuses, based on a proportion that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

Post-employment benefits

· *Defined contribution plans*

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The contribution of the Company is 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees. The Company's obligations for contributions to the plan are recognised as an expense in profit or loss when they are due.

· *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. The Company 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. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

r Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i. *Income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. 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.

ii. *Minimum tax*

Minimum tax is charged where an entity does not have taxable income or a lower income expense when compared with minimum tax. Minimum tax is charged based on the highest of certain range as specified in the Company Income Tax Act (CITA) 2004.

iii. *Deferred tax*

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

s Share capital and reserves

Share capital

The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

Statutory contingency reserve

The Company maintains contingency reserves for the non-life business in accordance with the provisions of S. 21 of the Insurance Act of Nigeria to cover fluctuations in securities and valuations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation; until the reserve reaches the greater of minimum paid up capital or 50% of net premium. For the life business, the Company maintains contingency reserve at the rate equal to the higher of 1% of gross premium or 10% of the profit; accumulated until it reaches the amount of the minimum paid up capital.

Asset revaluation reserve

The revaluation reserve relates to the surplus on revaluation of land and building at the end of the financial period. Increases in the value of these assets are recognised in comprehensive income and accumulated in asset revaluation reserve until the assets are derecognised.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Retained earnings

The reserve comprises undistributed profit/loss from previous years and the current year. Retained earnings is classified as part of equity in the statement of financial position.

Dividends

Dividends on ordinary shares are recognised and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are disclosed as an event after reporting date.

Summary of Significant Accounting Policies

t Revenue Recognition

Insurance Premium Revenue

The revenue recognition policy relating to insurance contracts is set out under note 3(o)(ii) above.

Fees and Commission Income

The revenue recognition policy on commission is disclosed in note (3o)(ii) above.

Investment Income

Investment income comprise of interest income and dividend income.

Interest Income

Interest income for interest bearing financial instruments, are recognised within 'investment income' in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset taking into consideration the contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes trasaction costs and fees and points paid or received that are an integral part of the effective interest rate.

Dividend Income

Dividend income is recognized in profit or loss when the Company's right to receive payment is established.

Other Income

Other income represents income generated from sources other than premium revenue and investment income. It includes management fees which are fees generated from advisory services rendered. Income is recognised when payment is received.

u Expense recognition

Underwriting expense

Underwriting expense includes acquisition costs and maintenance expense. Acquisition costs comprise all direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies. All underwriting expenses are recognised in consonance with the period of insurance cover from which they accrue.

Commission and charges

Commission and charges for interest bearing financial instruments, are recognised within 'interest expense' in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or where appropriate, a shorter period) to the net carrying amount of the financial instrument. The effective interest rate is calculated on initial recognition of the financial instrument taking into consideration the contractual terms of the financial instrument, but not future credit losses.

Management expenses

Management expenses are charged to profit or loss when the goods are received or services rendered. They are expenses other than claims, investments and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

Summary of Significant Accounting Policies

v Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as opertaing leases. Payments, including prepayments made under operating leases (net any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. The operating lease only relates to rented expenses which are renewed on annual basis.

w Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.
For management purpose, the Company is organised into business units based on the products and services offered and has two reportable operating segments as follows:
Life business - the life insurance segment offers a whole range of life insurance products such as group life, whole life, term assurance, endowment, annuity, etc.
Non-life business - the non-life insurance products include motor, fire, general accident, engineering, bond, marine and oil and gas.

x Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Statement of profit or loss and other comprehensive income

for the year ended 31 December

In thousands of Naira	Notes	2016	2015
Gross premium written	**6**	4,516,545	5,617,227
Movement in life fund	**6.1**	(64,794)	(61,233)
Change in unearned premium	**6.1**	319,460	2,192
Gross premium income		4,771,211	5,558,186
Reinsurance expenses	**6.1**	(2,100,521)	(2,144,575)
Net premium income	**6.1**	2,670,690	3,413,611
Fees and commission income on insurance	**7**	420,577	389,042
Loss on deposit administration	**7.1**	(807)	(261)
Net underwriting income		3,090,460	3,802,392
Claims expenses:			
Gross benefits and claims incurred	**8**	(2,031,470)	(2,236,829)
Benefits and claims recoverable from reinsurers	**9**	592,129	935,294
		(1,439,341)	(1,301,535)
Underwriting expenses:			
Acquisition expenses	**10**	(617,614)	(759,243)
Maintenance expenses	**11**	(77,548)	(73,973)
		(695,162)	(833,216)
Underwriting profit		**955,957**	**1,667,641**
Net investment income	**12**	768,032	956,711
Other income	**13**	283,360	81,565
Impairment reversal/(losses) on asset	**14**	48,349	(147,257)
Other operating expenses	**15**	(1,802,335)	(1,746,484)
Profit before taxation		**253,363**	**812,177**
Taxation	**34.1**	23,655	(273,862)
Profit after taxation		**277,018**	**538,315**
Other comprehensive income			
Items within OCI that may be reclassified to the profit or loss:			
Unrealised fair value changes of available for sale financial assets (net of tax)	**35.4**	37,734	564
Realised fair value changes of available for sale financial assets		-	-
Items within OCI that will not be reclassified to the profit or loss:			
Property and equipment revaluation gains (net of tax)	**35.3**	413,654	202,149
Total other comprehensive income		**451,388**	**202,713**
Total comprehensive income for the year		**728,406**	**741,028**
Earnings per share			
Basic and diluted earnings per share (kobo)	**16**	3k	6k

The statement of significant accounting policies and accompanying notes form an intergral part of these financial statements

Statement of financial position

In thousands of Naira	Notes	2016	2015
Assets			
Cash and cash equivalents	**17**	1,833,886	3,549,335
Financial assets	**18**	4,950,878	4,210,253
Trade receivables	**19**	385,122	68,415
Reinsurance assets	**20**	1,178,495	1,462,562
Prepayments	**21**	162,023	124,428
Deferred acquisition costs	**22**	150,488	191,505
Investment property	**23**	1,140,145	996,386
Intangible assets	**25**	7,856	17,256
Property and equipment	**26**	2,838,700	2,309,984
Statutory deposits	**27**	500,000	500,000
Total assets		**13,147,593**	**13,430,124**
Liabilities			
Investment contract liabilities	**28**	35,570	20,708
Insurance contract liabilities	**29**	2,609,109	3,371,923
Trade payables	**30**	87,564	71,017
Other payables and accruals	**31**	212,600	309,144
Deferred commission income	**32**	101,503	104,680
Provision	**33**	44,000	44,000
Deferred tax liabilities	**24**	137,863	183,969
Current tax liabilities	**34.2**	273,405	407,110
Total Liabilities		**3,501,614**	**4,512,551**
Equity			
Share capital	**35.1**	4,567,360	4,567,360
Share premium	**35.1**	1,692,703	1,692,703
Statutory contingency reserve	**35.2**	1,270,271	1,127,260
Asset revaluation reserve	**35.3**	1,033,070	619,416
Fair value reserve	**35.4**	33,169	(4,565)
Retained earnings	**35.5**	1,049,406	915,399
Total equity		**9,645,979**	**8,917,573**
Total liabilities and equity		**13,147,593**	**13,430,124**

These financial statements were approved by the Board of Directors on 27 March 2017 and signed on its behalf by:

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Mr. Ituah Ighodalo	Mrs. Chioma Sideso	Mrs. Deborah Omotayo Johnson
Director	MD/CEO	Chief Financial Officer
FRC/2013/ICAN/00000003919	FRC/2013/CIIN/00000002322	FRC/2013/ICAN/00000001398

The statement of significant accounting policies and accompanying notes form an intergral part of these financial statements

Statement of changes in equity

as at 31 December

In thousands of Naira	Share capital	Share premium	Statutory contingency reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
As at 1 January 2015	4,567,360	1,692,703	987,108	389,050	(5,129)	1,595,033	9,226,126
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	538,314	538,314
Other comprehensive income							-
- Fair value changes of AFS financial assets	-	-	-	-	564	-	564
- Property and equipment revaluation gains (net)	-	-	-	202,149	-	-	202,149
- Transfer of fair value gain on landed property	-	-	-	28,217	-	(28,217)	-
Total comprehensive income for the year	**-**	**-**	**-**	**230,366**	**564**	**510,097**	**741,027**
Transactions with owners, recorded directly in equity							
Transfer to contingency reserve	-	-	140,152	-	-	(140,152)	-
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	-	(1,049,579)	(1,049,579)
Total contribution by and distribution to equity holders	**-**	**-**	**140,152**	**-**	**-**	**(1,189,731)**	**(1,049,579)**
As at 31 December 2015	**4,567,360**	**1,692,703**	**1,127,260**	**619,416**	**(4,565)**	**915,399**	**8,917,573**
As at 1 January 2016	4,567,360	1,692,703	1,127,260	619,416	(4,565)	915,399	8,917,573
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	277,018	277,018
Other comprehensive income							
- Fair value changes of AFS financial assets	-	-	-	-	37,734	-	37,734
- Property and equipment revaluation gains (net)	-	-	-	413,654	-	-	413,654
- Net reclassification adjustment for realised net gains/losses	-	-	-	-	-	-	-
- Transfer of fair value gain on landed property	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**413,654**	**37,734**	**277,018**	**728,406**
Transactions with owners, recorded directly in equity							
Transfer to contingency reserve	-	-	143,011	-	-	(143,011)	-
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	-	-	-
Total contribution by and distribution to equity holders	**-**	**-**	**143,011**	**-**	**-**	**(143,011)**	**-**
As at 31 December 2016	**4,567,360**	**1,692,703**	**1,270,271**	**1,033,070**	**33,169**	**1,049,406**	**9,645,979**

The Statement of significant accounting policies and accompanying notes form an intergral part of these financial statements

Statement of cash flows

for the year ended 31 December

In thousands of Naira	Note	2016	2015
Operating activities			
Insurance premium received	42.1	4,253,922	5,926,855
Reinsurance premium paid	42.2	(2,110,065)	(2,308,215)
Reinsurance commission received	42.3	423,754	418,152
Insurance benefits and claims paid	42.4	(2,539,619)	(1,889,235)
Net inflow from deposit admin	42.5	14,450	13,517
Reinsurance claims received	42.6	890,267	810,991
Commission paid	42.7	(642,125)	(863,240)
Cash paid to employees, intermediaries and other suppliers	42.8	(1,716,572)	(2,095,331)
Other income received	42.9	23,901	29,066
		(1,402,088)	42,559
Corporate tax paid	34.2	(189,889)	(185,332)
Net cash used in operating activities		(1,591,977)	(142,773)
Cash flows from investing activities:			
Interest income received	43.0	770,989	985,757
Investment property purchases	23	-	(23,893)
Dividend received	12.1	1,444	4,582
Proceeds on disposal of property and equipment	43.1	11,527	2,285
Purchase of financial assets	43.2	(694,003)	(1,161,719)
Purchase of intangible assets	25	-	(7,217)
Purchase of property and equipment	26	(312,384)	(650,036)
Net cash used by investing activities		(222,428)	(850,240)
Cash flows from financing activities:			
Dividend paid		-	(1,049,579)
Net cash used in financing activities		**-**	**(1,049,579)**
Net decrease in cash and cash equivalents		(1,803,476)	(2,042,592)
Effect of exchange rate fluctuations on cash held	13	98,955	(275)
Cash and cash equivalents at beginning of year		3,549,335	5,592,202
Cash and cash equivalents at end of year		**1,833,886**	**3,549,335**

The statement of significant accounting policies and accompanying notes form an intergral part of these financial statements

4 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below.

4.1 Valuation of insurance contract liabilities

Long term insurance contract liabilities

The liability for long term insurance contracts and investment contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the income statement over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the income statement.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality on standard industry rates published in the A67/70 - Life mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing long term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Notes to the financial statements

Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders.
Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

The valuation of the long term insurance contract liability was done by HR Nigeria Limited (Consultant Actuaries) using the gross premium method of valuation.

The carrying value at the reporting date of long term insurance contract liabilities is N243.99 million (2015: N202.05 million) and of investment contract liabilities is N35.16 million (2015: N20.70 million).

Sensitivity analysis has been included in note 5.4.1.

Short term insurance contract liabilities

For short term insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a period of time before the ultimate claims cost can be established with certainty. An assessment is also performed to confirm if an additional reserve is required to be held if the unearned premium reserve is inadequate to cover all the future expected claims cost. Unearned premium (UPR) is assessed on a time apportioned basis.

The ultimate cost of outstanding claims is estimated by using one of the range of standard actuarial claims projection techniques - Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Liability Adequacy Test (LAT) was carried out by HR Nigeria Limited (Consultant Actuaries). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Assumptions used in the valuation are as follows:	**2016**	**2015**
Projected Inflation rate (assume rate will remain unchanged into the future)	18.5%	9.6%
Discount rate	16.0%	10.0%

- Future claims follow a trend pattern from the historical data, thus payment pattern will be broadly similar in each accident year.
- Run off period of five years.
-Past official inflation rates used and assumes a 15% rate for future which is expected to remain unchanged.

The carrying value at the reporting date of short term insurance contract liabilities is N2.365 billion (2015: N3.169 billion).
Sensitivity analysis has been included in note 5.4.2.

4.2 Valuation of investment contract liabilities

Unitised investment contract fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund. Investment linked funds were reintroduced in 2013.

4.3 Income tax exposure

Current tax

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as;

• an insurance company, whether proprietary or mutual, other than a life insurance company; or
• a Nigerian company whose profit accrued in part outside Nigeria,

The profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:
An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes -

(a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;

(b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

The Directors have adopted (a) and (b) above as current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

4.4 Deferred tax assets and liabilities

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying values at the reporting date of deferred tax asset and deferred tax liability are Nil and N137.86 million respectively (2015: Nil and N183.97 million).

4.5 Trade receivables

Trade recievable is strictly in compliance with the National Insurance Commission (NAICOM) guideline which requires that the receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk unless the premium is paid in advance. However, a receivable period of 30 days is allowed in a brokered business, otherwise, the receivable is considered impaired and an impairment loss recognised in profit or loss.

Notes to the financial statements

4.6 Fair value measurement

i. Valuation of unquoted securities

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using prices of recent transactions. Where such information is not available, the investments are valued based on various valuation techniques and methods. The unquoted shares in the Company's portfolio for the year ended 31 December 2016 were valued at Over-the-counter (OTC) prices.

ii. Valuation of quoted securities

The fair value of financial instruments where active market price exists are determined by applying the market price on the last trading day of the financial period.

iii. Valuation of land and building

On a determined basis, the Company engages the services of external, independent and qualified valuers to determine the fair value of the Company's land and buildings.

iv. Valuation of investment properties

The Company's investment property is held for the purpose of capital appreciation and rental income generation. The Company's investment property was revalued by an external, independent valuer on 31 December 2016 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2016. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40.

4.7 Impairment of financial assets

The significant estimates and judgments applied in assessing the impairment on investment securities are as shown in note 3(b)(iv) of Summary of accounting policies.

Notes to the financial statements

5 Capital Management

5.1 Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- align the profile of assets and liabilities, taking account of risks inherent in the business;
- maintain financial strength to support new business growth and satisfy the requirements of the policyholders, regulators and other stakeholders;
- maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company's operations are also subject to regulatory requirements of the National Insurance Commission (NAICOM). Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on NAICOM directives, including any additional amounts required by the regulator.

In reporting financial strength, capital and solvency are measured using the rules prescribed by NAICOM. These regulatory tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of assets held.

5.2 Approach to capital management

The primary source of capital used by the Company is equity shareholders' funds. The Company's capital management strategy focuses on the creation of shareholders' value while meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The adequacy level of capital determines the degree of confidence that stakeholders (suppliers, clients, investors, depositors and counterparties) would have in a business. Hence, the Company ensures that adequate capital exists to buffer the following:

- absorb large unexpected losses;
- protect clients and other creditors;
- provide confidence to external investors and rating agencies;
- support a good credit rating; and
- run operations of the Company efficiently and generate commensurate returns.

Risk appetite is expressed quantitatively using the following metrics:
Solvency margin = Total admissible assets minus total admissible liabilities;
Debt-to-capital ratio = Total debt/Capital
Shareholders equity ratio = Shareholders equity/total asset.

The capital management process is governed by the board of directors who has the ultimate responsibility for the capital management process. The board of directors is supported by the Enterprise Risk Management (ERM) committee, Risk management department, and Financial Control department whom all have various inputs into the capital management process.

The capital management process involves establishing the methodology for determining and maintaining an appropriate quantity and quality of capital and solvency. The capital adequacy and solvency regime comprises the:

· valuation of liabilities (including liability adequacy test);
· requirements on assets, including requirements for valuation of assets and regulatory distribution of assets;
· definition of appropriate forms of capital; and
· required solvency margin

Compliance with statutory solvency margin requirement

The Company at the end of the 2016 financial year maintained total admissible assets of N12.33bn (2015: N9.92bn) which exceeded the total liabilities of N3.36bn (2015: N3.83bn) by N8.96bn (2015: N6.09bn). The solvency margin was computed in line with the requirements of Section 24 of the Insurance Act of Nigeria, latest NAICOM guidelines and the regulatory requirements in the IFRS harmonization carve-outs issued by NAICOM. This showed a solvency margin of 179% (2015: 122%) of the minimum requirement which is the higher of 15% of net premium (N400.60m) (2015: N382.26m) or the minimum capital base of N5bn for Life and Non-life insurance businesses. Thus, the Company's solvency margin as above met adequately the regulatory minimum solvency requirement.

While the Company's capital model incorporates all material risks, the solvency margin reflects risks not taken into account in valuing liabilities and requirements on assets. This includes contingencies and liabilities.
The Company maintains economic capital levels sufficient to meet internal capital needs.
The capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/political landscape, and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

To be better prepared for risks that may emerge under unforeseen conditions, stress tests are performed to assess the impact of various scenarios on capital, and also by taking account of other risks not included in the Company's risk universe. The financial control and risk management departments implement responsive capital management processes that include preparing plans for capital adequacy, setting risk limits, monitoring compliance with these plans and limits, analysing and assessing the actual results, evaluating the level of capital adequacy, and implementing policies when necessary.

Capital is forecasted into the future on an annual basis based on the defined corporate strategy and goals. Constraints on the Company's capital by stakeholders are considered in performing the forecast. The Company ensures the availability of skilled personnel with capabilities to prepare the forecast of regulatory capital.

Capital is allocated to activities that provide the highest returns. The process clearly specifies the basis for the calculation of capital to be allocated to risk types (known as the "risk capital") and the limits on capital to be allocated to each of the risk categories, business activities and units. The allocation of capital is based on the risk profiles of the business activities and business units (i.e. based on the "contribution" of each business unit to the overall volatility of cash flows).

Individual Capital Assessment (ICA)

The Company has developed an Individual Capital Assessment (ICA) framework to identify the risks and quantify their impact on the economic capital. The ICA estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The ICA has also been considered in assessing the capital requirement.

The Company instituted these policies and processes to its capital structure during the year.
Available capital resources at 31 December 2016

	Life insurance	Non- life insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	2,412,143	7,233,836	9,645,979
Available capital resources	2,412,143	7,233,836	9,645,979

Available capital resources at 31 December 2015

	Life insurance	Non- life insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	2,813,998	6,103,575	8,917,573
Available capital resources	2,813,998	6,103,575	8,917,573

- Compliance with statutory minimum capital base requirement

The Company at the end of the 2016 financial year had shareholders' fund of N9.41bn (2015: N8.92bn) which was 188% (2015: 180%) of the statutory minimum capital base of N5bn for composite insurance business. As at the latest reporting date, the Company complied with the regulatory required minimum capitalization for composite insurance businesses.

5.3 Asset liability management (ALM) framework

The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each period, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

5.4 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Notes to the financial statements

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The Company's retention limit is presently N10,000,000 on any one life (subject to change from time to time).

Underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgment of the board and senior management.

Each year, as part of the planning process, the ERM committee and senior management review the underwriting strategy of each core insurance businesses taking into account profit, growth and risk appetite considerations. The review is carried out for each major class of business and approved by the committee.

5.4.1 *Life insurance contracts*

Life insurance contracts offered by the Company include: whole life and term assurance; Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets.

- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected;
- Longevity risk – risk of loss arising due to the annuitant living longer than expected;
- Investment return risk – risk of loss arising from actual returns being different than expected;
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. A Company wide reinsurance limits of N10,000,000 on any single life insured are in place.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to variability from contract holder.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.
An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

- Investment return

The weighted average rate of return is derived based on a model portfolio that assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.
An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

- Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.
A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Profile Assumptions by type of business impacting net liabilities

The assumptions that have the greatest effect on the statement of financial position and income statement of the company are listed below

Types of life contracts	Mortality rates		Expenses		Expense inflation rate		Valuation interest rates	
	2016	2015	2016	2015	2016	2015	2016	2015
Individual Life	A6770	A6770	13,300 per policy	12,000 per policy	11.00%	9.50%	14.65%	10.25%
Annuity	PA90(-1)	PA90(-1)	13,300 per policy	12,000 per policy	11.00%	9.50%	14.60%	10.80%

The Group Life Reserves comprise an Unexpired Premium Reserve (UPR) and incurred But Not Reported (IBNR). The only margin removed from the UPR was in respect of acquisition costs, therefore the UPR held contains the expected claims portion plus risk and profit loadings. The UPR was tested against an Additional Unexpired Risk Reserve (AURR), using pooled industry claims data for the underlying assumptions. The resulting AURR was zero, giving comfort that the UPR was sufficient.

A Basic Chain Ladder approach was used for IBNR reserving which considers the pattern of claims emerging based on historical experience; the analysis of which assists with determining overall expected claims levels for the group life schemes. This has been used to estimate the future cashflows expected to emerge (claims); therefore we expect the group life reserves held to be sufficient to pass the Liability Adequacy Test.

Sensitivities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on net liabilities and the percentage change. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The method used and significant assumptions made for deriving sensitivity information did not change from the previous period.

Notes to the financial statements

Sensitivity - life

31 December 2016		Interest rate		Expense		Expense inflation		Mortality	
	Base	1%	-1%	10%	-10%	2%	-2%	5%	-5%
Individual life	265,444	260,184	269,927	266,700	262,804	266,227	263,546	265,933	265,349
Group life	129,918	129,918	129,918	129,918	129,918	129,918	129,918	129,918	129,918
Total liability	395,362	390,102	399,845	396,618	392,722	396,145	393,464	385,851	395,267
% change in liability	0%	-13%`	1.1%	0.3%	-0.7%	0.2%	-0.5%	0.1%	0.0%

All stresses were applied independently.

Stresses not applied to individual reinsurance asset due to immateriality.

The mortality stress has been applied in the opposite direction for annuities. For example, the 5% strengthening of the mortality assumption was modeled as 5% lighter mortality for annuities.

31 December 2015		Interest rate		Expense		Expense inflation		Mortality	
	Base	1%	-1%	10%	-10%	2%	-2%	5%	-5%
Individual life	182,600	179,353	186,432	189,193	176,386	186,645	179,182	184,091	181,147
Group life	329,128	329,177	329,071	329,030	329,221	329,067	329,179	329,106	329,150
Total liability	511,728	508,530	515,503	518,223	505,607	515,712	508,361	513,197	510,297
% change in liability	0%	-0.6%`	0.7%	2.3%	-1.2%	0.8%	-0.7%	0.3%	0.3%

Notes to the financial statements

5.4.2 *Non–life insurance contracts (which comprise general insurance)*

The Company principally issues the following types of general insurance contracts: motor, fire, marine and aviation, bonds, engineering, oil and energy and general accident.

Risks under non–life insurance policies usually cover twelve months duration.

For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters, accidents and other environmental activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. flood damage)

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by the Board.

The table below sets out the concentration of short term insurance contract liabilities by type of contract:

	31-Dec-16			31-Dec-15		
	Gross liabilities	**Reinsurance on liabilities**	**Net liabilities**	**Gross liabilities**	**Reinsurance on liabilities**	**Net liabilities**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Motor	135,556	5,634	129,922	211,121	619	210,502
Fire	236,376	197,136	39,240	211,790	52,682	159,108
Bond	3,132	2,170	962	2,495	(40)	2,535
General accident	352,606	123,726	228,880	351,427	62,336	289,091
Marine and aviation	44,363	12,966	31,397	122,009	93,029	28,980
Engineering	45,615	23,164	22,451	71,272	40,784	30,488
Oil and energy	69,254	30,999	38,255	131,681	44,366	87,315
Subtotal	**886,902**	**395,795**	**491,107**	**1,101,795**	**293,776**	**808,020**
Group life	215,738	65,506	150,232	486,146	235,945	250,201
Total	**1,102,640**	**461,301**	**641,339**	**1,587,941**	**529,721**	**1,058,220**

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed 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 claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

Notes to the financial statements

Sensitivity - non life

31 December 2016

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio)	1% Inflation Rate	(-1%) Inflation Rate	1% Discount Rate	(-1%) Discount Rate
General Accident	352,605,863	401,974,801	303,236,926	356,832,413	348,431,655	349,918,908	355,355,502
Engineering	45,615,229	53,693,514	37,536,514	45,952,186	45,279,788	45,333,148	45,902,472
Fire	236,375,786	278,066,994	194,684,579	238,362,732	234,398,695	234,945,610	237,832,057
Marine	44,363,741	58,729,917	29,997,564	44,913,508	43,818,880	44,034,208	44,700,493
Motor	135,555,844	192,763,906	78,347,782	137,021,211	134,096,275	134,792,731	136,332,606
Bond*	3,131,340	3,611,982	2,650,697	3,131,340	3,131,340	3,101,528	3,161,825
Oil and Gas*	69,254,578	72,000,976	66,508,181	69,254,578	69,254,578	68,595,240	69,928,809
Total	**886,902,381**	**1,060,842,520**	**712,962,243**	**895,467,968**	**878,411,211**	**880,721,373**	**893,213,764**
Account Outstanding	378,663,794	378,663,794	378,663,794	378,663,794	378,663,794	378,663,794	378,663,794
IBNR	508,238,587	682,178,726	334,298,449	516,804,174	499,747,417	502,057,579	514,549,970
Percentage Change		**19.6%**	**-19.6%**	**1.0%**	**-1.0%**	**-0.7%**	**0.7%**

The method used for deriving sensitivity information and significant assumption did not change from the previous period.

31 December 2015

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio)	1% Inflation Rate	(-1%) Inflation Rate	1% Discount Rate	(-1%) Discount Rate
Accident	351,426,683	436,559,799	296,120,312	354,424,024	348,481,343	347,755,184	355,203,941
Engineering	71,271,719	122,855,919	63,626,027	71,752,876	70,795,235	70,695,360	71,862,586
Fire	211,790,113	283,694,915	150,189,452	213,956,294	209,633,374	210,456,926	213,148,586
Marine	122,008,418	172,496,967	110,260,040	123,262,738	120,766,146	121,239,328	122,792,819
Motor	211,121,811	390,616,777	146,186,637	213,389,722	208,866,611	209,960,764	212,302,813
Bond*	2,494,049	2,941,450	2,227,368	2.494,049	2,494,049	2,470,305	2,518,330
Oil and Gas*	131,681,055	142,821,962	124,440,217	131,681,055	131,681,055	130,427,385	132,963,041
Total	**1,101,793,849**	**1,551,987,789**	**893,050,054**	**1,110,960,759**	**1,092,717,815**	**1,093,005,251**	**1,110,792,003**
Account Outstanding	483,436,596	482,436,596	483,436,596	483,436,596	483,436,596	483,436,596	483,436,596
IBNR	618,357,252	1,068,551,192	409,613,457	627,524,162	609,281,218	609,281,218	627,355,407
Percentage Change		**40.9%**	**-18.9%**	**0.8%**	**-0.8%**	**-0.8%**	**0.8%**

The method used for deriving sensitivity information and significant assumption did not change from the previous period.

5.5 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Claims Development Table

	2009	2010	2011	2012	2013	2014	2015	2016	Total
Claims development table									
Analysis of claims development – Gross									
	2009	2010	2011	2012	2013	2014	2015	2016	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦
Estimate of ultimates:									
End of accident year	425,358,542	301,788,733	451,002,737	472,492,552	572,777,204	678,607,738	772,988,500	568,507,689	4,243,523,695
1 year later	218,578,321	465,985,936	314,242,418	435,811,746	253,895,520	396,792,175	411,477,148	-	2,496,783,262
2 years later	37,111,202	187,947,490	138,032,971	52,278,722	42,288,646	70,592,588	-	-	528,251,620
3 years later	28,774,640	45,563,547	840,628,388	16,065,723	5,702,376	-	-	-	936,734,674
4 year later	10,060,847	21,670,569	11,695,378	14,268,164	-	-	-	-	57,694,958
5 years later	3,052,951	304,645	84,077,994	-	-	-	-	-	87,435,590
6 years later	2,142,910	28,980	-	-	-	-	-	-	2,171,890
7 year later	702,034	-	-	-	-	-	-	-	702,034
8 years later	-	-	-	-	-	-	-	-	-
9 years later	-	-	-	-	-	-	-	-	-
Cummulative Payment	725,781,447	1,023,289,900	1,839,679,886	990,916,907	874,663,746	1,145,992,501	1,184,465,648	568,507,689	8,353,297,724
Current estimate of ultimate claims	725,893,560	1,024,165,453	1,841,672,276	1,021,653,202	902,321,875	1,190,569,491	1,344,580,161	1,189,344,087	9,240,200,105
	112,113	875,553	1,992,390	30,736,295	27,658,129	44,576,990	160,114,513	620,836,398	886,902,381
Liability in Statement of Financial Position									**886,902,381**
Analysis of claims development – Reinsurance									
	2009	2010	2011	2012	2013	2014	2015	2016	Total
	₦	₦	₦	₦	₦		₦	₦	₦
Estimate of ultimates:									
End of accident year	92,253,132	13,256,467	56,934,048	29,318,626	74,022,246	142,547,095	92,096,940	131,881,355	632,309,910
1 year later	83,799,367	368,677,896	19,396,768	466,775,665	57,756,737	166,876,019	209,076,290	-	1,372,358,741
2 years later	19,274,492	188,515,522	132,910,831	11,491,236	21,399,811	48,347,239	-	-	421,939,131
3 years later	8,490,310	145,473,650	1,068,230,199	76,600	1,226,651	-	-	-	1,223,497,411
4 year later	2,709,409	8,353,689	8,854,671	-	-	-	-	-	19,917,769
5 years later	2,775,255	204,348	82,868,587	-	-	-	-	-	85,848,190
6 years later	2,124,574	-	-	-	-	-	-	-	2,124,574
7 year later	332,522	-	-	-	-	-	-	-	332,522
8 years later	-	-	-	-	-	-	-	-	-
9 years later	-	-	-	-	-	-	-	-	-
Cumulative Recoveries	211,759,061	724,481,572	1,369,195,104	507,662,127	154,405,445	357,770,353	301,173,230	131,881,355	3,758,328,246
Current estimate of ultimate Recoveries	211,856,665	724,481,572	1,370,720,722	508,220,762	162,214,000	380,032,260	357,493,880	439,103,389	4,154,123,248
	97,604	-	1,525,618	558,635	7,808,555	22,261,907	56,320,650	307,222,034	395,795,002
Asset in Statement of Financial Position									**395,795,002**
Analysis of claims development – Net									
	2009	2010	2011	2012	2013	2014	2015	2016	Total
	₦	₦	₦	₦	₦		₦		₦
Estimate of ultimates:									
End of accident year	333,105,409	288,532,265	394,068,690	443,173,927	498,754,958	536,060,642	680,891,560	436,626,334	3,611,213,785
1 year later	134,778,954	97,308,040	294,845,650	(30,963,919)	196,138,783	229,916,156	202,400,858	-	1,124,424,521
2 years later	17,836,710	(568,032)	5,122,141	40,787,486	20,888,835	22,245,349	-	-	106,312,489
3 years later	20,284,329	(99,910,103)	(227,601,810)	15,989,122	4,475,725	-	-	-	(286,762,737)
4 year later	7,351,438	13,316,880	2,840,707	14,268,164	-	-	-	-	37,777,189
5 years later	277,696	100,298	1,209,406	-	-	-	-	-	1,587,400
6 years later	18,337	28,980	-	-	-	-	-	-	47,317
7 year later	369,512	-	-	-	-	-	-	-	369,512
8 years later	-	-	-	-	-	-	-	-	-
9 years later	-	-	-	-	-	-	-	-	-
Cummulative Net Payment	514,022,385	298,808,328	470,484,784	483,254,780	720,258,301	788,222,147	883,292,418	436,626,334	4,594,969,477
Current estimate of net ultimate claims	514,036,895	299,683,881	470,951,555	513,432,440	740,107,874	810,537,232	987,086,281	750,240,699	5,086,076,857
	14,510	875,553	466,771	30,177,660	19,849,573	22,315,085	103,793,863	313,614,365	491,107,380
Liability in Statement of Financial Position									**491,107,380**

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5.6 Financial risk management

5.6.1 Credit risk

Credit risk is the risk of default and change in the credit quality of issuers of securities (in the Company's investment portfolio), counter-parties (e.g. on reinsurance and coinsurance contracts) and untimely or non-payment of premiums by brokers and clients.

The Company is exposed to the following categories of credit risk:

Direct Default Risk – the risk of non- receipt of the cash flows or assets to which it is entitled because brokers, clients and other debtors default on their obligations

Concentration Risk – this is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.

Counterparty Risk – this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

The Company therefore ensures the establishment of principles, policies and processes and structure for the management of credit risk.

The credit risk appetite is in line with the Company's strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, the corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients, are taken into consideration.

The Company's credit risk tolerance includes the following:

· Individual broker's indebtedness, at the end of each financial year, shall not exceed the limit set by management at the beginning of that financial year

· Unpaid Premiums shall not remain outstanding for more than a period of 1 month, after which this would serve as an objective indicator of impairment.

Credit risk tolerance limits shall be updated from time to time, to reflect changes in the business and to comply with any changes in regulatory provisions.

The credit risk management governance structure comprises the board of directors, ERM Committee, management risk committee, technical operations department, risk management department and the internal audit department

The Board Risk Committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting credit risk.

The credit control unit identifies the credit risk by, amongst other functions assessing/evaluating the repayment capacity of clients/counterparties, credit policyholders, insurance brokers, etc.

An internal credit rating scale is in place to measure the counterparty credit risk. All clients and counterparties that are to be granted credit shall be rated using the Company's risk-rating model. The risk-rating model comprises:

Notes to the financial statements

Client/counterparty risk rating: evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.

· ***Transaction risk rating:*** defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals (e.g. guarantees, and equitable and legal mortgages).

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, and provision for impairment.
The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.

The Company has established a credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e. limits are set for investments and cash deposits).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings.
The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission payable to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation of credit risk.

	Notes	**2016**	**2015**
		₦'000	**₦'000**
Financial instruments			
Cash and cash equivalents	**17**	1,833,828	3,549,199
Held to maturity financial assets	**18**	4,544,204	3,852,278
Loans and receivables*	**18**	155,035	98,695
Reinsurance recoverable	**20**	207,579	229,714
Trade receivables	**19**	385,122	68,415
Statutory deposits	**27**	500,000	500,000
Total credit risk exposure		7,625,769	8,298,301

Analysis of financial assets by portfolio distribution

All financial assets are neither past due nor impaired except for loans and receivables and trade receivables which contains balance that are past due but not impaired and individually impaired

*Excluded from loans and receivables are statutory deductions such as WHT receivable, etc.

Notes to the financial statements

31 December 2016

	Notes	Neither due nor impaired	Past due but not impaired	Individually impaired	Collectively impaired	Total
		₦'000	₦'000	₦'000	₦'000	₦'000
Loans and receivables		123,640	63,281	4,452	-	191,374
Allowance for impairment	**18.2b**	-	-	(1,088)	-	(1,088)
		123,640	63,281	3,364	-	190,285
Trade receivables	**19.1**	305	-	526,135	-	526,440
Allowance for impairment		-	-	(141,318)	-	(141,318)
		305	-	384,817	-	385,122

31 December 2015

	Notes	Neither due and nor impaired	Past due but not impaired	Individually impaired	Collectively impaired	Total
		₦'000	₦'000	₦'000	₦'000	₦'000
Loans and receivables		95,942	-	3,841	-	99,783
Allowance for impairment	**18.2b**	-	-	(1,088)	-	(1,088)
		95,942	-	2,753	-	98,695
Trade receivables		1,157	-	262,659	-	263,816
Allowance for impairment		-	-	(195,401)	-	(195,401)
		1,157	-	67,258	-	68,415

Impaired financial assets

For assets to be classified as 'past–due and impaired' contractual payments must be in arrears for more than 30 days for trade receivables and 90 days for other financial assets. No collateral is held as security for any past due or impaired assets. The Company records impairment allowances for trade receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for trade receivables is in note 19.2.

Collateral

The Company does not have any collateral from counter parties.

5.6.2 Liquidity risk

Liquidity risk is the inability of a business to meet its obligations associated with financial liabilities that are settled by delivering of cash or another financial instrument on a timely basis. It is also the inability of a business to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

Liquidity risk exposure is strongly related to the credit and investment risk profile. For instance, an increase in our credit risk exposure may increase our liquidity risk profile; poor performance of the investment portfolio may have severe liquidity risk implications for the Company.

The Company's strategy for managing liquidity risks are as follows:

· Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs

· Ensure strict credit control and an effective management of receivables

· Ensure unrestricted access to financial markets to raise funds

· Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans

· Adhere to the liquidity risk control limits

· The Company's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

· Communicate to all relevant staff the liquidity risk management objectives and control limits

The liquidity risk appetite shall be defined using the following parameters:
· Liquidity gap limits
· Liquidity ratios as mentioned below
These ratios are monitored by the Management Risk Committee.

The Liquidity Risk Management Governance Structure comprises the board of directors, ERM Committee, Management Risk Committee, Technical operations department, Risk management department and Internal audit department.

The following early warning indicators are used to promptly identify liquidity risks:
· Negative trends in cash forecast
· Volume of outstanding premium
· Volatile liabilities
· Decline in earnings performance or projections
· Exceeding liquidity limits as indicated by relevant metrics
· Deteriorating third-party ratings of the Company
· Scenario and sensitivity analysis

The following approaches are adopted to assess liquidity risk exposures:
· Liquidity ratio analysis
· Cash flow analysis
· Scenario and sensitivity analysis

Liquidity ratios are used to assess the ability to meet short-term obligations. The relevant ratios include the following:
· Claims ratio
· Receivables to capital ratio
· Ratio of technical provision to capital
· Maximum exposure for single risk to capital ratio
· Maximum exposure for a single event to capital
· Retention rate

Cash flow analysis shows the net future cash flows of various time-bands. It (cash forecasting) is used to compare cash inflows and outflows daily and over a series of time bands (weekly, monthly, quarterly, bi-annually and yearly). The Company's net funding requirement is determined by analyzing the present and future cash flows at selected maturity dates, based on assumptions about the income and expenditures. This analysis will include the cumulative net excess or shortfall over the period of the analysis.

Liquidity risk is measured by performing scenario and sensitivity analyses based on various stress factors that differ in terms of probability, severity and duration.

Scenarios are applied, based on normal business operations and on crisis, to determine the potential impact on funding requirements.

Based on the results of the stress test and scenario analysis, the following activities are performed:
· Quantify liquidity outflows in all stress scenario for each liquidity risk drive
· Identify cash inflows to close liquidity gaps under all stress scenarios
· Determine net liquidity position for each scenario

In managing liquidity risk mitigation and control, one way is having access to financial markets. This is by ensuring that the Company has sufficient and unhindered access to funding from a range of sources in the financial markets, also assessing periodically the ability to obtain funds in both local and foreign currencies.

The Risk management department maintains an independent liquidity risk-reporting framework that consistently communicates liquidity risk information across the Company and ensures availability of timely information for liquidity management decisions.

Maturity profiles

The table that follows summarises the maturity profile of the non–derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Maturity profile of financial assets and liabilities

31 December 2016

	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1–5 years
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial assets						
Cash and cash Equivalent	1,833,886	1,833,886	1,833,886	-	-	-
Held-to-maturity investments	4,544,204	4,722,743	2,559,548	1,900,000	-	263,195
Loans and receivables	190,285	191,373	5,636	-	-	185,737
Available for sale investments	216,389	216,389	-	-	-	216,389
Trade receivables	385,122	490,383	490,383	-	-	-
	7,169,886	7,454,774	4,889,453	1,900,000	-	665,321
Financial liabilities						
Trade payables	87,564	87,564	87,564	-	-	-
Other payables	54,652	54,652	54,652	-	-	-
	142,216	142,216	142,216	-	-	-
Net financial assets	**7,027,670**	**7,312,558**	**4,747,237**	**1,900,000**	**-**	**665,321**

Maturity analysis (contractual undiscounted cash flow basis for non–derivatives)

31 December 2015

	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1–5 years
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial assets						
Cash and cash Equivalent	3,549,335	3,549,335	3,549,335	-	-	-
Held-to-maturity investments	3,852,278	3,852,278	3,224,178	-	31,956	596,143
Loans and receivables	178,944	180,032	175,363	4,669	-	-
Available for sale investments	179,031	179,031	-	-	-	179,031
Trade receivables	68,415	173,874	173,874	-	-	-
	7,828,002	7,934,549	7,122,750	4,669	31,956	775,174
Financial liabilities						
Trade payables	71,017	71,017	71,017	-	-	-
	157,887	157,887	157,887	-	-	-
Net financial assets	**7,670,115**	**7,776,662**	**6,964,862**	**4,669**	**31,956**	**775,174**

Notes to the financial statements

5.6.3 **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- Foreign exchange risk

The Company is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Company is exposed to bank balances in foreign currencies.

The carrying amounts of the foreign currency denominated assets and liabilities as at end of the year are as follows:

31 December 2016	**USD**	**EUR**	**GBP**
	₦'000	**₦'000**	**₦'000**
Cash and bank balances	105,325	61,005	1,073

31 December 2015	**USD**	**EUR**	**GBP**
	₦'000	**₦'000**	**₦'000**
Cash and bank balances	55,606	(4,109)	364

Foreign exchange sensitivity

Financial assets exposed to foreign exchange risk	**Increase by 5%**	**Increase by 10%**	**Decrease by 5%**	**Decrease by 10%**
	₦'000	**₦'000**	**₦'000**	**₦'000**
31 December 2016				
Cash and bank balances	175,774	184,144	159,033	150,663
Effect on profit before tax	8,370	16,740	(8,370)	(16,740)
Taxation @ 30%	(2,511)	(5,022)	2,511	5,022
Effect on profit after tax	5,859	11,718	(5,859)	(11,718)

Financial assets exposed to foreign exchange risk	**Increase by 5%**	**Increase by 10%**	**Decrease by 5%**	**Decrease by 10%**
	₦'000	**₦'000**	**₦'000**	**₦'000**
31 December 2015				
Cash and bank balances	54,455	57,048	49,268	46,675
Effect on profit before tax	2,593	5,186	(2,593)	(5,186)
Taxation @ 30%	(778)	(1,556)	778	1,556
Effect on profit after tax	1,815	3,630	(1,815)	(3,630)

- Interest rate risk

The Company is moderately exposed to interest-rate risk through its conservative investment approach with high investment in Fixed Income and Money Market instruments.

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios. The Company does not have interest bearing liabilities. Fluctuations in interest rates cannot significantly impact the Company's statement of financial position as the Company does not have a floating rate interest bearing asset.

The table below details the interest rate sensitivity analysis of the Company as at 31 December 2015, holding all other variables constant. Based on historical data, 100 and 500 basis points changes are deemed to be reasonably possible and are used when reporting interest rate risk.

Interest earning assets

31 December 2016	**1-3 months**	**3-6 months**	**> 6 months**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	1,582,809	-	-	1,582,809
Investment securities				
–Held-to-maturity		4,300,604	243,600	4,544,204
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	1,582,809	4,300,604	743,600	6,627,013
Gap				
Increase by 100bp	15,828	43,006	7,436	66,270
Increase by 500bp	79,140	215,030	37,180	331,350
Decrease by 100bp	(15,828)	(43,006)	(7,436)	(66,270)
Decrease by 500bp	(79,140)	(215,030)	(37,180)	(331,350)

31 December 2015				
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	3,355,005	-	-	3,355,005
Investment securities				
–Available-for-sale	-	-	-	-
–Held-to-maturity		3,322,907	529,371	3,852,278
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	3,355,005	3,322,907	1,029,371	7,707,283
Gap				
Increase by 100bp	33,550	33,229	10,294	77,073
Increase by 500bp	167,750	166,145	51,469	385,364
Decrease by 100bp	(33,550)	(33,229)	(10,294)	(77,073)
Decrease by 500bp	(167,750)	(166,145)	(51,469)	(385,364)

Summary of sensitivity of investments to market prices

31 December 2016	**as per mkt price**	**at +10% of mkt price**	**at -10% of mkt price**
	₦'000	**₦'000**	**₦'000**
Quoted equities			
Non-life	19,956	1,996	(1,996)
Life	20,784	2,078	(2,078)
Total	40,740	4,074	(4,074)

31 December 2015	as per mkt price ₦'000	at +10% of mkt price ₦'000	at -10% of mkt price ₦'000
Quoted equities			
Non-life	27,416	2,742	(2,742)
Life	25,301	2,530	(2,530)
Total	52,717	5,272	(5,272)

- Market price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company’s equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit–linked business.

The Company has no significant concentration of price risk.

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders’ liabilities and that asset are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

The Company is active in money and capital market instruments, and investments in these instruments are basically for liquidity and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.

A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors. The Company stipulates diversification benchmarks by type of instrument and geographical area.

Investment risk is the risk of loss (partial or full) of the principal amount and/or expected returns due to changes in the market variables. Investment risk is managed effectively and on a proactive basis by developing and implementing investment risk management strategies policies and processes.

The Company adopts a top down approach for defining its investment appetite. This is reviewed by senior management and approved by the Board Investment Committee (BIC) to ensure amongst other things that the investment risk assumed are commensurate with its strategy.

The following investment risk appetite statements guide the Company:-

- Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be
- The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or of our key officers
- Businesses are not transacted with any organisation with perceived likelihood of failure or that shows signs of going concern challenges
- A cautious and prudent approach is adopted in engaging in investment and trading activities

The strategic management of the Company's investment portfolio is the fundamental responsibility of the Board Investment Committee (BIC) and senior management. The investment management team is responsible for implementing our policies by executing trade and investment decisions.

In accordance with section 6(2) of the NAICOM guidelines (which is subject to future amendments), the Company invests in any of the following categories of investment assets:

- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria

- Bankers acceptance and commercial papers guaranteed by issuing bank
- Quoted equities of not more than 50% of insurance fund
- Unquoted equities not more than 10% of insurance fund
- Equipment leasing not more than 5% of insurance fund
- Property for non-life insurance, not more than 25% insurance fund

In measuring investment risk the following approaches, which are detailed in the Risk Management Framework, are used:

- Volatility
- Sensitivity analysis
- Stress testing
- Scenario testing

Investment risk exposures are mitigated by:

- Setting internal investment risk control limits
- Complying with legal investment limits
- Establishing Investment Approval Limits
- Diversification, in order to smoothen out unsystematic risk events in our portfolios
- Clear separation of duties between the unit that initiates and executes trades, and the units that accounts for trade transactions and handle transaction settlement.

The risk management department is responsible for monitoring investment risk exposures while the financial control department provides relevant information to the risk management department for investment risk monitoring.

5.7 Measurement of fair values

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

ii) 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). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

(a) ***Financial assets carried at fair value***

31 December 2016	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Available-for-sale investment securities	216,389	216,389	40,740	87,841	87,808
Total financial assets	216,389	216,389	40,740	87,841	87,808

31 December 2015	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Investment securities - available-for-sale	179,031	179,031	141,046	-	37,985
Total financial assets	179,031	179,031	141,046	-	37,985

Reconciliation of Level 3 items	Equity securities
At 1 January 2016	37,985
Transfers out of level 3	-
Additions during the year	
- Profit or loss	-
- Other comprehensive income	49,823
At 31 December 2016	87,808
Total losses for the year included in profit or loss for for assets/liabilities fair valued at level 3	-

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation.

(b) ***Financial assets not carried at fair value***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include the fair value information for financial assets and liabilties not measured at fair value, subsequent to initial recognition, if the carrying amount is a reasonable approximation of fair value.

31 December 2016	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Held to maturity investments	4,544,204	4,552,657	4,552,657	-	-
Total financial assets	4,544,204	4,552,657	4,552,657	-	-

31 December 2015	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Held to maturity investments	3,852,278	3,906,602	3,906,602	-	-
Total financial assets	3,852,278	3,906,602	3,906,602	-	-

Notes to the financial statements

Fair value disclosure for other financial assets

Cash and cash equivalents

Cash and cash equivalents are cash deposits in banks and short term deposits (Placements) in with financial institutions. The cash deposit are deemed to be at the fair value as no rates are applied and the cash will be made available to the Company on request.

Loans and receivables

Loan and receivables were valued by using unobservable inputs such as rates and management assumptions in assessing their collectibility.

Reinsurance recoverables

Reinsurance recoverables are due from reinsurers. There are no market activities for such assets from which observable inputs can be obtained. Management has developed unobservable inputs using the best information available which is the actual value due from the reinsurers. This is deemed to be the fair value as the level of measurement uncertainty is low and are based on predetermined arrangements.

Trade receivables

Trade receivables are premiums due from brokers and other intermediaries. Though there is no active market for this group of financial assets, the basis for assessing the risk of the financial assets is based on policy issued by the regulatory body, NAICOM, which can be said to be observable and can be comparable to other companies in the industry. The carrying amount of trade receivable is a reasonable approximation of its fair value, which is receivable on demand.

Trade payables

The carrying amount of trade payables is a reasonable approximation of their fair value, which is payable on demand.

Other payables

Other payables consist of amount owed to non-trade related creditors

The carrying amount of other payables is a reasonable approximation of their fair value, which is payable on demand.

Notes to the financial statements

6 Gross premium written

	2016	2015
	₦'000	₦'000
Long-term insurance contracts	187,233	324,349
Short-term insurance contracts	4,329,312	5,292,877
	4,516,545	5,617,227

6.1 Net Premium income

	2016	2015
	₦'000	₦'000
Long-term insurance contracts with fixed and guaranteed terms:		
Gross premium written (note 6 above)	187,233	324,349
Movement in Life fund (note 29.2b)	(64,794)	(61,233)
Short-term insurance contracts:		
Gross premium written (note 6 above)	4,329,312	5,292,877
Change in unearned premium provision (note 29.1c)	319,460	2,192
Gross premium income	4,771,211	5,558,186
Reinsurance outward:		
Short-term reinsurance contract	(2,101,379)	(2,276,330)
Long-term reinsurance contracts	(13,211)	(9,849)
Movement in prepaid reinsurance premium (note 20.1)	10,928	126,043
Movement in prepaid minimum and deposit insurance (note 20.2)	3,141	15,561
Reinsurance expense	(2,100,521)	(2,144,575)
Net premium income	2,670,690	3,413,611

7 Fees and commission income on insurance and loss on deposit administration

	2016	2015
	₦'000	₦'000
Fee income arising on insurance contracts		
Commissions	420,577	389,042
Loss on deposit administration	(807)	(261)
	419,770	388,781

7.1 *Loss on deposit administration*

	2016	2015
Income		
Interest income	63	448
	63	448
Expense		
Guaranteed interest (see note 28)	412	249
Management expense	458	460
	870	709
Loss on deposit administration	(807)	(261)

8 Gross benefits and claims incurred

	2016	2015
	₦'000	₦'000
Short term business	1,988,652	2,135,256
Long term business (see note 29.2a)	42,818	101,573
	2,031,470	2,236,829

Notes to the financial statements

Breakdown of gross benefits and claims incurred

	2016			2015		
	Paid claims	**Changes in outstanding claims and IBNR**	**Total claims Incurred**	**Paid claims**	**Changes in outstanding claims and IBNR**	**Total claims Incurred**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
- Short term insurance contracts:						
Motor	354,295	(75,566)	278,729	407,492	42,752	450,244
Fire	347,155	24,586	371,741	308,311	29,609	337,920
Bond	9,377	638	10,015	228	(12,903)	(12,674)
General accident	277,058	1,179	278,237	192,468	120,854	313,321
Marine and aviation	119,797	(77,647)	42,150	26,535	(33,372)	(6,837)
Engineering	20,523	(25,658)	(5,135)	122,324	57,766	180,089
Oil and energy	27,130	(62,433)	(35,303)	21,417	62,842	84,259
Group life	1,318,476	(270,408)	1,048,068	723,524	65,145	788,670
	2,473,811	(485,309)	1,988,502	1,802,299	332,693	2,134,993
Claims and loss adjustment expense	150	-	150	263	-	263
Total benefits and claims paid on short term insurance contracts:	2,473,961	(485,309)	1,988,652	1,802,562	332,693	2,135,256
- Long-term insurance contracts:						
Individual life (Note 29.2a)	65,666	(22,848)	42,818	86,672	14,901	101,573
Total benefits and claims incurred on long term insurance contracts	65,666	(22,848)	42,818	86,672	14,901	101,573
Total gross benefits and claims incurred	2,539,627	(508,157)	2,031,470	1,889,234	347,594	2,236,829

9 **Benefits and claims recoverable from reinsurers**

	2016	2015
	₦'000	**₦'000**
Short term business	592,129	934,705
Long term business	-	589
	592,129	935,294

Breakdown of claims & benefit recoverable from reinsurers

	2016			2015		
	Short term ₦'000	**Long term ₦'000**	**Total ₦'000**	**Short term ₦'000**	**Long term ₦'000**	**Total ₦'000**
Motor	22,581	-	22,581	40,820	-	40,820
Fire	200,930	-	200,930	146,141	-	146,141
Bond	6,519	-	6,519	(2,760)	-	(2,760)
General accident	35,010	-	35,010	150,553	-	150,553
Marine and aviation	44,632	-	44,632	36,779	-	36,779
Engineering	26,952	-	26,952	100,336	-	100,336
Oil and energy	(100)	-	(100)	-	-	-
Individual life	-	-	-	-	589	589
Group life	531,608	-	531,608	347,258	-	347,258
Reinsurance portion of IBNR (see note 20.4)	(276,003)	-	(276,003)	115,579	-	115,579
	592,129	-	592,129	934,706	589	935,294

Notes to the financial statements

9.1 Breakdown of claims and benefits recoverable from reinsurers

	2016			2015		
	Claims recovered from reinsurers	Changes in reinsurance share of outstanding claims and IBNR	Total claims and benefits recoverable from reinsurers	Claims recovered from reinsurers	Changes in reinsurance share of outstanding claims and IBNR	Total claims and benefits recoverable from reinsurers
- Short term insurance contracts:	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Motor	37,695	(10,525)	27,170	42,623	(18,268)	24,354
Fire	170,896	11,408	182,303	134,737	(86,955)	47,783
Bond	6,519	2,169	8,688	-	(5,754)	(5,754)
General accident	102,648	(39,641)	63,007	126,078	37,819	163,896
Marine and aviation	30,839	(68,736)	(37,896)	48,307	52,711	101,017
Engineering	10,296	(3,124)	7,172	112,124	27,446	139,570
Oil and energy	(232)	(19,250)	(19,483)	(725)	7,154	6,429
						-
Group life	531,608	(170,440)	361,168	347,258	110,150	457,408
	890,267	(298,138)	592,129	810,401	124,304	934,705
Change in IBNR claims	-	-	-	-	-	-
Total benefits and claims recovered on short term insurance contracts:	890,267	(298,138)	592,129	810,401	124,304	934,705
- Long-term insurance contracts:						
Individual life	-	-	-	589	-	589
Total benefits and claims recovered on long term insurance contracts	-	-	-	589	-	589
Total gross benefits and claims recovered	890,267	(298,138)	592,129	810,991	124,304	935,294

10 Acquisition expenses

	2016	2015
	₦'000	**₦'000**
Short term business	606,623	744,071
Long term business	10,991	15,172
	617,614	759,243

Analysis of acquisition expenses:

	2016			2015		
	Short term ₦'000	Long term ₦'000	Total ₦'000	Short term ₦'000	Long term ₦'000	Total ₦'000
Motor	68,780	-	68,780	118,479	-	118,479
Fire	132,760	-	132,760	136,899	-	136,899
Bond	8,283	-	8,283	9,076	-	9,076
General accident	174,682	-	174,682	179,427	-	179,427
Marine and aviation	92,630	-	92,630	127,062	-	127,062
Engineering	44,922	-	44,922	46,176	-	46,176
Oil and energy	17,978	-	17,978	31,895	-	31,895
Individual life	-	10,991	10,991	-	15,172	15,172
Group life	66,588	-	66,588	95,058	-	95,058
	606,623	10,991	617,614	744,071	15,172	759,243

Notes to the financial statements

11 Maintenance expenses

	2016	2015
	₦'000	₦'000
Short term business	73,759	70,216
Long term business	3,789	3,757
	77,548	73,973

Analysis of maintenance expenses:

	2016			2015		
	Short term ₦'000	Long term ₦'000	Total ₦'000	Short term ₦'000	Long term ₦'000	Total ₦'000
Motor	9,438	-	9,438	9,068	-	9,068
Fire	13,635	-	13,635	12,402	-	12,402
Bond	493	-	493	258	-	258
General accident	11,286	-	11,286	8,137	-	8,137
Marine and aviation	17,687	-	17,687	20,952	-	20,952
Engineering	2,966	-	2,966	2,910	-	2,910
Oil and energy	5,524	-	5,524	3,819	-	3,819
Individual life	-	3,789	3,789	-	3,757	3,757
Group life	12,730	-	12,730	12,670	-	12,670
	73,759	3,789	77,548	70,216	3,757	73,973

12 Net Investment income

	2016	2015
	₦'000	₦'000
12.1 Investment income:		
Dividend income on available for sale equity securities	1,444	4,579
Held-to-maturity and loans and receivables - Interest income	525,075	466,216
Cash and cash equivalents - Interest income	244,812	489,323
	771,331	960,118
12.2 Commissions and charges		
Held-to-maturity and loans and receivables	(3,299)	(3,407)
	768,032	956,711

13 Other income

	2016	2015
	₦'000	₦'000
Management fees	19,800	20,689
Rent income	4,000	8,000
Profit on sale of property and equipment	3,943	2,177
Revaluation gain on investment property (see note 23(a))	143,759	50,598
Interest on staff loans	12,802	-
Other sundry income	101	377
Unrealised net foreign exchange gain/(loss)	98,955	(275)
	283,360	81,565

14 Impairment reversal/(losses) on asset

	2016	2015
	₦'000	₦'000
Impairment on equity instruments (note 18.3)	376	-
Impairment reversal on premium receivables (note 19.2)	(198)	(2,161)
(Impairment reversal)/impairment on claim recovery from coinsurers (note 19.4)	(53,885)	89,942
Impairment on building	5,358	59,476
	(48,349)	147,257

15 Other operating expenses

	2016	2015
	₦'000	₦'000
Employee benefits expense (see note (i) below)	895,112	858,895
Depreciation (note 26)	218,115	162,075
Amortization (note 25)	2,183	2,620
Auditors remuneration	24,750	24,750
Directors' emolument - Note 40 (b)	98,697	74,903
Direct expenses	117,692	117,635
Advsertisement and publicity	38,036	163,353
Repairs and maintenance	72,692	59,815
Business acquisition expense	51,598	37,207
Transport and travel expenses	71,461	73,005
Professional and consultancy fees expense	101,383	86,666
Board and AGM expenses	38,567	34,587
Electricity and diesel expenses	35,246	26,805
Printing and stationery	19,755	12,246
Cleaning	8,766	7,831
Security	2,744	2,123
Filing fees	2,041	820
Other sundry expenses	3,497	1,147
	1,802,335	1,746,484

(i) *Employee benefits expense*

	2016	2015
	₦'000	₦'000
Salaries and wages	632,936	675,956
Medical	33,715	41,481
Staff training	211,499	127,896
Employer's Pension contribution	16,962	13,562
	895,112	858,895

Additional disclosures required under company law is given in note 40.

16 Earning per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. There are no potential dilutive shares.

	2016	2015
Profit attributable to equity holders (N'000)	277,018	538,315
Weighted average number of ordinary shares in issue ('000)	9,134,721	9,134,721
Basic and diluted earnings per share (kobo)	3	6

17 Cash and cash equivalents

Cash and cash equivalents comprise:

	2016	2015
	₦'000	₦'000
Cash in hand	58	136
Due from banks and other financial institutions (note 17.1)	1,833,828	3,047,523
Commercial Paper guaranteed by bank (see note (a) below)	-	501,675
	1,833,886	3,549,335

(a) Amount represents the Company's investment in Nigerian Breweries PLC's commercial papers with an interest rate of 7.36%. It matured on 22 March 2016.

		2016	2015
17.1	Due from banks and other financial institutions	**₦'000**	**₦'000**
	Current accounts	251,019	194,193
	Short term placements	1,582,809	2,853,330
		1,833,828	3,047,523
	Short term placements		
	Deposits with banks and other financial institutions	1,558,159	2,824,279
	Accrued interest receivable	24,650	29,050
		1,582,809	2,853,330

18 **Financial assets**

	2016	2015
	₦'000	**₦'000**
Held to maturity investments (note 18.1)	4,544,204	3,852,278
Loans and receivables (note 18.2)	190,285	178,944
Available for sale investments (note 18.3)	216,389	179,031
	4,950,878	4,210,253

18.1 Held to maturity investments

	2016	2015
Government securities		
Listed	-	529,371
Unlisted	4,300,604	3,322,907
Corporate securities		
Unlisted	243,600	-
	4,544,204	3,852,278
Due within 12 months	4,300,604	3,322,907
Due after 12 months	243,600	529,371
	4,544,204	3,852,278

There are no impaired held-to-maturity investments as at 31 December 2016 (2015: Nil).

Financial assets held to maturity are presented on the Company's statement of financial position at amortized cost. The fair value of the held to maturity assets as at 31 December 2016 was N4.31 billion (2015: N3.91 billion). Fair values of held to maturity financial assets are based on the market prices. Where this information is not available, fair values are estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

There are no treasury bills with maturity of less than 90 days from the value date included in held to maturity investments.

18.2 Loans and receivables

	2016	2015
	₦'000	**₦'000**
Staff loans	123,640	90,201
Loans to policy holders	4,452	3,841
Other receivables (see note 18.2a below)	63,281	
	85,989 191,373	180,032
Allowance for impairment (note 18.2b)	(1,088)	(1,088)
	190,285	178,944
Due within 12 months	4,548	174,558
Due after 12 months	185,737	4,386
	190,285	178,944

18.2a *Breakdown of other receivables:*

	2016	2015
Withholding tax receivable	35,250	80,249
Dividend receivable	28,032	5,741
	63,281	85,989

Notes to the financial statements

18.2b Movements on the allowance for impairment of loans and receivables are as follows:

	Staff loans	Policy loans	Other receivables	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
At 01 January 2015	-	1,088	-	1,088
Allowance for impairment	-	-	-	-
At 31 December 2015/01 January 2016	-	1,088	-	1,088
Allowance for impairment	-	-	-	-
At 31 December 2016	-	1,088	-	1,088

18.3 Available for sale investments

	2016	2015
	₦'000	**₦'000**
Equity Securities:		
Listed	40,740	52,717
Unlisted	176,025	126,314
	216,765	179,031
Impairment loss	(376)	-
	216,389	179,031
Due after 12 months	216,389	179,031

Movement in allowance for impairment loss on available for sale investments

At 01 January 2016	-	20,884
Impairment/(write-back) during the year	376	(20,884)
At 31 December 2016	376	-

An impairment loss was recognised in profit or loss in respect of available for sale equities where there has been a significant and prolonged decline in the value of the instruments since the purchase date and/or as a result of the disappearance of an active market for the securities.

18.4 The movement in financial assets may be summarised as follows:

	Held to maturity investments	Loans and receivables	Available for sale investment	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
At 01 January 2015	2,853,346	67,633	160,621	3,081,600
Additions	998,932	111,310	17,846	1,128,088
Disposals (sale and redemption)	-	-	564	564
Fair value gains	-	-	-	-
Amount written off during the year as uncollectible	-	-	-	-
At 31 December 2015	3,852,278	178,943	179,031	4,210,252
Additions	691,926	11,342	-	703,268
Disposals (sale and redemption)	-	-	-	-
Fair value gains	-	-	37,734	37,734
Amount Impaired during the year as uncollectible	-	-	(376)	(376)
At 31 December 2016	4,544,204	190,285	216,389	4,950,878

Notes to the financial statements

19 Trade receivables

	2016	2015
	₦'000	₦'000
Insurance receivables (note 19.1)	6,626	16,082
Recovery of claims paid on NNPC group life from coinsurers (note 19.3)	378,496	52,333
	385,122	68,415

19.1 Insurance receivables

	2016	2015
Premium receivable from agents, brokers and intermediaries	₦'000	₦'000
Due from brokers	7,546	1,157
Due from agents	305	16,349
Due from Head of Service	104,036	104,036
Total insurance receivable	111,887	121,541
Allowance for impairment (note 19.2)	(105,261)	(105,459)
	6,626	16,082
Due within 12 months	6,626	16,082

19.2 Movements on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:

	2016	2015
	₦'000	₦'000
At 1 January	105,459	107,620
Additional impairment during the year	1,225	-
Allowance no longer required	(1,423)	(6,075)
Amount written off during the year as uncollectible	-	3,914
Net movement during the year (note 14)	(198)	(2,161)
At 31 December	105,261	105,459

19.3 Recovery of claims paid on NNPC group life from coinsurers

	2016	2015
	₦'000	₦'000
Due from coinsurers	414,553	142,275
Allowance for impairment (note 19.4 below)	(36,057)	(89,942)
	378,496	52,333

19.4 Movements on the provision for impairment of recovery of claims paid on NNPC group life from coinsurers are as follows:

	2016	2015
	₦'000	₦'000
At 1 January	89,942	-
Allowance for impairment	18,669	89,942
Allowance no longer required	(72,554)	-
Net movement during the year (note 14)	(53,885)	89,942
At 31 December	36,057	89,942

20 Reinsurance assets

	2016	2015
	₦'000	₦'000
Prepaid reinsurance premium (note 20.1)	623,951	613,023
Prepaid minimum and deposit reinsurance (note 20.2)	93,247	90,106
Reinsurance share of outstanding claims (note 20.3)	207,579	229,714
Reinsurance share of IBNR (note 20.4)	253,718	529,720
	1,178,495	1,462,562
Due within 12 months	1,178,495	1,462,562

20.1 Movement in prepaid reinsurance premium

	2016	2015
	₦'000	₦'000
At 1 January	613,023	471,419
Additions during the year	2,111,449	2,286,179
Amortisation during the year	(2,100,521)	(2,144,575)
Net movement (see note 6.1)	10,928	141,604
At 31 December	623,951	613,023

Notes to the financial statements

Prepaid reinsurance represents the unexpired risk on premium ceded to reinsurers

20.2 Movement in prepaid minimum and deposit reinsurance

	2016	2015
	₦'000	₦'000
At beginning of year	90,106	74,545
Additions during the year	98,111	94,721
Amortisation during the year	(94,970)	(79,160)
Net movement (see note 6.1)	3,141	15,561
At 31 December	93,247	90,106

20.3 Movement in reinsurance recoverable on outstanding claims

	2016	2015
	₦'000	₦'000
At beginning of year	229,714	220,989
Movement during the year	(22,135)	8,725
At end of year	207,579	229,714

20.4 Movement in reinsurance portion of IBNR

	2016	2015
	₦'000	₦'000
At beginning of year	529,720	414,142
Movement during the year (see note 9)	(276,002)	115,578
At end of year	253,718	529,720

21 Prepayments

	2016	2015
	₦'000	₦'000
Prepaid expenses	162,023	124,428
Advertisement	-	5,460
Staff expenses	107,173	93,271
Computer maintenance	3,191	1,635
Directors' allowance	597	597
Rent and rates	20,433	14,116
Professional and consultancy fees	4,906	3,150
Insurance and Subscriptions	25,723	5,890
Transport and travels	-	309
	162,023	124,428
Due within 12 months	162,023	124,428

22 Deferred acquisition costs

Deferred acquisition costs represent commissions relating to the unexpired period of risks and comprise:

	2016	2015
	₦'000	₦'000
Motor	18,074	26,923
Fire	38,496	43,605
Bond	1,970	3,720
General accident	52,654	52,734
Marine and aviation	23,268	38,739
Engineering	12,232	16,591
Oil and gas	3,794	9,192
Group life business	-	-
Individual life business	-	-
	150,488	191,505

22.1 Movement in deferred acquisition cost:

	2016	2015
	₦'000	₦'000
Balance as at 1 January	191,505	230,101
Acquisition cost during the year	576,597	720,647
Amortisation during the year	(617,614)	(759,243)
Balance as at 31 December	150,488	191,505
Due within 12 months	150,488	191,505

22.2 Amortisation of deferred acquisition cost

	At 1 January 2015	Amortisation	At 31 December 2015	Amortisation	At 31 December 2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	58,037	(31,115)	26,922	(8,849)	18,073
Fire	41,476	2,129	43,605	(5,109)	38,496
Bond	1,057	2,663	3,720	(1,750)	1,970
General accident	65,189	(12,455)	52,734	(80)	52,654
Marine and aviation	42,454	(3,714)	38,740	(15,471)	23,269
Engineering	9,807	6,784	16,591	(4,358)	12,233
Oil and gas	12,081	(2,890)	9,192	(5,399)	3,793
	230,101	(38,597)	191,505	(41,017)	150,488

23 **Investment property**

(a) **Reconciliation of carrying amount**

	2016	2015
	₦'000	₦'000
At 1 January	996,386	921,896
Additions	-	23,893
Revaluation gains	143,759	50,598
At 31 December	1,140,145	996,386

The balance in this account is analysed below:	2016	2015
	₦'000	₦'000
Cost	882,431	882,431
Revaluation gains	257,714	113,955
At 31 December	1,140,145	996,386

In thousands of Naira

Location	At 1 January 2016	Addition	Disposal	Fair value gain	At 31 December 2016
Awoyaya, Lekki Expressway, Lagos	996,386	-	-	143,759	1,140,145

In thousands of Naira

Location	At 1 January 2015	Addition	Disposal	Fair value gain	At 31 December 2015
Awoyaya, Lekki Expressway, Lagos	921,896	23,892.54	-	50,598	996,386

(b) **Measurement of fair value**

(i) **Fair value hierarchy**

The fair value of investment property has been determined by a reputable estate surveyors and valuers using the comparative method of valuation to arrive at the open market value. The valuer used by the Company is A.C. Otegbulu & Partners (FRC/2013/NIESV/00000001582). There is no rental income from investment property during the year and no restrictions on the realisability of the property. The property is held for capital appreciation. The title document to the subject property is a contract of sale between CHAMS Plc and ADIC Insurance Ltd. The lease is derived from a Lagos State Certificate of Occupancy No. 19/19/2003D dated December 30, 2002. The unexpired term on the subject property is 84 years. The fair value measurement for investment property of N1.14billion has been categorised as a Level 3 fair value, based on the inputs into the valuation technique used.

Notes to the financial statements

(ii) **Valuation technique and significant unobservable inputs**

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair
The fair values are dtermined by applying the comparable sales method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	- Prices per plot - Rate of development in the area - Influx of people and/or businesses to the area	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), influx of people and/or business to the area increases (decreases).

(iii) Sensitivity analysis

Balance as at 31 December	2016	2015
	₦'000	**₦'000**
Fair Value gain	257,714	113,955
+10% movement in open market price	25,771	11,396
- 10% movement in open market price	(25,771)	(11,396)

24 Deferred tax liabilities

	2016	2015
	₦'000	**₦'000**
At 1 January	(183,968)	(156,792)
Charge to profit and loss account for the year	79,839	(28,969)
Items in other comprehensive income	(33,734)	1,793
At 31 December	(137,863)	(183,968)

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 10% (2015: 10%) on investment properties and 30% (2015: 30%) on other items.

Deferred income tax assets and liabilities are attributable to the following items:

31 December 2016	**Net balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Net position**	**Deferred tax assets**	**Deferred tax liabilities**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property and equipment	(172,573)	82,820	(33,734)	(123,487)	31,223	(140,913)
Investment properties	(11,395)	(2,981)	-	(14,376)	-	(14,376)
Total	(183,968)	79,839	(33,734)	(137,863)	31,223	(155,290)

31 December 2015	**Net balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Net position**	**Deferred tax assets**	**Deferred tax liabilities**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property and equipment	(150,621)	(23,745)	1,793	(172,573)	-	(172,573)
Unrealised exchange difference	165	(165)	-	-	-	-
Investment properties	(6,336)	(5,059)	-	(11,395)	-	(11,395)
Total	(156,792)	(28,969)	1,793	(183,968)	-	(183,968)

Deferred tax asset for the life business of N717,721,685 (2015: N449,447,428) has not been recognised in the financial statements. The directors are of the opinion that it is uncertain that the results of the life business will be in a taxable profit position and therefore deferred tax asset may not be recoverable in the foreseeable future.

25 Intangible assets

	2016	2015
	₦'000	**₦'000**
Cost		
At 1 January	214,423	207,206
Additions	-	7,217
Write-offs	(7,217)	-
At 31 December	207,206	214,423
Accumulated amortization		
At 1 January	197,167	194,547
Amortization charge for the year	2,183	2,620
At 31 December	199,350	197,167
Carrying amount		
At 31 December	7,856	17,256

The intangible assets of the Company comprised of computer software. Amount written off represents 50% of the invoice amount paid in respect of the software upgrade which the Company could not recover from the vendor when the upgrade was discountinued.

2
6 **Property and equipment**

At December 2016

	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/Revalued amount	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2016	1,077,867	383,727	45,669	163,518	144,725	92,630	529,699	426,997	2,864,832
Additions	-	-	-	41,531	6,000	153,491	111,362	-	312,384
Disposals	-	-	-	(8,122)	-	(9,466)	(36,296)	-	(53,884)
Reclassification from accumulated depreciation	(25,393)	-	-	-	-	-	-	-	(25,393)
Impairment loss	-	(5,358)	-	-	-	-	-	-	(5,358)
Revaluation surplus	22,892	424,496	-	-	-	-	-	-	447,388
Transfers	-	381,186	10,563	-	-	-	11,642	(403,391)	-
At 31 December 2016	1,075,366	1,184,051	56,232	196,927	150,725	236,655	616,407	23,606	3,539,969
Accumulated depreciation									
At 1 January 2016	25,393	12,337	38,409	90,576	88,514	66,905	232,714	-	554,847
Charge for the year	-	13,985	4,712	23,090	17,240	19,905	139,182	-	218,115
Disposals	-	-	-	(6,900)	-	(6,543)	(32,857)	-	(46,300)
Reclassification to cost	(25,393)		-	-	-	-	-	-	(25,393)
Impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2016	-	26,321	43,121	106,767	105,754	80,266	339,039	-	701,269
Net book value - 2016	1,075,366	1,157,730	13,111	90,160	44,971	156,388	277,368	23,606	2,838,700

(i) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year.

(ii) Included in buildings is the value of ₦5,358,000 relating to Head Office building (Marquee Tent) as at year end. This structure was dismantled during the year to erect the drivers' lounge and impairment loss of ₦5,358,000 has been recognized in profit and loss account.

(iii) Items of land and building are carried at revalued amount. A valuation was conducted by an external independent valuer, A.C. Otegbulu & Partners, FRC/2013/NIESV/00000001582. They have relevant recognised professional qualifications and experience in the proerty being value. The properties, land and building, were valued using the open market value basis as at December 31, 2016. The valuation method is on comparable and investment method. The revaluation of ₦447,388,000 arising from the valuation of the Company's building has been recognised in other comprehensive income.

(iv) During the year, the Company reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain that it is more likely than not that the Lagos State Governor renew the lease upon expiration. The substance of the lease, therefore, is that the Company has ownership of the land and not a right to use the land for a predefined period. Consequently, the Company has discontinued depreciation of land.

At December 2015

	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/Revalued amount	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2015	1,007,808	202,680	45,669	110,792	121,589	85,911	380,456	169,785	2,124,690
Additions	-	9,804	-	55,839	26,092	6,718	177,650	373,932	650,036
Disposals	-	-	-	(3,113)	(2,957)	-	(42,307)	-	(48,377)
Write-offs	-	-	-	-	-	-	-	-	-
Impairment loss	-	(61,875)	-	-	-	-	-	-	(61,875)
Revaluation surplus/(deficit)	70,059	130,298	-	-	-	-	-	-	200,357
Reclassifications	-	102,820	-	-	-	-	13,900	(116,720)	-
At 31 December 2015	1,077,867	383,727	45,669	163,518	144,725	92,630	529,699	426,997	2,864,831
Accumulated depreciation									
At 1 January 2015	11,108	11,203	36,416	74,615	75,776	59,074	175,247	-	443,439
Charge for the period	14,114	4,639	1,992	18,180	15,695	7,831	99,624	-	162,075
Disposals	-	(935)	-	(2,219)	(2,957)	-	(42,157)	-	(48,268)
Reclassification	171	(171)	-	-	-	-	-	-	-
Impairment loss	-	(2,399)	-	-	-	-	-	-	(2,399)
At 31 December 2015	25,393	12,337	38,409	90,576	88,514	66,905	232,714	-	554,847
Net book value - 2015	1,052,474	371,390	7,260	72,942	56,211	25,820	138,462	426,997	2,309,984

(i) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year.

(ii) Included in buildings is the value of ₦223.5million relating to Head Office building as at year end. Part of this building was demolished during the year to erect new one and impairment loss of ₦59,476,000 relates to the portion of the head office building demolished during the year. The amount has been recognised in profit and loss account.

(iii) Items of land and building are carried at revalued amount. A valuation was conducted by an external independent valuer, A.C. Otegbulu & Partners, FRC/2013/NIESV/00000001582. They have relevant recognised professional qualifications and experience in the proerty being value. The properties, land and building, were valued using the open market value basis as at December 31, 2015. The valuation method is on comparable and investment method. The revaluation of ₦200,357,000 arising from the valuation of the Company's building has been recognised in other comprehensive income.

Notes to the financial statements

The historical cost of land and building are as follows:

	December 2016		December 2015	
	Land	Building	Land	Building
	₦'000	₦'000	₦'000	₦'000
Cost	544,349	664,740	544,349	283,554
Accumulated depreciation	-	(13,985)	(14,114)	(4,639)
Net book value	544,349	650,755	530,236	278,915

27 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria for the composite insurance. The deposit is not available for the day to day operations of the Company and has been disclosed seperately.

	2016	2015
	₦'000	₦'000
Non-current	500,000	500,000
	500,000	500,000

28 Investment contract liability

	2016	2015
	₦'000	₦'000
At 1 January	20,708	6,942
Deposits received	22,019	14,884
Guaranteed interest (see note 7.1)	412	249
	43,139	22,076
Less: withdrawals	(7,569)	(1,368)
At 31 December	35,570	20,708
Due within 12 months	35,570	20,708

The Company has a total sum of N35.6 million (2015 - N20.7 million) in deposit administered funds with a guaranteed interest of N412,000 (2015 - N249,000). Outstanding balance of N2.157 million in the account is attributable to customers who are yet to reclaim their deposit as at when the product was discontinued in 2010 while the balance relates to new contribution on the relaunch of the product in 2013.

28.1 Asset representing investment contract liabilities fund:

Breakdown:

Financial assets - Held to maturity investments	35,570	20,708
	35,570	20,708

29 Insurance contract liabilities

	2016	2015
	₦'000	₦'000
Short term business (note 29.1)	2,365,118	3,169,878
Long term business (note 29.2)	243,991	202,045
Total insurance liabilities	2,609,109	3,371,923
Due within 12 months	2,365,118	3,169,878
Due after 12 months	243,991	202,045
	2,609,109	3,371,923

The Company's insurance contract liabilities above was actuarially determined by HR Nigeria Limited (FRC/NAS/00000000738) as at 31 December 2016.

Insurance contract liabilities analysed into Non-life and Life business:

	2016			2015		
	Nonlife	Life	Total	Nonlife	Life	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium	1,115,892	146,586	1,262,478	1,330,691	251,247	1,581,938
Outstanding claims	378,664	76,588	455,252	469,220	111,643	580,863
IBNR	508,238	152,855	661,093	632,574	411,057	1,043,631
Individual life fund	-	230,286	230,286	-	165,491	165,491
	2,002,794	606,315	2,609,109	2,432,486	939,439	3,371,923

Notes to the financial statements

29.1 Short term insurance business liabilities comprise:

Outstanding claims (note 29.1a)	441,547	544,310
Claims incurred but not reported (note 29.1b)	661,093	1,043,630
Total short term business outstanding claims	1,102,640	1,587,940
Provision for unearned premium (note 29.1c)	1,262,478	1,581,938
Total short term business insurance contract liability	2,365,118	3,169,878

29.1a Outstanding claims are analysed as follows:

At 1 January	544,310	462,128
Claims incurred in the year	2,371,048	1,884,482
Claims paid during the year (see note 8)	(2,473,811)	(1,802,299)
At 31 December	441,547	544,310

Outstanding claims was determined using the discounted inflation adjusted basic chain ladder method and claims development from 2007 - 2015.

Notes to the financial statements

The table below shows the breakdown of outstanding claims liabilities adequacy test valuation, the IBNR provision required and the reinsurance projection.

Outstanding claims table

Outstanding claims provision (continued)

The table below shows the breakdown of outstanding claims liabilities adequacy test valuation, the IBNR provision required and the reinsurance projection.

Breakdown of outstanding claims provision per class of short term insurance business:

	2016 Outstanding Claims	IBNR	Total	2015 Outstanding Claims	IBNR	Total	2016 Reinsurance on IBNR	2015 Reinsurance on IBNR
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	39,509	96,047	135,556	89,917	121,204	211,121	5,207	619
Fire	179,731	56,645	236,376	91,033	120,757	211,790	34,056	52,682
Bond	100	3,032	3,132	135	2,360	2,495	2,130	(40)
General accident	123,749	228,857	352,606	242,483	108,943	351,427	90,332	62,336
Marine and aviation	11,130	33,233	44,363	21,310	100,699	122,009	10,500	93,029
Engineering	4,954	40,661	45,615	(6,405)	77,677	71,272	21,004	40,784
Oil and energy	19,492	49,762	69,254	30,748	100,933	131,681	24,983	44,366
Group life	62,882	152,856	215,738	75,089	411,057	486,146	65,506	235,945
	441,547	661,093	1,102,640	544,310	1,043,630	1,587,941	253,718	529,721

29.1b Claims Incurred But Not Reported (IBNR) are analysed as follows:

	2016	2015
	₦'000	₦'000
At 1 January	1,043,630	793,120
Movement during the year	(382,537)	250,510
At 31 December	661,093	1,043,630

Analysis of claims incurred but not reported per class of short-term business:

	1 January 2015	Movement during the year	31 December 2015	1 January 2016	Movement during the year	31 December 2016
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	101,532	19,673	121,205	121,204	(25,157)	96,047
Fire	133,148	(12,391)	120,757	120,757	(64,112)	56,645
Bond	8,134	(5,774)	2,360	2,360	672	3,032
General accident	97,926	11,018	108,943	108,943	119,914	228,857
Marine and aviation	140,053	(39,354)	100,699	100,699	(67,466)	33,233
Engineering	5,047	72,630	77,677	77,677	(37,016)	40,661
Oil and energy	45,162	55,771	100,933	100,933	(51,171)	49,762
Group life	262,118	148,939	411,057	411,057	(258,201)	152,856
	793,119	250,511	1,043,630	1,043,629	(382,537)	661,093

IBNR relates to only short term insurance business.

29.1c Analysis of unearned premium per class of short-term business

	Unearned premium 2014	Movement	Unearned premium 2015	Movement	Unearned premium 2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	506,796	(167,056)	339,739	(89,537)	250,202
Fire	258,196	(17,461)	240,736	1,522	242,258
Bond	7,978	2,358	10,336	8,475	18,811
General accident	282,351	(20,652)	261,699	34,518	296,217
Marine and aviation	172,972	(26,243)	146,729	(3,468)	143,261
Engineering	86,368	114,515	200,883	(125,101)	75,782
Oil and energy	114,858	15,711	130,569	(41,207)	89,362
Group life	154,611	96,636	251,247	(104,661)	146,586
	1,584,130	(2,192)	1,581,938	(319,460)	1,262,478

The Company does not make provision for premium deficiency. This is because all classes of business in which the Company is involved led to a profit i.e. the premium written is in excess of claims incurred.

29.2 Long term business insurance liabilities

	2016	2015
	₦'000	₦'000
Outstanding claims (note 29.2a)	13,708	36,556
Individual life business liability (note 29.2b)	230,283	165,489
	243,991	202,045

Notes to the financial statements

29.2a The movement in outstanding claims during the year was as follows:

	Individual life 2016	Individual life 2015
	₦'000	₦'000
At 1 January	36,556	21,655
Additional claims incurred	42,818	101,574
Claims paid	(65,666)	(86,673)
Net movement (note 8)	(22,848)	14,901
At 31 December	13,708	36,556

29.2b Individual life insurance liability comprises:

The movement in the individual life liability account during the year was as follows:

	2016	2015
	₦'000	₦'000
At 1 January	165,489	104,256
Increase during the year (note 6.1)	64,794	61,233
At 31 December	230,283	165,489

Included in the individual life insurance liability is N1.78 million (2015: N3.54 million), representing the value of the annuity business as at 31 December 2016. Annuity business is a type of insurance that upon annuitization, pay out a stream of payments to the investor at a later point in time.

29.3 Asset representing insurance fund:

Breakdown:	**Short term insurance business**	**Long term insurance business**	**Total 2016 ₦'000**
Financial assets - Held to maturity investments	2,365,118	243,991	2,609,109
Total	2,365,118	243,991	2,609,109
Valuation (deficit)/surplus during the year	-	-	-
	2,365,118	243,991	2,609,109

Breakdown:	**Short term insurance business**	**Long term insurance business**	**Total 2015 ₦'000**
Financial assets - Held to maturity investments	3,169,878	202,045	3,371,923
Total	3,169,878	202,045	3,371,923
Valuation (deficit)/surplus during the year	-	-	-
	3,169,878	202,045	3,371,923

30 Trade payables

	2016	2015
	₦'000	₦'000
Reinsurance payables (note 30.1)	4,525	-
Insurance payables (note 30.2)	83,038	71,017
	87,564	71,017
Due within 12 months	87,564	71,017

30.1 Reinsurance payables

	2016	2015
	₦'000	₦'000
Reinsurance premium payable	4,525	-
	4,525	-

30.2 Insurance payables

	2016	2015
	₦'000	₦'000
Due to agents	14,411	36,077
Due to brokers	68,627	34,940
	83,038	71,017

31 Other payables and accruals

	2016	2015
	₦'000	₦'000
Accruals	157,948	222,274
Sundry payables	54,652	86,870
	212,600	309,144

The carrying amounts disclosed above approximate the fair value at the reporting date.

Due within 12 months	212,600	309,144
Due after 12 months	-	-
	212,600	309,144

32 Deferred commission income

	2016	2015
	₦'000	₦'000
Motor	588	1,576
Fire	30,684	28,676
Bond	1,412	862
General accident	26,489	18,495
Marine	27,141	37,750
Engineering	10,551	14,311
Oil & Energy	4,638	3,009
	101,503	104,680

Due within 12 months	101,503	104,680
Due after 12 months	-	-
	101,503	104,680

Deferred commission income relates to the unearned portion of the commission from reinsurance transactions.

32.1 Movement in deferred commission income:

At beginning of year	104,680	75,570
Additions during the year	417,400	417,891
	522,080	493,461
Amortisation during the year	(420,577)	(388,781)
At end of year	101,503	104,680

33 Provisions

	2016	2015
	₦'000	₦'000
Legal claims	44,000	44,000
	44,000	44,000

due within 12 months	-	-
due after 12 months	44,000	44,000

Legal claims relates to provision for claims for which judgement has been made against the Company. It is uncertain as to when the liability will fall due as the client is currently appealing the judgement and the amount provided represents the best estimate of the present value of future cash flows.

34 Current tax liabilities

	2016	2015
	₦'000	₦'000
34.1 *Charge*		
Income tax	48,542	228,686
Education tax	1,399	6,990
Technology tax	6,242	9,217
	56,184	244,893
Deferred tax	(79,839)	28,969
Charge for the year	(23,655)	273,862

Notes to the financial statements

Charge for the year is analysed below:

	2016	2015
	₦'000	₦'000
Minimum tax	48,542	192,764
Income tax	(72,197)	81,098
	(23,655)	273,862

34.2 Current tax liability

The movement on tax payable account during the year is as follows:

	2016	2015
	₦'000	₦'000
At 1 January	407,110	347,549
Payment (cash) during the year	(189,889)	(185,332)
Charge for the year	56,184	244,893
At 31 December	273,405	407,110

Refer to note 5 for significant judgment and estimate related to the computation of current tax balances.

34.3 Effective tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount as follows:

	%	2016	%	2015
Profit before tax		253,363		812,176
Adjustment for NITDA levy		(6,242)		(9,217)
Profit after adjustment for NITDA levy		247,121		802,959
Tax calculated at the tax rate of 30%	30%	74,136	30%	240,888
Effect of:				
Impact of minimum tax	19%	48,542	24%	192,764
Education tax	1%	1,399	1%	6,990
Technology tax	2%	6,242	1%	9,217
Income not subject to tax	(134%)	(339,102)	(19%)	(152,803)
Non-deductible expenses	278%	705,266	27%	216,774
Impact of industry tax law	(198%)	(501,949)	0%	-
Change in estimates related to prior years	(113%)	(286,464)	0%	-
Effect of unrecognised deferred tax asset	106%	268,274	(30%)	(239,967)
Effective tax	(9%)	(23,655)	34%	273,863

35 Capital and reserves

35.1 Share capital

	2016	2015
	₦'000	₦'000
(a) Authorised:		
13,000,000,000 Ordinary shares (50 Kobo each)	6,500,000	6,500,000

(b) Issued and Paid-up:

	Number of shares '000	**Ordinary shares ₦'000**	**Share premium ₦'000**	**Total ₦'000**
At 31 December 2016 (50 Kobo each)	9,134,721	4,567,360	1,692,703	6,260,063
At 31 December 2015 (50 Kobo each)	9,134,721	4,567,360	1,692,703	6,260,063

Share premium

Premiums from the issue of shares are reported in the share premium.

35.2 Statutory contingency reserve

In accordance with the Insurance Act of Nigeria, a Contigency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

Notes to the financial statements

	2016	2015
Non life business	₦'000	₦'000
At the beginning of the year	995,421	869,451
Transfer from Retained earningss	134,849	125,970
At end of the year	1,130,270	995,421
Life business		
At the beginning of the year	131,839	117,657
Transfer from Retained earningss	8,162	14,182
At end of the year	140,001	131,839
Total	**1,270,271**	**1,127,260**

35.3 Asset revaluation reserve

	2016	2015
	₦'000	₦'000
At the beginning of the year	619,416	389,050
Revaluation gains, gross	447,388	200,357
Deferred tax relating to asset revaluation (see note 24)	(33,734)	1,792
Revaluation gains, net	413,654	202,149
Revaluation gains transferred from Retained earnings	-	28,217
At end of the year	1,033,070	619,416

Asset revaluation reserves is analysed as follows:	2016	2015
	₦'000	₦'000
Gross amount	1,160,419	713,031
Related deferred tax liability	(127,349)	(93,615)
Net amount	1,033,070	619,416

35.4 Available for sale reserve

	2016	2015
	₦'000	₦'000
At the beginning of the year	(4,565)	(5,129)
Additions during the year:		
- Fair value changes of available for sale financial assets	37,734	564
At end of the year	33,169	(4,565)

35.5 Retained earnings

(a) Retained earnings consists of undistributed profits from previous years.

	2016	2015
	₦'000	₦'000
At the beginning of the year	915,399	1,595,032
Dividends declared to ordinary equity shareholders during the year (see note (b) below)	-	(1,049,579)
Transfer from profit and loss	277,018	538,314
Transfer to contingency reserve	(143,011)	(140,152)
Transfer of fair value gain on landed property	-	(28,217)
At end of the year	1,049,406	915,399

(b) The Company's directors proposed a total dividend of N365,388,800 for the year 2015 but this was not approved at the Company's Annual General Meeting. The Company did not pay dividend on the 2015 financial results.

36 Dividend

The Company has not proposed dividend payment for the year ended 31 December 2016 (2015: nil: see note 35.5 (b)).

Notes to the financial statements

37 Contingencies and commitments

(a) Legal proceedings and regulations

The Company is a party to eight (2015: seven) legal actions during the year arising out of its normal business operations, out of which three cases have been settled. Total estimated liability from the legal actions amount to N243.2 million (2015: N132.7 million). The Directors believe, based on currently available information and advice of the legal counsel, that none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Company. However, provision has been made on one legal action which the Company is a party to. In this case, an adverse ruling has been obtained but the Company is in the process of appeal (Note 33).

(b) Capital commitments

The Company has entered into a contract to renovate its head office building. This contract has an outstanding agreed capital expenditure of N10.4m as at the reporting date.

(c) Contingent liability

Taxes

During the 2015 financial year, the Federal Inland Revenue Service (FIRS) conducted an audit on the Company's compliance with the Companies Income Tax laws (CITA) for the years 2012 to 2014 Years of Assessment (YOA). The result of the audit was communicated to the Company on 9 December 2015. During the 2016 financial year, a reassessment was done to review the liability based on the objections raised by the Company. The backduty assessment is summarised below:

	2016	2015
	₦'000	₦'000
Company Income Tax	495,344	464,567
Tertiary Education Tax	35,424	24,876
Withholding Tax	-	68,542
Value Added Tax	4,012	165,726
	534,780	723,711

The Company, through its tax consultant, Triple K & Associates, has re-contested this assessment on 2 December 2016. Hence, no provision was made in this financial statement as the Directors believe that the probability of outflow of economic resources is insignificant.

During the financial year, Lagos state Internal Revenue Service (LIRS) issued a demand notice of N18,433,655 to the Company on liabilities for pay as you earn (PAYE) and witholding taxes. The Company through its tax consultant contested the liability and as at the financial statements aproval date, the LIRS is yet to respond.No provision was made in this financial statement as the Company is optimistic of a positive outcome of the assessment.

38 Contravention of laws and regulations

The Company did not incur any penalty/fine during the year.

39 Related party disclosures

The Company entered into transaction with members of the holding company and key management personnel in the normal course of business.

(a) Details of significant transactions carried out with related parties during the year are as follows:
Transactions during the period

Company/Individual	Type of relationship	Nature of transaction	Amount (N'000)
Professor Irukwu	Shareholder/Director relationship	Consultancy	10,000
Continental Reinsurance Plc	Common directorship	Reinsurance	155,614

Balance as at 31 December 2016

Company/Individual	Nature of balance	N'000
Continental Reinsurance Plc	Reinsurance receivable	57,587

(b) Compensation of key management personnel
Key management personnel of the company includes all directors (executive and non-executive) members of the management committee.

The summary of compensation of key management personnel for the year is as follows:

	2016	2015
	₦'000	₦'000
Salaries	114,038	114,038
Fees	60,203	36,409
Other short-term employment benefits	3,967	3,967
Post-employment benefits	24,000	24,000
	202,208	178,414

40 Employees and directors

a. Employees
The average number of persons employed by the Company during the year was as follows:

	2016	2015
	Number	Number
Executive directors	1	1
Management	14	8
Non-management	98	111
	113	120

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Number	Number
Less than N800,001	1	4
N800,001 - N2,000,000	1	1
N2,000,001 - N2,800,000	33	52
N2,800,001 - N3,500,000	22	19
N3,500,001 - and Above	55	43
	112	119

b. Directors
Remuneration paid to the Company's directors (excluding pension contribution) was:

	₦'000	₦'000
Fees and sitting allowances	60,203	36,409
Executive compensation	38,494	38,494
	98,697	74,903
The chairman	5,333	5,333
The highest paid director	38,494	38,494

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	2016	2015
	Number	Number
Below N1,600,000	-	-
N1,600,000 - N2,000,000	-	-
N2,000,001 - N2,900,000	-	-
N2,900,001 - N3,400,000	-	-
N3,400,000 - and above	8	9
	8	9

Notes to the financial statements

41 Events after the reporting period

There were no significant events after the financial position date which require adjustment to, or disclosure in these financial statements.

42 Reconciliation of Statement of Cash flow

	Notes	2016	2015
42.1 Insurance premium received		**₦'000**	**₦'000**
Gross premium written	6	4,516,545	5,617,227
Movement in insurance receivable		9,654	3,123
Movement in coinsurance receivable		(272,278)	306,505
		4,253,922	5,926,855
42.2 Reinsurance premium paid			
Reinsurance expense	6.1	(2,100,521)	(2,144,575)
Movement in reinsurance payable		4,525	(6,475
Movement in prepaid minimum and deposit reinsurance			
Movement in prepaid premium		(3,141)	(157,165)
		(2,099,137)	(2,308,215)
42.3 Reinsurance commission received			
Fee income arising on insurance contracts	7	420,577	389,042
Movement in deferred commission income		3,177	29,110
		423,754	418,152
42.4 Insurance benefits and claims paid			
Gross benefits and claims incurred	8	(2,031,470)	(2,236,829)
Movement in outstanding claims		(125,611)	97,084
Movement in IBNR		(382,538)	250,510
		(2,539,619)	(1,889,235)
42.5 Net inflow from deposit admin			
Deposits received	28	22,019	14,884
Withdrawal		(7,569)	(1,368)
		14,450	13,517
42.6 Reinsurance claims received			
Benefits and claims recoverable from reinsurers	9.1	592,129	935,294
Movement in reinsurance share of outstanding claims		22,135	(8,725)
Movement in Reinsurance share of IBNR		276,003	(115,578)
		890,267	810,991
42.7 Commission paid			
Acquisition expenses	10	(617,614)	(759,243)
Maintenance expense	11	(77,548)	(73,973)
Movement in commission payable		12,020	(68,619)
Movement in deferred acquisition cost		41,017	38,596
		(642,125)	(863,240)
42.8 Cash paid to employees, intermediaries and other suppliers			
Other operating expenses	15	(1,802,335)	(1,746,484)
Less non-cash items:			
Depreciation	15	218,115	162,075
Amortization	15	2,183	2,620
Movement in deposit admin		(396)	(12)
Movement in prepaid expenses		(37,595)	(78,685)
Movement in payables		(96,544)	(434,845)
		(1,716,572)	(2,095,331)

Notes to the financial statements

42.9	**Other income received**			
	Management fees	13	19,800	20,689
	Rent income	13	4,000	8,000
	Other sundry income	13	101	377
			23,901	29,066
43.0	**Interest income received**			
	Commissions and charges	12.2	768,032	956,711
	Dividend income on available for sale equity securities	12.1	(1,444)	(4,579)
	Movement in accrued interest receivable		4,401	33,628
			770,989	985,760
43.1	**Proceeds on disposal of property and equipment**			
	Cost of property and equipment	26	53,884	48,377
	Accumulated depreciation of property and equipment	26	(46,300)	(48,269)
	Profit on sale of property and equipment	13	3,943	2,177
			11,527	2,285
43.2	**Purchase of financial assets**			
	Addition to financial assets	18.4	(703,268)	(1,128,088)
	Fair value adjustment on staff loans		10,361	-
	Movement in loans and receivables		3,304	-
	Movement in accrued interest receivable	17.1	(4,401)	(33,631)
			(694,003)	(1,161,719)

Segment Information

Following the management approach of IFRS 8, the Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. Management identifies its reportable segments by product line. These segments and their respective operations are as follows:

Non life business

The protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life business

Protection of customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

The segment information provided by Management for the operations of the reporting segments for the year ended 31 December 2016.

	Non life	Life	Total
	₦'000	₦'000	₦'000
Gross premium written	3,700,306	816,239	4,516,545
Gross premium income	3,915,105	856,106	4,771,211
Insurance premium ceded to reinsurers	(1,760,070)	(340,451)	(2,100,521)
Net insurance premium revenue	2,155,035	515,655	2,670,690
Fee Income	369,118	51,459	420,577
Loss on deposit administration	-	(807)	(807)
Investment income	579,945	283,529	863,474
Other operating income	183,892	82	183,974
Total Income	3,287,990	849,918	4,137,908
Insurance benefits and claims	969,365	1,349,088	2,318,453
Insurance claims recovered from reinsurers	(259,742)	(619,369)	(879,111)
Net insurance benefits and claims	709,623	729,719	1,439,342
Maintenance expenses	601,064	414,347	1,015,411
Impairment losses	5,536	(53,885)	(48,349)
Other expenses	1,341,349	136,792	1,478,141
Net expenses	2,657,572	1,226,973	3,884,545
Reportable segment profit	630,418	(377,055)	253,363
Profit before tax	630,418	(377,055)	253,363
Depreciation and amortisation	217,785	329	218,115
Interest revenue	481,688	284,686	766,374
Income tax expenses	43,829	(20,174)	23,655
Profit after tax	674,247	(397,229)	277,018
Transfer to statutory contingency reserve	134,849	8,162	143,012
Total assets	9,997,378	3,150,215	13,147,593
Total Liabilities	2,759,029	738,071	3,497,101
Net assets	7,238,349	2,412,144	9,650,493

No single external customer contributed 10 per cent or more of the entity's revenues as at year end.

Joint expenses between nonlife and life are allocated on 70:30 basis respectively.

	Amount per Financial Statements	Differences	Total Management Reporting
	₦'000	₦'000	₦'000
At 31 December 2016			
Net insurance premium revenue	2,670,690	-	2,670,690
Fee Income	420,577	-	420,577
Investment returns	768,032	(95,442)	863,474
Other operating income	283,360	99,386	183,974
Net insurance benefits and claims	(1,439,341)	1	(1,439,342)
Maintenance expenses	(695,162)	320,249	(1,015,411)
Impairment losses	48,349	0	48,349
Loss on deposit administration	(807)	0	(807)
Other expenses	(1,802,335)	(324,194)	(1,478,141)
Operating profit	253,363	-	253,363

The segment information provided by Management for the financial position of the reporting segments for the year ended 31 December 2016

	Non life	Life	Total
Assets	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	1,124,763	709,123	1,833,886
Financial assets	3,311,952	1,638,927	4,950,879
Trade receivables	1,926	378,496	380,422
Reinsurance assets	1,009,155	169,524	1,178,679
Other receivables	116,967	45,056	162,023
Deferred acquisition costs	150,488	-	150,488
Investment properties	1,140,145	-	1,140,145
Intangible assets	7,857	-	7,857
Property and equipment	2,829,393	9,307	2,838,700
Statutory deposits	300,000	200,000	500,000
Total assets	**9,992,646**	**3,150,433**	**13,143,079**

	Non life	Life	Total
Liabilities	**₦'000**	**₦'000**	**₦'000**
Investment contract liabilities	-	35,570	35,570
Insurance contract liabilities	2,002,795	606,315	2,609,110
Trade payables	83,038	-	83,038
Other payables	210,167	46,443	256,610
Deferred commission income	101,503	-	101,503
Current income tax	223,663	49,742	273,405
Deferred tax liabilities	137,864	-	137,864
Total Liabilities	**2,759,030**	**738,070**	**3,497,100**