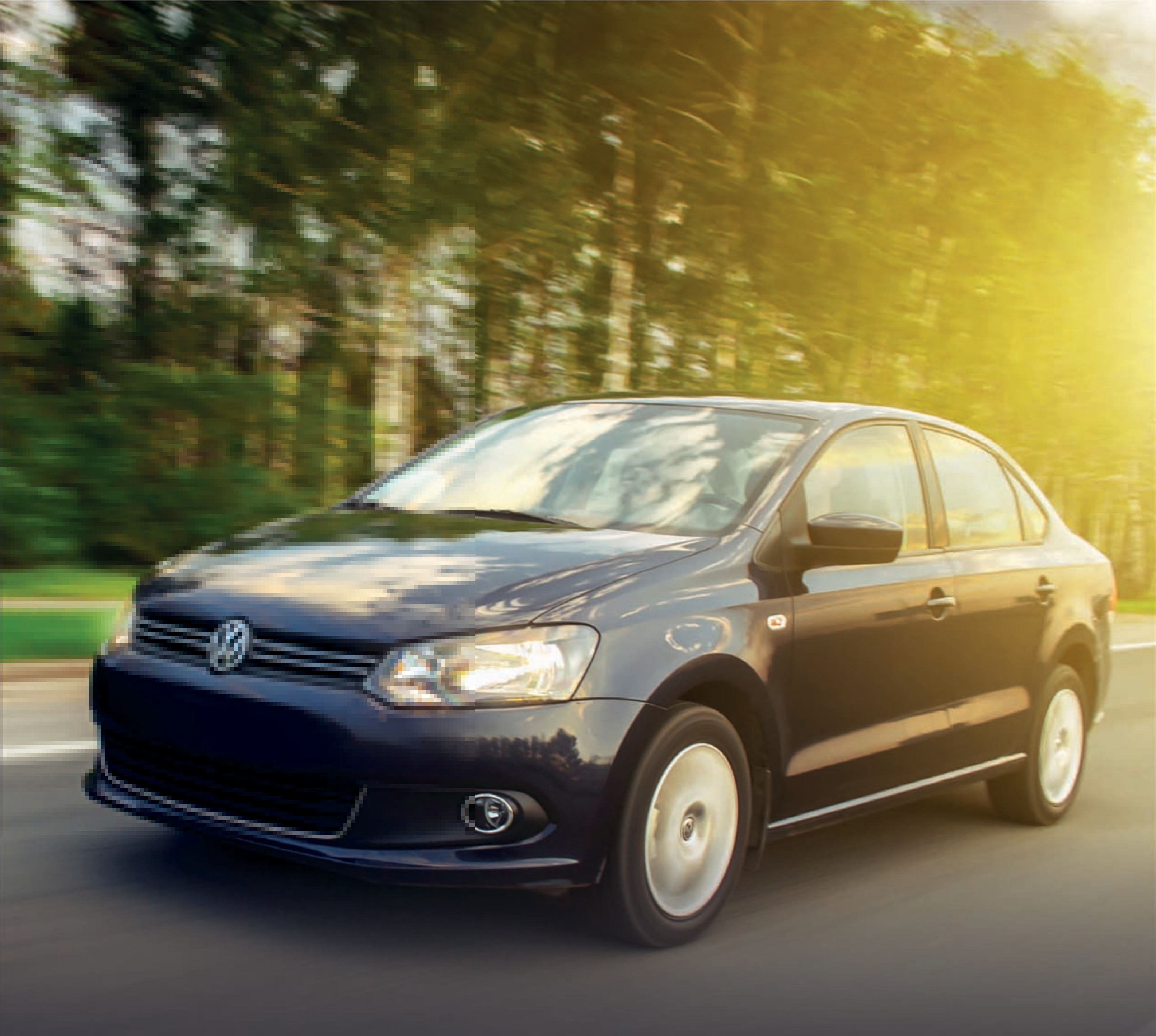
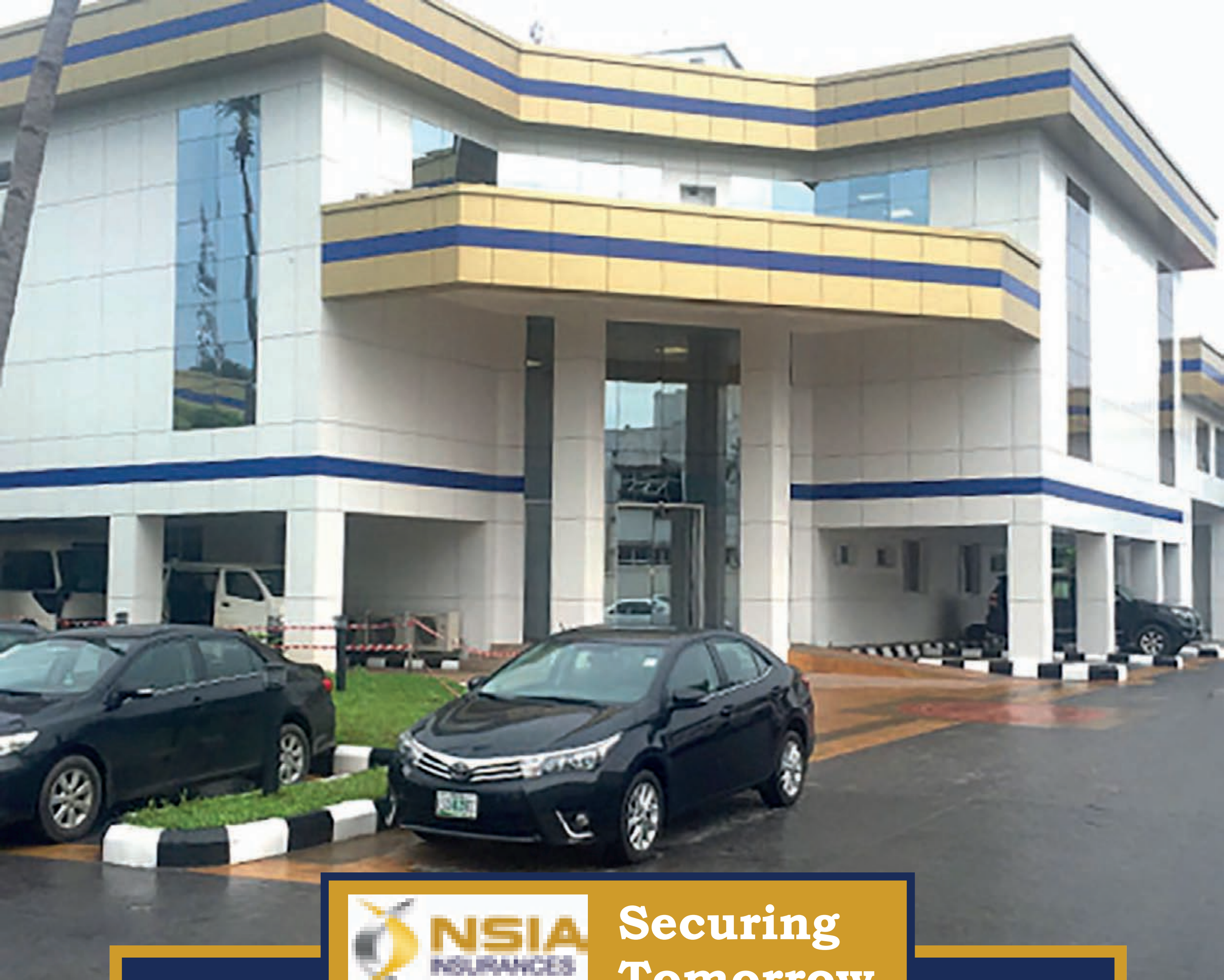


Car Insurance

Car accidents happen even to the safest drivers. Car repair is costly, and in a total loss, you can be facing financial disaster. Car insurance protects your investment and keeps you moving so you can get on with life.



Our Mission

To tailor our products and services to meet our customers' needs.

Our Vision

To distinguish NSIA as a trusted partner and the preferred insurance provider.

Our Core Values

Integrity
Stakeholder/customer focus Transparency
Work-life balance
Accountability

Our Quality Objective

- To improve turnaround time for processing claims payment after discharge voucher is signed from 6 days to 48 hours on all classes of business.
- To ensure zero-infraction in compliance with statutory requirements.
- To achieve Customer Satisfaction Index of 85% .
- Employee Satisfaction Index of 80% .
- To ensure improvement of the QMS in compliance with ISO 9001:2015 standard by conducting two quality audits annually and ensuring all identified non-Conformances are remediated within three months.

Our Quality Policy

NSIA is committed to the continual improvement of the effectiveness of its Quality Management System and achieving customer satisfaction.

We achieve this by:

- Setting quality objectives in line with the Quality Policy.
- Reviewing and monitoring the validity of NSIA's strategic direction based on the context of the organisation.
- Continually assessing internal and external influencers to determine the effect on the QMS.
- Continually improving the QMS to ensure it achieves its intended results.
- Operating transparently and complying with relevant regulations.
- Reviewing our products and services to ensure that they meet customers' requirements.
- Encouraging quality consciousness amongst all interested parties.

Business Insurance

Your company is your livelihood, so protecting it is smart business. Find out how to put our risk-mitigation experience and products to work for you with NSIA Business Insurance Service.

Contents

Reports

Other national disclosures:

Financial Statements

Corporate Information

Corporate information

Mr. Jean Kacou Diagou*	Chairman
Mrs. Chioma Sideso	Managing Director
Mrs. Janine Diagou*	Director
Mr. Bene Boevi Lawson**	Director
Mr. Adewale Sangowawa	Director
Mr. Ituah Ighodalo	Director
Mr. Guy Koreki	Executive Director (Resigned January 1, 2017)
Mr Bakary Kamara	Executive Director (Resigned January 1, 2017)
Mr. Abideen Musa	Executive Director (Appointed April 1, 2017)

* - Ivorian
** - Togolese

Registered office	3, Elsie Femi-Pearse Street Off Adeola Odeku, Victoria Island, Lagos enquiry@nsiainsurance.com www.nsiainsurance.com
Principal bankers	Diamond Bank Plc Access Bank Plc Fidelity Bank Plc Ecobank Nigeria Plc WEMA Bank 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	QED Actuaries & Consultants (Pty) Ltd 235 Ikorodu Road, Ilupeju, Lagos, Nigeria www.qedactuarial.co.za FRC /2016/NAS/00000013781
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

Punuka
ATTORNEYS & SOLICITORS

June 17, 2018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of NSIA Insurance Limited will hold on the 12th of July, 2018 at NSIA Insurance Limited, No. 3 Elsie Femi Pearse Street, Victoria Island, Lagos, Nigeria at 4:00pm prompt to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors, the Balance Sheet together with the Profit and Loss Account as at 31st December, 2017 and the Report of the Auditors thereon
2. To re-elect Directors in place of those retiring
3. To appoint Auditors
4. To authorize the Directors to fix the remuneration of the Auditors
5. To declare dividends of 2.1kobo per share

SPECIAL BUSINESS

6. To approve the directors remuneration
7. To ratify the appointment of new appointed director(s)

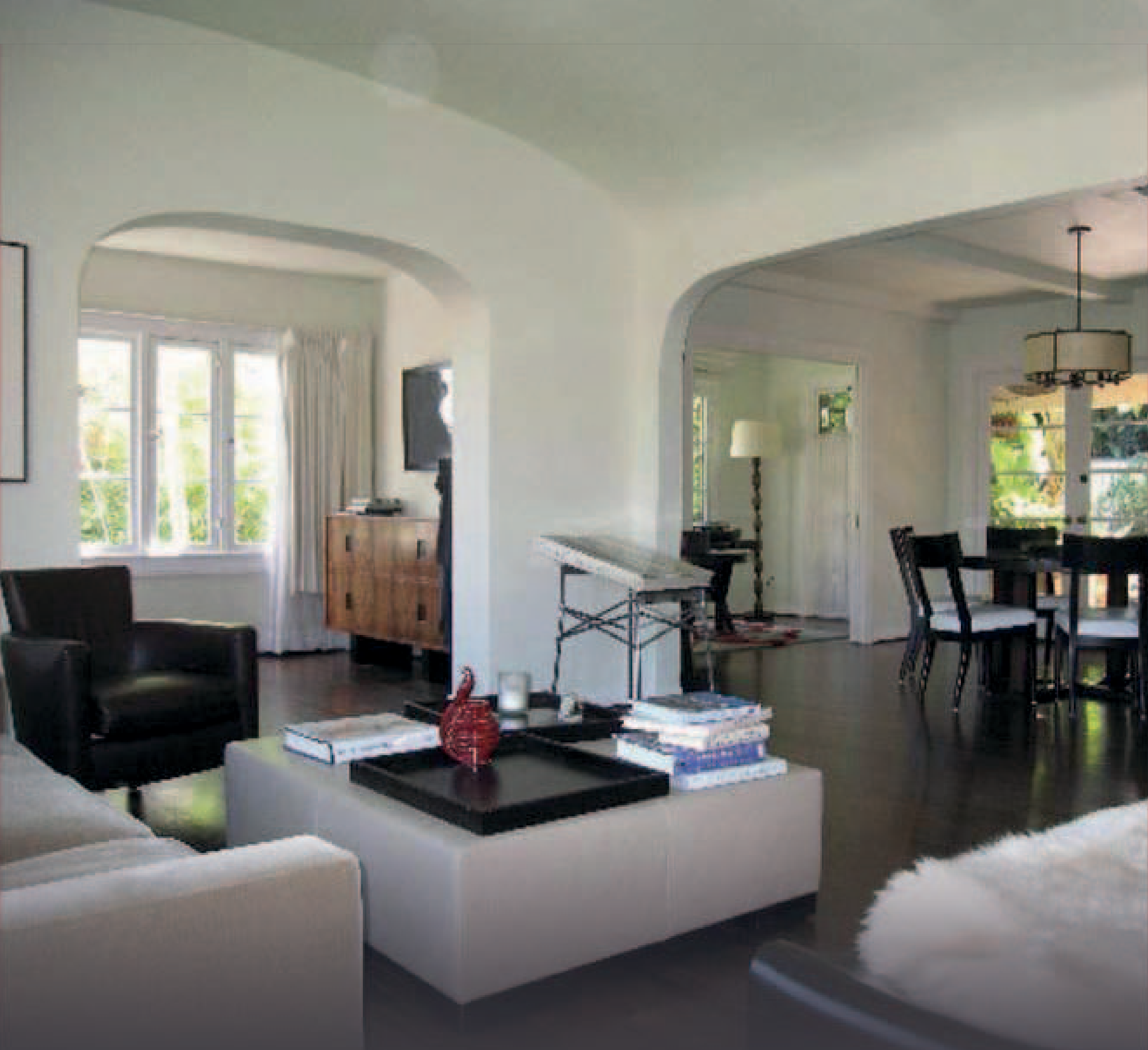
NOTE: A member entitled to attend and vote at a meeting may appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member of the company.

Dated this 17th day of June, 2018

By Order of the Board

PUNUKA Attorneys & Solicitors
Company Secretary

Senior Partner: Chief Anthony Idigbe, SAN
For list of partners, management and associates please visit www.punuka.com
International Law Centre
[illegible]
[illegible]
[illegible]
LAGOS ABUJA ASABA



Home Insurance

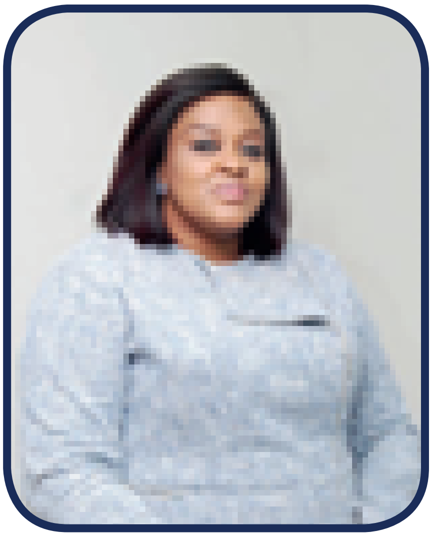
The right insurance coverage for your home is one of the most important investments you'll ever make—aside from your home itself. Enjoy the peace of mind that comes with knowing your home and its contents are protected.

Board of Directors

Jean Kacou DIAGOU

Jean Kacou DIAGOU serves as the Chief Executive Officer and Chairman of the Board of NSIA Participations; consisting of a Holding, 22 insurance companies and 2 banks in 12 countries in West and Central Africa S.A. He is a professional and an expert in the industry with over 40years experience in Insurance. Before establishing NSIA, he worked with the UAP. He contributed very actively to the restructuring of the banking and insurance sector particularly through his participation in the preparation of the CIMA Code, a regulation which is commonly applicable in 14 African countries. Mr. DIAGOU is a Member of the Board of Directors CICARE, Lomé, the President of the Federation west African Business Organisations (FOPAO) and member of the Management Board CEPIC.

Board of Directors
Continued



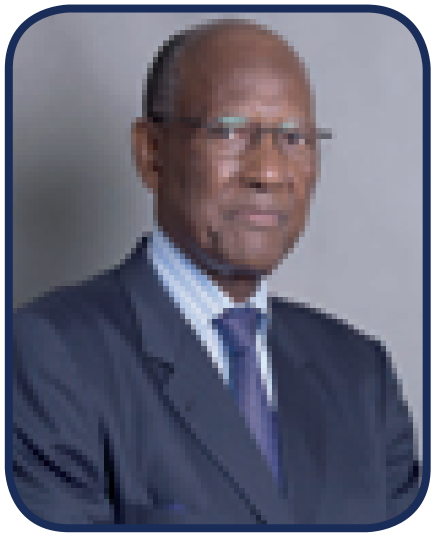
Ebelechukwu B. Nwachukwu

Ebelechukwu b. Nwachukwu is the Managing Director and Chief Executive Officer of NSIA Insurance Limited. She joined NSIA Insurance Limited in January 2018. Prior to her appointment, Ebele was the Managing Director/CEO of Zenith General Insurance Company Limited; the DGM, Retail and Channel Management of UBA Insurance; the AGM, Marketing in Standard Alliance Insurance. She holds a Bachelor of Arts degree from the University of Benin and an MBA from the ESUT Business School, Nigeria. She is a member of the Chartered Insurance Institute of Nigeria, and London; a member of the Institute of Directors and a member of the Nigerian Chartered Institute of Management. Her twenty-three years career started as a Health Insurance Underwriting officer with the International Standard Insures (ISI). Ebele served on the Board of Zenith Prudential Life Assurance and Venus Medicare. She has attended the Advanced Management Program of Columbia Business School and several leadership and strategy courses at the London Business School, Alliance Manchester Business School and the Lagos Business School. She enjoys music, family, meeting people, travelling and counselling.

Janine Kacou DIAGOU

Janine Diagou is currently the Deputy Director General of the insurance and banking group NSIA Participations. She holds a Bachelor's degree in Business Administration (IFAM Paris) and a Master of Science in Finance from Middlesex University, London. She joined the NSIA Group in 1999 as the Director responsible for audit and control management of the Ivorian subsidiary. In this position for five years, she honed her knowledge of the group. She was named CFO of NSIA Ivory Coast in 2004, then NSIA Participations, and in 2006, played a key role in the acquisition of BIAO bank, the oldest bank in Ivory Coast which is now the third ranking bank on the Ivorian market. She was promoted in 2011 to the function of deployment the strategy of the business of Group NSIA.

Board of Directors
Continued



Bene Boevi LAWSON

Bilingual and Holder of a master's degree in law and a diploma from the National Insurance School of Paris (France), He was Deputy Managing Director of the Togolese insurance group before being subscriber and Regional director of Africa RE Abidjan. He serves as Group Managing Director and is in Charge of The Insurance Pool at NSIA Participations S.A. Mr. Lawson has been a Director at African Reinsurance Corporation since 2015 and became a Director in NSIA Insurance Limited on June 28, 2011. Bene LAWSON is a member of the Institute of Administrators in South Africa, France and Canada. He has been a director in charge of the governance of the NSIA group.

Bakary Kamara

Mr. Bakary H. Kamara served as Chief Executive Officer and Managing Director of African Reinsurance Corporation. Mr. Kamara has been Chairman of Africa Retakaful since September 2010 and has been a Director of Shelter Afrique Ltd. since June 11, 2008. Mr. Kamara serves as a Director of Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re. He has been a Non-Executive Director of Continental Reinsurance Plc since July 18, 2011 and served as its Director since March 30, 2010 until July 16, 2010. Mr. Kamara served as Director of Continental Reinsurance Plc from March 30, 2010 to July 16, 2010. He became an Independent Director in NSIA Insurance Limted on June 28, 2011.

Board of Directors
Continued

Adewale Sangowawa

Adewale Sangowawa is an accomplished and highly successful banker, economist and management consultant. He studied at the University of Makerere, Uganda where he obtained a Bachelor of Arts degree in Political Science & Economics and a Master of Arts degree in Development Economics. After starting his career with the Ugandan Civil Service, Mr. Sangowawa returned to Nigeria in 1967 and worked briefly at the Central Bank. However he was soon attracted away by the African Development Bank (ADB) in Abidjan, Cote d'Ivoire and spent 28 years (1969-97) on a long and glorious career with the ADB, culminating in his appointment to the post of Vice President – a post he held for 7 years. Mr Sangowawa sits/has sat on the boards of many companies and parastatals. He became a Director in NSIA Insurance Limited on August 1, 2011.

Ituah Ighodalo

Ituah Ighodalo attended King's College Lagos and the International School, University of Ibadan. He obtained a combined honours degree in Economics and Accounting in 1982 from the University of Hull, England, and attended a Business Certification Course at Harvard Business School in 2011. He commenced his professional career in 1982 at Pricewater House and later founded Ighodalo & Co; a professional public Accounting firm in January 1987, it merged together with 3 other firms in Oct 2004 to form SiAO a professional accounting firm providing, audit, tax and advisory services, leading th indigenous and arguably the 5 largest accounting practice in Nigeria, today. He is a Fellow of the Institute of Chartered Accountants of Nigeria and also of the Chartered Institute of Taxation; he is a member of the Nigerian Institute of Management, a Member American Society of Industrial Security, Member American Institute of Management. He sits on the board of several companies; Elizabeth R, Trinicorp, Capital Gate, FINATRUST Micro-Finance Bank, HEBRON Micro-Finance Bank, BRASS Aviation, Trinity Leadership School, SBS Schools, CKC Schools.

Board of Directors
Continued

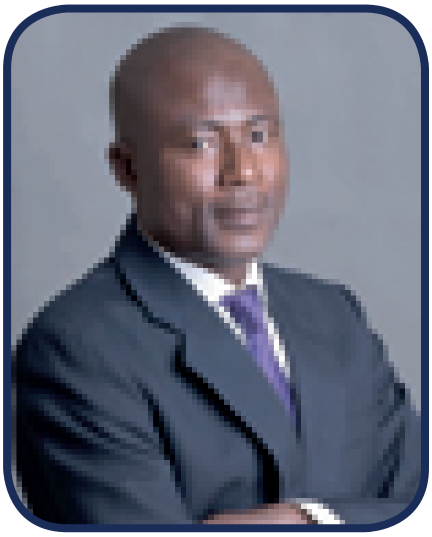
Chioma Sideso

Chioma joined NSIA Insurance in October 2004 following roles in major financial services organizations in the UK. She has a law degree from the University of Kent, Canterbury UK, an MBA from the University of Leicester UK and the Professional Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK, as well as an Associate of the Chartered Insurance Institute UK, the ACII (UK). She has completed several training programs around the globe, including the Chief Executive Program at the Lagos Business School.

Koreki Guy

Guy holds a Masters' degree in Audit and Financial Control from Ecole Superieure de Gestion in Paris, France. After starting his career at PriceWaterhouseCoopers, Abidjan in 2002 where he worked as an auditor, he moved on to ALLPACK-SISIEP-IPS WEST AFRICA where he held the position of Internal Audit Manager between 2003 and 2005. Guy moved on to head the Finance Department of STA - Groupe YTELCOM, a consulting and project management firm in Abidjan where he was responsible for cash management, budgetary control, preparation of annual financial statements and supervision of periodic management reporting. He joined NSIA Assurances,Cote d'ivoire a subsidiary of NSIA Participation in 2007 as Head, Financial Control before he finally assumed the role of Group Chief Financial Officer and Head of Investment at NSIA Participation in 2009. With fifteen years of professional career in various field of activity with international groups in the banking and insurance sector, Guy was actively involved in the development and expansion plan of the NSIA Groupe in the acquisition and creation of new subsidiaries, most notably the acquisition of ADIC Insurance in 2011.

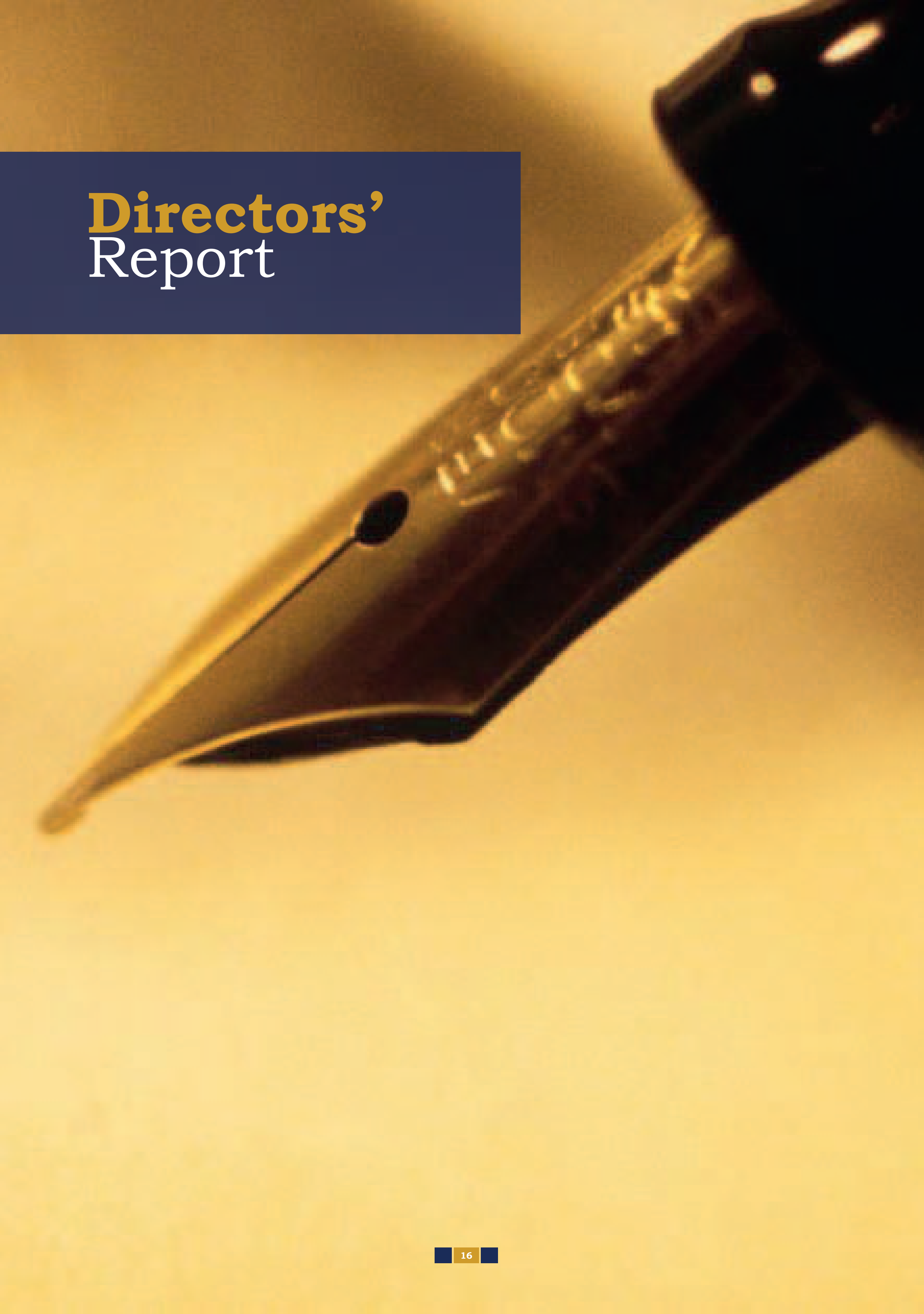
Board of Directors
Continued



Abideen Musa

Abideen is the Executive Director - Technical Operations. He has 20 years of diverse experience in the Insurance industry. Abideen is an Associate of the Chartered Institute of Insurance of Nigeria (CIIN) and has his M.Sc. and B.Sc. in Geography & Planning. An alumnus of Lagos Business School, Abideen has attended several local and international courses.

Directors' Report



Directors' Report

For the year ended 31 December 2017

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 2017.

(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	**2017**	**2016**
Total revenue	4,023,503	3,859,299
Profit before taxation	640,752	253,363
Taxation	(238,393)	23,655
Profit after taxation	402,359	277,018
Appropriations:		
Transfer to contingency reserve	(148,305)	(143,011)
Transfer to Retained earnings	254,054	134,007
Retained earnings, beginning of the year	1,049,406	915,399
Dividend paid during the year	-	-
Retained earnings, end of the year	1,303,460	1,049,406

(d) Dividend

Proposed dividend
The Company has proposed a dividend payment of 2.1kobo per share for the year ended 31 December 2017 (2016: Nil).

(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 structures and coordinates 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

Directors' Report (Continued)

For the year ended 31 December 2017

authorities and responsibilities from the board of directors to executive management committees and senior management.

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) Board of Directors

The following board members served during the year

Mr. Jean Kacou Diagou*	Chairman	
Mrs. Chioma Sideso	Managing Director	
Mrs. Janine Diagou*	Director	
Mr. Bene Boevi Lawson**	Director	
Mr. Adewale Sangowawa	Director	
Mr. Ituah Ighodalo	Director	
Mr. Guy Koreki	Executive Director	(Resigned January 1, 2017)
Mr Bakary Kamara	Executive Director	(Resigned January 1, 2017)
Mr. Abideen Musa	Executive Director	(Appointed April 1, 2017)
* - Ivorian		
** - Togolese		

(g) Directors and their interests

Directors that served during the year are as follows:

Directors	Direct Shareholding	
	Number of 50k	Number of 50k
	Ordinary Shares Held 2017	Ordinary Shares Held 2016
Mrs. Chioma Sideso	2,918,382	2,918,382
Mr. Jean Kacou Diagou	Nil	Nil
Mrs. Janine Diagou	Nil	Nil
Mr. Bene Boevi Lawson	Nil	Nil
Mr. Adewale Sangowawa	Nil	Nil
Mr. Ituah Ighodalo	Nil	Nil
Mr. Abideen Musa (Appointed in 1 April, 2017)	Nil	Nil

(h) 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.

Directors' Report (Continued)

For the year ended 31 December 2017

(i) Shareholding analysis

The shareholding pattern of the Company as at 31 December 2017 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 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**

Major Shareholding

According to the Register of Members, no shareholder, other than the undermentioned held more than 5% of the issued share capital of the Company as at 31 December 2017:

	31 December 2017		31 December 2016	
	No of shareholding	% shareholding	No of shareholding	% shareholding
NSIA Participations Holding SA	8,782,887,009	96.15%	8,782,887,009	96.15%

(j) 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.

(k) Donations and charitable gifts

The Company donated the total sum of N7,928,000 (31 December 2016: N1,499,500) to the following organizations during the year.

In thousands of Naira	
CIIN Kaduna Levy Chapter	10,000
Down Syndrome Foundation	3,500,000
Nigerian Insurers Association	4,417,507
	7,927,507

Directors' Report (Continued)

For the year ended 31 December 2017

(l) 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.

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.

(m) 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 2017	**Male (Number)**	**Female (Number)**	**Total (Number)**	**Male (Percentage)**	**Female (Percentage)**
Employees	47	51	98	48%	52%
Gender analysis of the Board and top management is as follows:					
Board	5	2	7	71%	29%
Top management	3	5	8	38%	63%
Detailed analysis of the Board and top management is as follows:					
Associate	1	1	2	50%	50%
Senior Associate	1	2	3	33%	67%
Assistant Vice President	1	2	3	33%	67%
Executive Directors	1	1	2	50%	50%
Non-executive Directors	4	1	5	80%	20%
Total	**8**	**7**	**15**		

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%

Directors' Report (Continued)

For the year ended 31 December 2017

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**		

(n) Events after the reporting date

Mrs. Ebele Nwachukwu was appointed as the new Managing Director, following the expiration of the outgoing Managing Director's contract.

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

(o) 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

Mrs. Elizabeth Idigbe
FRC/2013/NBA/00000002878
For: PUNUKA Attorneys & Solicitors
Company Secretary
25 May 2018

Statement of Directors'

Responsibilities in relation to the Financial Statements for the year ended 31 December 2017

The directors accept responsibility for the preparation of the annual 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.

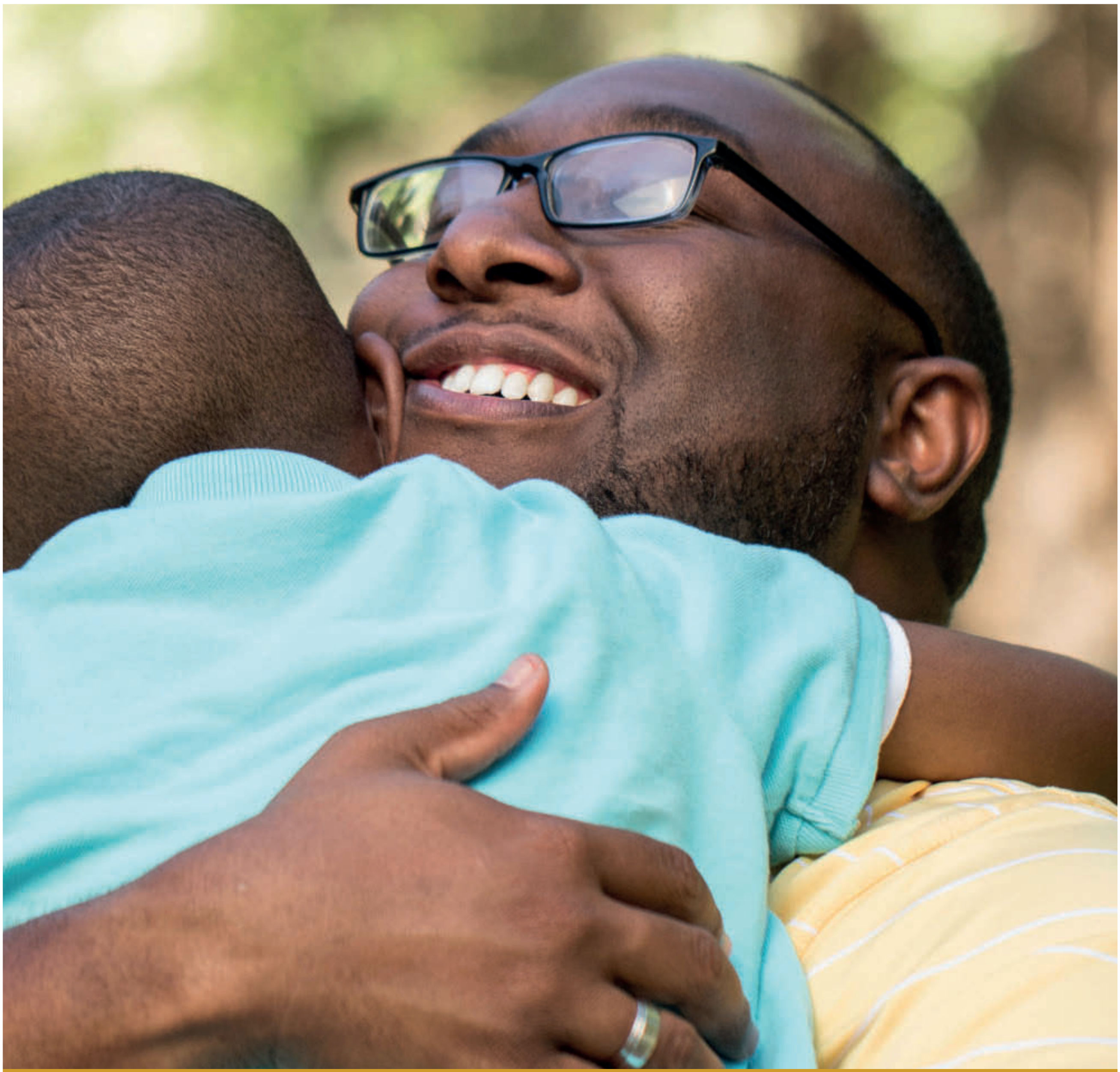
The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement 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. Ebelechukwu Nwachukwu (MD/CEO)
FRC/2013/IODN/00000002768
25 May 2018

Mr. Ituah Ighodalo (Director)
FRC/2013/ICAN/00000003919
25 May 2018



Life Insurance

Life insurance isn't a luxury—it's a necessity. Experience the peace of mind that comes from knowing your family would still be protected if you weren't there to care for them financially

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the shareholders of NSIA Insurance Limited

Report on the Audit of 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 December 31, 2017, 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 29 to 132.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, 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 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria (NAICOM) guidelines and 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical 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.

Key Audit Matters

A key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG

Insurance Contract Liabilities

The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgments and assumptions made by the Directors over uncertain future outcomes. The components of the insurance contract liabilities and the relevant areas of estimation uncertainty and significant judgments made by the Directors include the following:

- The estimation of the ultimate settlement value of long term insurance contract liabilities involves economic assumptions such as mortality rate;
- Provisions for reported claims are based on historical experiences, however, the actual eventual liabilities may differ based on actual loss adjustment;
- The estimation of liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions such as inflation rate and discount rates for which eventual outcomes are uncertain;
- Judgment is required in estimating the period over which claims are expected to settle.

The level of complexity involved in the estimation of these amounts, the assumptions and judgments made about future events, both internal and external to the business, for which a little change in the assumptions may result to a material impact on the reported amount, making insurance contract liabilities a matter of high significance to our audit.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design and operating effectiveness of key controls instituted by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data.
- We engaged our Actuarial Specialists to evaluate the reasonableness of the Company's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias.
- We evaluated the sensitivity analysis over key judgments and assumptions, such as the period over which claims are expected to settle.
- We engaged our Actuarial Specialists to independently challenge the appropriateness of the assumptions used by the Company's actuarial expert and the Company's methodology for determining the insurance contract liabilities by:
    - › assessing the appropriateness of the valuation methods, taking into account available industry data and specific product features of the Company.
    - › evaluating the appropriateness of the assumptions on projected investment returns and future growth rates by comparing them to the Company's specific and industry data and market trends.
    - › assessing the appropriateness of the mortality assumptions used in the valuation of the liabilities for long term insurance contracts by comparing them to the Company and industry data on historical mortality experience and expectations of future mortality; and

- evaluating the liability adequacy test by assessing the reasonableness of projected cashflows and assumptions adopted, which included the inflation rate, discount rate, chain ladder run-off period and expected loss ratio taking into account available industry data and specific product features of the Company.

Refer to page 17 (accounting policies), page 35 (critical accounting estimates and judgments), page 76 (insurance contract liabilities) and page 43 (insurance risk).

Other Information

The Directors are responsible for the other information. The other information comprises the corporate information, Directors' report, Statement of 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 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 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 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 and the Financial Reporting Council of Nigeria Act, 2011 and the Insurance Act 2003 and relevant National Insurance Commission of Nigeria (NAICOM) guidelines and 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 relating 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 have 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 a 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 Directors.
- Conclude on the appropriateness of the 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 therfinancial 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.

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

From the matters communicated with the Board Audit and Compliance Committee, we determine those matters that were of most significance in the audit of the financial statements of the currentperiod and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of dbing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and Section 28(2) of the Insurance Act 2003.

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.

Compliance with the requirements of Section 1 (17) of the National Insurance Commission of Nigeria Operational Guidelines.

The Company paid penalties in respect of contravention of the requirements of certain sections of the National Insurance Commission of Nigeria's Operational Guidelines 2011 during the financial year. The details of these contraventions and penalties paid are disclosed in note 38 to the financial statements.

Kabir Okunlola, FCA

FRC/2012/ICAN/00000000428

For: KPMG Professional Services

Chartered Accountants

28 May, 2018

Lagos, Nigeria

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 clients.

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 25 May 2018.

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.

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.

Summary of Significant Accounting Policies

(Continued)

The Company has adopted the following new standards and amendments, including any consequential amendments to other standards with initial date of application of 1 January, 2017.

(i.) Disclosure Initiative - Amendments to IAS 7

(ii.) Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

Amendment to IAS 7 provides for disclosures that enables users of financial statements to evaluate changes in liabilities arising from financial activities, including changes arising from cash flow.

Amendment to IAS 12 provides additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount to an asset and its tax base at the end of the reporting period. It also provides guidance on the method used to calculate future taxable profit, to establish whether deferred tax asset can be recognized.

The amendments did not have any material effect on the Company's reported earnings or financial position and had no material impact on the accounting policies.

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.

(i.) 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 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's revenue contracts are largely governed by IFRS 4. Therefore the Company has determined that the impact of IFRS 15 will not be material when it becomes effective. The Company however plans to adopt IFRS 15 using the cummulative effect method, with the effect of the initial application of this standard, recognising the date of initial application (that is, 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 to the comparative period.

(ii.) 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.

Summary of Significant Accounting Policies

(Continued)

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 on the effective date.

Estimated impact of the adoption of IFRS 9

The Company has elected to adopt IFRS 9 - Financial Instruments from 1 January 2018. The Company has assessed the estimated impact that the initial application of IFRS 9 will have on its financial statements. The estimated impact of the adoption of the standard on the Company's equity as at 1 January 2018 is based on the assessments undertaken to date and is summarised below. The actual impact of adopting the standard at 1 January 2018 may change because the new accounting policies are subject to change until the Company presents its first financial statement that includes the date of initial application. The expected impact is summarized below.

Classification and measurement

The Company currently categorizes the majority of its financial assets as available for sale with the fair value changes recognised in other comprehensive income. The Company intends to classify most of its available for sale financial assets as financial assets at fair value through profit or loss, with few equity securities classified as available for sale. The Company does not expect any material impact in the measurement of these financial assets under IFRS 9, as the assets will continue to be measured at fair value. However, the fair value changes will be recognized in profit or loss.

Financial assets	Classification under IAS 39	Expected classification under IFRS 9
Cash and cash equivalent	Loans and receivables	Amortised cost
Treasury bills	Available for sale	Fair value through profit or loss
Loans and other receivables	Available for sale	Fair value through profit or loss
Quoted equities	Available for sale	Fair value through profit or loss
Unquoted equities	Available for sale	Fair value through other comprehensive
income	Trade receivable	Loans and receivables Amortised cost

The above intended classification may change due to the continous assessment of the requirement of the standard and review of business practices until the first set of financial statement under IFRS 9 is issued.

Impairment

The Company does not expect any significant impact from impairment as the majority of the financial assets will be carried at fair value through profit or loss. Assessment of impairment losses are also not required for equity securities under IFRS 9. The Company will adopt the simplified model for the purposes of impairment assessment for other receivables.

The approach to impairment assessment under IFRS 9 will be determined by the final classification adopted in 2018.

Summary of Significant Accounting Policies

(Continued)

(iii.) 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 Company will adopt the overlay approach.

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.

The Company will use the simplified method of impairment assessment when the standard becomes effective in assessing its financial assets at amortised cost for impairment. The Company has determined that the impact of impairment will not be material.

(iv.) Insurance Contracts - IFRS 17

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.
The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted.

(v.) Leases - IFRS 16

IFRS 16 was published in January 2016. It 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 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors . IFRS 16 also includes extensive new disclosure requirements for both lesees and lessors. The group and company have begun assessing the potential impact of IFRS 16 on the financial statements.

Summary of Significant Accounting Policies

(Continued)

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

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

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognizes 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 amendments will not have material impact on the Company's transaction when it becomes effective.

The interpretation applies for annual reporting periods beginning on or after 1 January 2018.

The Company currently plans to apply IFRS 16 after 1 January 2018. As a lessee, the Company can either apply the standard using a retrospective approach; or a modified retrospective approach with optional practical expedients. The Company is yet to determine which the transition approach to apply. However any approach adopted on transition would be consistently applied to all of its leases.
The Company has not yet quantified the impact of its reported assets and liabilities of the adoption of IFRS 16.

The quantification effect will depend on, inter alia, the transition method chosen, the extent to which the Company uses the practical expedients and recognition exemptions, and any additional leases that the Company enters into.

(vii.) 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 amendment apply for annual periods beginning on or after 1 January 2018 with early adoption permitted.

(viii.) Uncertainty over income tax treatments - IFRIC 23

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- Judgments made
- Assumptions and other estimates used; and
- The potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

Summary of Significant Accounting Policies

(Continued)

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:

- Classification and measurement of share based payment transactions (Amendments to IFRS 2) - Effective 1 January 2018
- Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Long term interest in associates and joint ventures (Amendment to 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 are actuarially valued

iv Judgement, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are disclosed in note 4.

v Functional and Presentation Currency

The financial statements are prepared in Naira, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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 transactions

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 into 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.

Summary of Significant Accounting Policies

(Continued)

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 . However, foreign currency differences arising from the translation of available for sale equity investments are recognized in other comprehensive income (except on impairment, in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to Statement of profit or loss).

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 as Loans and receivables and measured at amortized cost under IAS 39.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents.

c. Financial instruments

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

(Continued)

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 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 recognition 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 presented 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 and receivables are measured at amortised cost after initial measurement, 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".

Summary of Significant Accounting Policies

(Continued)

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. This is subsequently amortized into profit or loss over the tenor of the loan.

Available-for-sale financial assets

Changes in the carrying amount of available-for-sale financial assets after initial recognition are recognized in other comprehensive income and accumulated as a separate component of equity under the heading of fair value reserve. Impairment losses, interest income and foreign currency differences are recognized in profit or loss. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

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.

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

Summary of Significant Accounting Policies

(Continued)

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.

(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 and statutory deposits to enhance the relevance of these information and understanding of the Company's financial position.

Financial liabilities

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.

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".

Summary of Significant Accounting Policies

(Continued)

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.

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 amounts receivable from third parties which are not directly related to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to profit or loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to profit or loss.

Summary of Significant Accounting Policies

(Continued)

g. Prepayments

Prepayments represent prepaid expenses and are carried at cost less accumulated amortisation.

h. 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.

i. 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. This is the effective interest method of calculating the amortized cost of a financial asset or a financial liability and of allocating interest income or interest expense over the relevant period.

j. Deferred commission income 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.

k. 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.

Summary of Significant Accounting Policies

(Continued)

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.

l. 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.

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.

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

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.

Summary of Significant Accounting Policies

(Continued)

m. 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
Capital work-in-progress	Not depreciated
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.

iv Reclassification

Items on each class of property and equipment are reviewed on annual basis to ensure proper classification of such assets.

Summary of Significant Accounting Policies

(Continued)

v 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 profit or loss.

vi Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amount of its non-financial assets (other than deferred tax and investment property) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually on whether there is an indication that the asset may be impaired.
Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-ax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses the carrying amount of the asset (or cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

n. 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.

o. 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.

Summary of Significant Accounting Policies

(Continued)

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.

p. 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.

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 contracts

Long term insurance contracts (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.

Summary of Significant Accounting Policies

(Continued)

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.

ii 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.

Summary of Significant Accounting Policies

(Continued)

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 recognised 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.

iii 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.

Summary of Significant Accounting Policies

(Continued)

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.

q. Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. A provision is recognised 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.

r. 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.

Summary of Significant Accounting Policies

(Continued)

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 to the scheme are in the ratio 8% by the employee and 10% by the employer 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

s. 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.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i. Income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the taxable payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects the uncertainty related to income taxes, if any.

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

Current year tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of those years. The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on the sum of (i) the highest of; 0.25% of revenue of N500,

Summary of Significant Accounting Policies

(Continued)

000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and (ii) 0.125% of revenue in excess of N500, 000). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

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 for unused tax losses, unused tax credits and deductible temporary difference, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it is probable that future taxable profits will be available against which they 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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

t. Equity

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.

Summary of Significant Accounting Policies

(Continued)

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.

u. 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.

Summary of Significant Accounting Policies

(Continued)

v. 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.

w. 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.

x. 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.

y. 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.

Financial
Statement

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Notes	2017	2016
In thousands of Naira			
Gross premium written	6	5,465,713	4,516,545
Change in unearned premium	6.1	21,519	319,460
Gross premium income		5,487,232	4,836,005
Movement in life fund	6.1	(157,449)	(64,794)
Reinsurance expenses	6.1	(2,945,419)	(2,100,521)
Net premium income	6.1	2,384,364	2,670,690
Fees and commission income on insurance	7	430,524	420,577
Net underwriting income		2,814,888	3,091,267
Claims expenses:			
Gross benefits and claims incurred	8	(3,043,299)	(2,031,470)
Benefits and claims recoverable from reinsurers	9	2,273,895	592,129
		(769,404)	(1,439,341)
Underwriting expenses:			
Acquisition expenses	10	(699,946)	(617,614)
Maintenance expenses	11	(83,345)	(77,548)
		(783,291)	(695,162)
Underwriting profit		1,262,193	956,764
Loss on deposit administration	7.2	(3,373)	(807)
Net investment income	12	1,208,615	768,032
Other income	13	250,378	283,360
Impairment reversal/(losses) on asset	14	(84,575)	48,349
Other operating expenses	15	(1,992,486)	(1,802,335)
Profit before taxation		**640,752**	**253,363**
Tax expense	34.1	(238,393)	23,655
Profit after taxation		**402,359**	**277,018**
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	76,444	37,734
Items within OCI that will not be reclassified to the profit or loss:			
Property and equipment revaluation gains (net of tax)	35.3	583,186	413,654
Total other comprehensive income		659,630	451,388
Total comprehensive income for the year		1,061,989	728,406
Earnings per share			
Basic and diluted earnings per share (kobo)	16	4k	3k

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

Statement of financial position

as at 31 December 2017

	Notes	2017	2016
In thousands of Naira			
Assets			
Cash and cash equivalents	17	1,497,452	1,833,886
Financial assets	18	6,113,024	4,887,597
Trade receivables	19	365,715	385,122
Reinsurance assets	20	1,370,190	1,178,495
Other receivable and prepayments	21	387,483	225,304
Deferred acquisition costs	22	138,151	150,488
Investment property	23	1,498,518	1,140,145
Intangible assets	25	27,286	7,856
Property and equipment	26	3,679,832	2,838,700
Statutory deposits	27	500,000	500,000
Total assets		**15,577,651**	**13,147,593**
Liabilities			
Investment contract liabilities	28	92,551	35,570
Insurance contract liabilities	29	2,890,364	2,609,109
Trade payables	30	650,940	87,564
Other payables and accruals	31	241,789	212,600
Deferred commission income	32	120,121	101,503
Provision	33	44,000	44,000
Deferred tax liabilities	24	518,974	137,863
Current tax liabilities	34.2	310,944	273,405
Total Liabilities		**4,869,683**	**3,501,614**
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	1,418,576	1,270,271
Asset revaluation reserve	35.3	1,616,256	1,033,070
Fair value reserve	35.4	109,613	33,169
Retained earnings	35.5	1,303,460	1,049,406
Total equity		**10,707,968**	**9,645,979**
Total liabilities and equity		**15,577,651**	**13,147,593**

These financial statements were approved by the Board of Directors on 27 April 2018 and signed on its behalf by:

Mr. Ituah Ighodalo	Mrs. Ebelechukwu Nwachukwu	Mrs. Deborah Omotayo Johnson
Director	MD/CEO	Chief Financial Officer
FRC/2013/ICAN/00000003919	FRC/2013/IODN/00000002768	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 2017

In thousands of Naira	Share capital	Share premium	Statutory contingency reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
As at 1 January 2016	4,567,360	1,692,703	1,127,260	619,416	(4,565)	915,399	8,917,574
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
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
As at 1 January 2017	4,567,360	1,692,703	1,270,271	1,033,070	33,169	1,049,406	9,645,979
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	402,359	402,359
Other comprehensive income							
- Fair value changes of AFS financial assets	-	-	-	-	76,444	-	76,444
- Property and equipment revaluation gains (net)	-	-	-	583,186	-	-	583,186
Total comprehensive income for the year	**-**	**-**	**-**	**583,186**	**76,444**	**402,359**	**1,061,989**
Transactions with owners, recorded directly in equity							
Transfer to contingency reserve	-	-	148,305	-	-	(148,305)	-
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	-	-	-
Total contribution by and distribution to equity holders	**-**	**-**	**148,305**	**-**	**-**	**(148,305)**	**-**
As at 31 December 2017	**4,567,360**	**1,692,703**	**1,418,576**	**1,616,256**	**109,613**	**1,303,460**	**10,707,968**

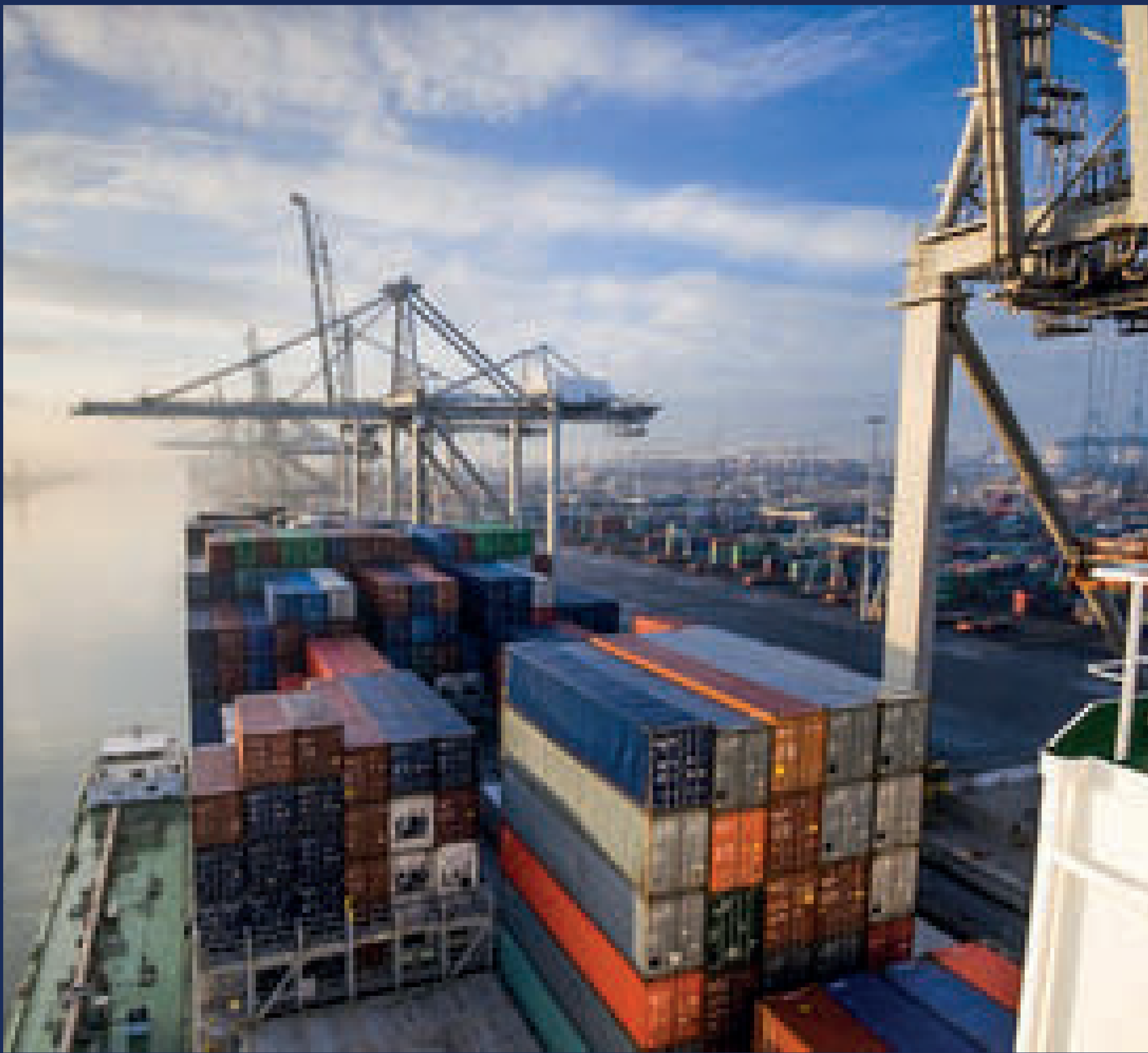
The Statement of significant accounting policies and accompanying notes form an intergral part of these financial statements

Statement of cash flows

For the year ended 31 December 2017

In thousands of Naira	Note	2017	2016
Operating activities			
Insurance premium received	42.1	5,794,245	4,253,922
Reinsurance premium paid	42.2	(2,701,563)	(2,110,065)
Reinsurance commission received	42.3	449,142	423,754
Insurance benefits and claims paid	42.4	(2,897,971)	(2,539,619)
Net inflow from deposit admin	42.5	54,016	14,450
Reinsurance claims received	42.6	2,077,376	1,162,545
Commission paid	42.7	(776,485)	(642,125)
Cash paid to employees, intermediaries and other suppliers	42.8	(1,988,313)	(1,707,307)
Other income received	42.9	60,374	23,901
Net cashflow received from coinsurer on recovery of claims paid	43.4	21,040	(272,278)
		91,860	(1,392,821)
Corporate tax paid	34.2	(30,235)	(189,889)
Net cash used in operating activities		**61,626**	**(1,582,711)**
Cash flows from investing activities:			
Interest income received	43.0	307,116	770,989
Investment property purchases	23	(290,000)	-
Dividend received	43.1	164	1,444
Proceeds on disposal of property and equipment	43.2	16,764	11,527
Purchase of available for sales financial asset	43.3(a)	(12,634,744)	(703,268)
Proceeds from sale/redemption of financial assets	43.3(b)	12,494,584	-
Purchase of intangible assets	25	(22,050)	-
Purchase of property and equipment	26	(282,354)	(312,384)
Net cash used by investing activities		**(410,521)**	**(231,693)**
Cash flows from financing activities:			
Dividend paid		-	-
Net cash used in financing activities		**-**	**-**
Net decrease in cash and cash equivalents		(348,896)	(1,814,404)
Effect of exchange rate fluctuations on cash held	13	12,462	98,955
Cash and cash equivalents at beginning of year		1,833,886	3,549,335
Cash and cash equivalents at end of year		**1,497,452**	**1,833,886**

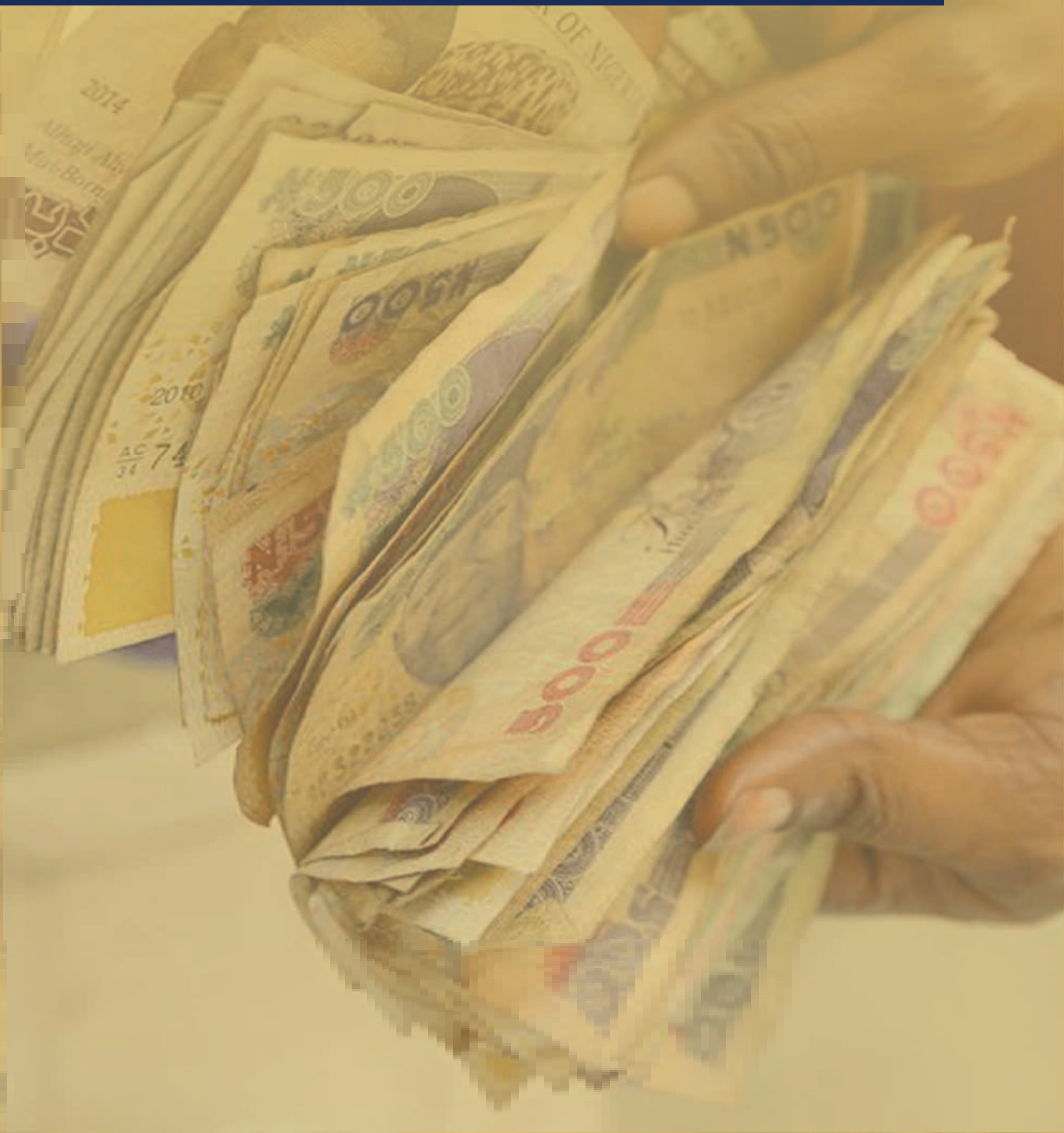
The statement of significant accounting policies and accompanying notes form an intergral part of these financial statements



Marine Insurance

Marine Cargo Insurance Indemnifies the Insured against financial loss suffered as a result of loss or damage to goods being transported from the point of origin to final destination either by sea or air.

Notes to the financial statements



Notes to the financial statements

For the year ended 31 December 2017

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 prospectively.

Information about significant areas of estimation uncertainties 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 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.

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 QED Actuaries & Consultants (Pty) Ltd using the gross premium method of valuation.

The carrying value at the reporting date of long term insurance contract liabilities is N434.44million (2016: N243.99 million) and of investment contract liabilities is N92.74million (2016: N35.16 million).

Notes to the financial statements

For the year ended 31 December 2017

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 QED Actuaries & Consultants (Pty) Ltd. The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Assumptions used in the valuation are as follows:	**2017**	**2016**
Inflation rate	18.5%	18.5%
Discount rate	16.0%	16.0%

-No explicit assumption about future claims inflation has been made in the current year.

- Run off period of five years .

The carrying value at the reporting date of short term insurance contract liabilities is N2.456billion (2016: N2.365 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.

Notes to the financial statements

For the year ended 31 December 2017

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.

As at year end, the Company recorded deferred tax liabilities of N518.97 million (2016: N137.86 million).

4.5 Impairment loss on 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 we have insurance receivable in our accts as at Dec 2015 impaired and an impairment loss recognised in profit or loss.

Notes to the financial statements

For the year ended 31 December 2017

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 valuation techniques include the following:

- Net asset value - This model determines the value of an equity investment by subtracting the total liability of the entity from its total asset. The price per share of the equity is thus the net asset value divided by the entity’s total outstanding shares, as at the date of the valuation.
- Dividend discount model - This model is based on the premise that the price of a stock is the sum of the discounted value of all its future dividends.
- Discounted cash low model - This method discounts future free cash low projections to estimate present value of an entity. This valuation method is based on multiple assumptions such as the amount of future cash lows, timing of the cash lows, cost of capital and growth rate. Even a small change in a simple assumption can result in very different valuation result.

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 inancial year.

iii. Valuation of land and building

On a determined basis, the Company engages the services of external, independent and qualiied 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 2017 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2017. 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 signiicant estimates and judgments applied in assessing the impairment on investment securities are as shown in note 3(b)(iv) of Summary of accounting policies.

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 eficiently and support the development of business by ensuring that returns on

Notes to the financial statements

For the year ended 31 December 2017

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.

Notes to the financial statements

For the year ended 31 December 2017

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 2017 financial year maintained total admissible assets of N15.08bn (2016: N12.33bn) which exceeded the total liabilities of N4.35bn (2016: N3.36bn) by N10.73bn (2016: N8.97bn). 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 215% (2016: 179%) of the minimum requirement which is the higher of 15% of net premium (N357.68m) (2016: N400.60m) 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.

Notes to the financial statements

For the year ended 31 December 2017

The Solvency Margin for the parent as at 31 December 2017 is as follows:

	Total	Admissible	Inadmissible
In thousands of Naira			
Assets			
Cash and cash equivalents	1,497,452	1,389,168	108,284
Financial assets	6,113,024	6,113,024	-
Trade receivables	365,715	365,715	-
Reinsurance assets	1,370,190	1,370,190	-
Other receivable and prepayments	387,483	-	387,483
Deferred acquisition costs	138,151	138,151	-
Investment property	1,498,518	1,498,518	-
Intangible assets	27,286	27,286	-
Property and equipment	3,679,832	3,679,832	-
Statutory deposits	500,000	500,000	-
Total assets (A)	**15,577,651**	**15,081,884**	**495,767**
Liabilities			
Investment contract liabilities	92,551	92,551	-
Insurance contract liabilities	2,890,364	2,890,364	-
Trade payables	650,940	650,940	-
Other payables and accruals	241,789	241,789	-
Deferred commission income	120,121	120,121	-
Provision	44,000	44,000	-
Deferred tax liabilities	518,974	-	518,974
Current tax liabilities	310,944	310,944	-
Total Liabilities (B)	**4,869,684**	**4,350,709**	**518,974**
		10,731,175	
Solvency Margin (A-B)= C			
Check To:			
Minimum to be maintained:			
The higher of 15% of net premium	357,655		
and			
Minimum paid-up capital (D)	5,000,000	(5,000,000)	
Solvency Margin(Surplus/Deficit) (C- D)		**5,731,175**	
Solvency level (%)		**215%**	

Notes to the financial statements

For the year ended 31 December 2017

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 2017	Life insurance	Non- life Insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	2,432,218	8,275,750	10,707,968
Available capital resources	**2,167,915**	**8,540,053**	**10,707,968**

Available capital resources at 31 December 2016	₦'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

Compliance with statutory minimum capital base requirement

The Company at the end of the 2017 financial year had shareholders' fund of N10.71bn (2016: N9.65bn) which was 214% (2016: 188%) 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 beneits 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 low is available to meet liabilities arising from insurance and investment contracts.

The table below hypothecates the total assets of the parent into assets that represents insurance funds, shareholders' funds and other funds such as investment contracts:

31 December 2017 In thousand of naira"	Non Life Business			Life Business					
	Share-holders' fund	Insurance contract liabilities' fund	Others	Share-holders' fund	Insurance contract liabilities' fund	Investment contract liabilities' fund	Annuity	Others	TOTAL
TOTAL	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
1. Properties:	**5,188,453**	**-**	**-**	**17,183**	**-**	**-**	**-**	**-**	**5,205,636**
Real Estate	4,616,133	-	-	654	-	-	-	-	4,616,787
Equipment	120,047	-	-	9,996	-	-	-	-	130,043
Motor Vehicles	156,075	-	-	-	-	-	-	-	156,075
Furniture	148,838	-	-	6,533	-	-	-	-	155,371
Others (a)	147,360	-	-	-	-	-	-	-	147,360
2. Investments:	**3,914,234**	**2,055,164**	**-**	**1,213,326**	**835,201**	**92,551**	**-**	**-**	**8,110,476**
Loans to Policyholders	-	-	-	18,861	-	-	-	-	18,861
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Financial assets:	-	-	-	-	-	-	-	-	-
- Held to Maturity	708,567	-	-	310,204	-	-	-	-	1,018,771
- Loans and receivables	1,653,187	2,055,164	-	439,289	835,201	92,551	-	-	5,075,392
- Available for Sale	1,252,480	-		244,972	-		-	-	1,497,452
Cash and cash equivalents									
3. Other assets	**307,184**	**-**	**1,373,051**	**446,014**	**-**			**135,290**	**2,261,539**
Total	**9,409,871**	**2,055,164**	**1,373,051**	**1,676,523**	**835,201**	**92,551**	**-**	**135,290**	**15,577,651**

"31 December 2016 In thousand of naira"	Non Life Business			Life Business					
	Share-holders' fund	Insurance contract liabilities' fund	Others	Share-holders' fund	Insurance contract liabilities' fund	Investment contract liabilities' fund	Annuity	Others	TOTAL
TOTAL	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	
1. Properties:	**3,977,395**	**-**	**-**	**9,306**	**-**	**-**	**-**	**-**	**3,986,701**
Real Estate	3,385,480	-	-	872	-	-	-	-	3,386,353
Equipment	128,729	-	-	6,403	-	-	-	-	135,132
Motor Vehicles	277,368	-	-	-	-	-	-	-	277,368
Furniture	154,355	-	-	2,031	-	-	-	-	156,386
Others (a)	31,462	-	-	-	-	-	-	-	31,462
2. Investments:	**3,011,268**	**2,002,795**	**-**	**1,601,104**	**568,970**	**35,570**	**1,777**	**-**	**7,221,483**
Loans to Policyholders	-	-	-	3,364	-	-	-	-	3,364
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Financial assets:	1,326,917	2,002,795	-	608,176	568,970	35,570	1,777	-	4,544,204
- Held to Maturity	123,640	-	-	-	-	-	-	-	123,640
- Loans and receivables	135,948	-	-	80,441	-	-	-	-	216,389
- Available for Sale	1,124,763	-		709,123	-		-	-	1,833,886
Cash and cash equivalents									
3. Other assets	**161,581**	**-**	**1,159,457**	**448,846**	**-**			**169,525**	**1,939,409**
Total	**6,834,909**	**2,002,795**	**1,159,457**	**2,374,593**	**568,970**	**35,570**	**1,777**	**169,525**	**13,147,593**

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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.

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.

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected;
- 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

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- 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.

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- 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.

Portfolio 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:

Type of life contracts	Mortality rates		Expenses		Expense inflation rate		Valuation interest rates	
	2017	2016	2017	2016	2017	2016	2017	2016
Individual life	A6770	A6770	₦14,763 per policy	₦13,300 per policy	10.00%	11.00%	14.25%	14.65%
Annuity	N/A	PA90(-1)	N/A	₦13,300 per policy	N/A	11.00%	N/A	14.60%

The Group Life Reserves comprise an Unexpired Premium Reserve (UPR) and Incurred But Not Reported Reserve (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 is sufficient.

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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.

Sensitivity of Life business liabilities to changes in long term valuation assumptions

		Interest rate		Expense		Expense inflation		Mortality	
31 December 2017	Base	1%	-1%	10%	-10%	2%	-2%	5%	-5%
Individual life	349,456	336,328	361,438	350,988	345,990	349,587	347,488	349,380	347,671
Group life	219,298	219,298	219,298	219,298	219,298	219,298	219,298	219,298	219,298
Additional reserves	31,799	129,579	134,086	144,305	119,294	134,670	128,929	131,804	131,794
Total liability	**699,534**	**685,206**	**714,823**	**714,591**	**684,582**	**703,555**	**695,715**	**700,483**	**698,764**
% change in liability	-0%	-2.1%	2.2%	2.1.5%	-2.1%	0.6%	-0.6%	0.1%	-0.1%

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 modelled as 5% lighter mortality for annuitants.

		Interest rate		Expense		Expense inflation		Mortality	
31 December 2017	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	129,98	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**	**395,851**	**395,267**
% change in liability	0%	-1.3%	1.1%	0.3%	-0.7%	0.2%	-0.5%	0.1%	0.0%

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.

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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-17			31-Dec-16		
	Gross liabilities	**Reinsurance on liabilities**	**Net liabilities**	**Gross liabilities**	**Reinsurance on liabilities**	**Net liabilities**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Motor	60,709	1,976	58,733	135,556	5,634	129,922
Fire	64,331	58,218	6,113	236,376	197,136	39,240
Bond	5,918	2,317	3,601	3,132	2,170	962
General accident	507,065	241,602	265,463	352,606	123,726	228,880
Marine and aviation	23,484	16,386	7,098	44,363	12,966	31,397
Engineering	16,259	22,581	(6,322)	45,615	23,164	22,451
Oil and energy	241,496	206,897	34,599	69,254	30,999	38,255
Subtotal	**919,261**	**549,977**	**369,284**	**886,902**	**395,795**	**491,107**
Group life	295,510	107,836	187,674	215,738	65,506	150,232
Total	**1,214,771**	**657,813**	**556,959**	**1,102,640**	**461,301**	**641,339**

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.

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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.

Sensitivity of Non-life business liabilities to changes in valuation assumptions

31 December 2017

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Inflation Rate	(-1)% Inflation Rate	1% Discount Rate	(-1)% Discount Rate
General Accident	507,065,422	567,670,987	446,459,857	507,065,422	507,065,422	507,065,422	507,065,422
Engineering	16,258,254	19,999,591	12,516,916	16,258,254	16,258,254	16,258,254	16,258,254
Fire	64,330,638	79,388,899	54,410,776	64,330,638	64,330,638	64,330,638	64,330,638
Marine	23,483,274	28,293,191	18,673,358	23,483,274	23,483,274	23,483,274	23,483,274
Motor	60,709,499	68,325,767	53,093,231	60,709,499	60,709,499	60,709,499	60,709,499
Bond*	5,917,634	7,861,173	3,974,095	5,917,634	5,917,634	5,917,634	5,917,634
Oil & Gas*	241,495,938	298,885,932	184,105,945	241,495,938	241,495,938	241,495,938	241,495,938
Total	**919,260,660**	**1,070,425,540**	**773,234,177**	**919,260,660**	**919,260,660**	**919,260,660**	**919,260,660**
Account Outstanding	347,047,232	347,047,232	347,047,232	347,047,232	347,047,232	347,047,232	347,047,232
IBNR	572,213,428	723,378,308	426,186,945	572,213,428	572,213,428	572,213,428	572,213,428
Percentage Change		16.4%	-15.9%	0.0%	0.0%	0.0%	0.0%

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

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
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	53,693,944	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 & 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%

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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

Analysis of claims development – Gross

	2013	2014	2015	2016	2017	Total
	₦	₦	₦	₦	₦	₦
Estimate of ultimates:						
End of accident year	569,288,260	905,422,602	952,754,755	691,747,166	410,535,843	3,529,748,625
1 year later	83,224,900	96,230,668	184,310,008	207,119,502	-	570,885,078
2 years later	9,017,340	12,809,024	3,074,732	-	-	24,901,096
3 years later	2,088,655	2,879,981	-	-	-	4,968,637
4 year later	16,373	-	-	-	-	16,373
Cummulative Payment	663,635,528	1,017,342,275	1,140,139,495	898,866,668	410,535,843	4,130,519,809
Current estimate of ultimate claims	663,735,528	1,018,624,489	1,148,925,703	1,019,581,797	1,198,912,953	4,929,389,240
	100,000	1,282,213	8,786,208	120,715,130	788,377,110	919,260,661
Liability in Statement of Financial Position						919,260,661

Analysis of claims development – Reinsurance

	2013	2014	2015	2016	2017	Total
	₦	₦	₦	₦	N	N
Estimate of ultimates:						
End of accident year	83,231,488	322,859,094	224,811,063	186,168,988	77,375,442	894,446,076
1 year later	30,603,746	53,374,930	118,407,937	130,118,233	-	332,504,847
2 years later	2,405,732	6,616,888	(339,377)	-	-	8,683,244
3 years later	(1,364,308)	1,436,714	-	-	-	72,406
4 year later	(8,357)	-	-	-	-	(8,357)
Cumulative Recoveries	114,868,301	384,287,627	342,879,624	316,287,221	77,375,442	1,235,698,215
Current estimate of ultimate Recoveries	114,868,301	384,960,682	347,605,295	397,623,718	540,509,251	1,785,567,247
	-	673,055	4,725,671	81,336,497	463,133,809	549,869,032
Asset in Statement of Financial Position						549,869,032

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Analysis of claims development – Net

	2013	2014	2015	2016	2017	Total
	₦	₦	₦	₦	₦	₦
Estimate of ultimates:						
End of accident year	486,056,772	582,563,508	727,943,692	505,578,177	333,160,400	2,635,302,549
1 year later	52,621,154	42,855,738	65,902,071	77,001,269	-	238,380,231
2 years later	6,611,607	6,192,136	3,414,109	-	-	16,217,852
3 years later	3,452,963	1,443,267	-	-	-	4,896,230
4 year later	24,730	-	-	-	-	24,730
Cummulative Net Payment	548,767,225	633,054,648	797,259,871	582,579,447	333,160,400	2,894,821,592
Current estimate of net ultimate claims	548,867,226	633,663,805	801,320,408	621,958,080	658,403,702	3,264,213,220
	100,000	609,157	4,060,537	39,378,633	325,243,301	369,391,628
Liability in Statement of Financial Position						369,391,628

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 company takes into consideration 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.

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.

Notes to the financial statements

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:

- 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, security management 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.

Notes to the financial statements

For the year ended 31 December 2017

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	2017	2016
		'000	'000
Financial instruments			
Cash and cash equivalents	17	1,497,373	1,833,828
Held to maturity financial assets	18 (a)	-	4,544,204
Loans and receivables	18 (b)	1,037,632	127,004
Available for sale (Treasury bills)	18 (c)	4,826,994	-
Reinsurance recoverable	20	657,816	207,579
Trade receivables	19	365,715	385,122
Other receivables (excluding prepayment)	21	204,431	5,248
Statutory deposits	27	500,000	500,000
Total credit risk exposure		**9,089,961**	**7,602,985**

Analysis of financial assets by portfolio distribution

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

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

31 December 2017	**Notes**	**Neither due nor impaired**	**Past due but not impaired**	**Individually impaired**	**Collectively impaired**	**Total**
		'000	'000	'000	'000	'000
Other receivables	21(b)	-	262,573	84,315	-	346,888
Allowance for impairment	21(c)	-	-	(84,315)	-	(84,315)
		-	262,573	-	-	262,573
Trade receivables	19	-	-	402,706	-	402,706
Allowance for impairment	19	-	-	(36,991)	-	(36,991)
		-	**-**	**365,715**	**-**	**365,715**

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For the year ended 31 December 2017

31 December 2016

		Neither due and nor impaired	Past due but not impaired	Individually impaired	Collectively impaired	Total
		₦'000	₦'000	₦'000	₦'000	₦'000
Loans and receivables	18 (b)	123,640	-	4,452	-	128,092
Allowance for impairment	18 (b)(i)	-	-	(1,088)	-	(1,088)
		123,640	-	3,364	-	127,004
Other receivables	21(b)	-	63,281	-	-	63,281
Allowance for impairment	21	-	-	-	-	-
		-	63,281	-	-	63,281
Trade receivables	19	305	-	526,135	-	526,440
Allowance for impairment	19	-	-	(141,318)	-	(141,318)
		305	**-**	**384,817**	**-**	**385,122**

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.

Collateral

The Company does not have any collateral from counter parties.

As at 31 December 2017, the aging of trade and reinsurance receivables that were not impaired was as follows:
Past due not impaired:
Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensions analysis of customer credit risk, including underlying customers' credit ratings, if they are available.

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.

Notes to the financial statements

For the year ended 31 December 2017

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

Notes to the financial statements

For the year ended 31 December 2017

Cash flow analysis shows the net future cash flows of various time-bands. The Company uses cash flow analysis (cash forecasting) 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:

The following are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

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For the year ended 31 December 2017

31 December 2017

	Notes	Carrying amount	Gross nominal value	1-3 months	3-6 months	6-12 months	1–5 years
		'000	'000	'000	'000	'000	'000
Financial assets							
Cash and cash Equivalent	17	1,497,452	1,525,014	1,525,014	-	-	-
Held-to-maturity investments	18 (a)	-	-	-	-	-	-
Loans and receivables	18 (b)	1,037,632	1,076,049	587,618	172	362,999	125,259
Available for sale investments	18 (c)	5,075,392	5,415,87	1,018,877	3,698,120	448,460	250,413
Trade receivables	19	365,715	365,715	365,715	-	-	-
Other receivables (excluding prepayment)	21	262,573	346,889	346,889	-	-	-
Statutory deposit	27	500,000	500,000	-	-	-	500,000
		8,738,764	**9,229,538**	**3,844,114**	**3,698,292**	**811,459**	**875,672**
Financial liabilities							
Trade payables	30	650,940	650,940	650,940	-	-	-
Other payables	31	241,789	241,789	241,789	-	-	-
		892,729	892,729	892,729	-	-	-
Net financial assets		7,846,034	8,336,808	2,232,508	4,417,169	811,459	875,672

31 December 2016

	Notes	Carrying amount	Gross nominal value	1-3 months	3-6 months	6-12 months	1–5 years
		'000	'000	'000	'000	'000	'000
Financial assets							
Cash and cash Equivalent	17	1,833,886	1,833,886	1,833,886	-	-	-
Held-to-maturity investments	18 (a)	4,544,204	4,722,743	2,559,548	1,900,000	-	263,195
Loans and receivables	18 (b)	127,004	128,092	5,636	-	-	122,456
Available for sale investments	18 (c)	216,389	216,389	-	-	-	216,389
Trade receivables	19	385,122	490,383	490,383	-	-	-
Other receivables (excluding prepayment)	21	63,281	63,281	-	-	-	63,281
Statutory deposit	27	500,000	500,000	-	-	-	500,000
		7,669,886	**7,954,774**	**4,889,453**	**1,900,000**	**-**	**1,165,321**
Financial liabilities							
Trade payables	30	87,564	87,564	87,564	-	-	-
Other payables	31	54,652	54,652	54,652	-	-	-
		142,216	142,216	142,216	-	-	-
Net financial assets		**7,527,670**	**7,812,558**	**4,747,237**	**1,900,000**	**-**	**1,165,321**

Notes to the financial statements

For the year ended 31 December 2017

5.6.3 Market risk

Market risk is the risk that the fair value or future cash lows 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 2017	**USD**	**EUR**	**GBP**
	'000	**'000**	**'000**
Cash and bank balances	(12,934)	38,279	351
Long term deposit	582,693		
Unquoted equities	97, 087		
31 December 2016	**USD**	**EUR**	**GBP**
	'000	**'000**	**'000**
Cash and bank balances	105,325	61,005	1,073

The following signiicant exchange rates have been applied:

	Average rates		**Year end spot rate**	
	2017	**2016**	**2017**	**2016**
US Dollars	366	305	360	305
EURO	438	322	367	322
GB Pounds	494	375	414	375

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 2017				
Financial assets	740,770	776,045	670,220	634,946
Effect on proit before tax	715,055	750,330	640,505	609,231
Taxation @ 30%	(214,516)	(222,099)	193,352	182,769
Effect on proit after tax	500,538	525,230	451,153	426,463

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 proit before tax	8,370	16,740	(8,370)	(16,740)
Taxation @ 30%	(2,511)	(5,022)	2,511	5,022
Effect on proit after tax	5,859	11,718	(5,859)	(11,718)

Notes to the financial statements

For the year ended 31 December 2017

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 2017, 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 2017	**1-3 months**	**3-6 months**	**> 6 months**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	1,293,483	-	-	1,293,483
Investment securities				
– Available-for-sale (Treasury bills)	295,134	4,080,825	451,035	4,826,994
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	**1,588,618**	**4,080,825**	**951,035**	**6,620,477**
Gap				
Increase by 100bp	15,886	40,808	9,510	66,205
Increase by 500bp	79,431	204,041	47,552	331,023
Decrease by 100bp	(15,886)	(40,808)	(9,510)	(66,205)
Decrease by 500bp	(79,431)	(204,041)	(47,552)	(331,023)
31 December 2016				
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	1,582,809	-	-	1,582,809
Investment securities				-
– Available-for-sale	-	-	-	-
– 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)

Summary of sensitivity of investments to market prices

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For the year ended 31 December 2017

31 December 2017	as per mkt price	at +10% of mkt price	at -10% of mkt price
	₦'000	₦'000	₦'000
Quoted equities			
Non-life	28,697	2,870	(2,870)
Life	30,320	3,032	(3,032)
Total	59,018	5,902	(5,902)

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)

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.

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For the year ended 31 December 2017

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 speciies 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 inancial 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 2017	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	'000	**'000**	**'000**	**'000**	**'000**
Available-for-sale investment securities (excluding those measured at cost)	5,077,407	5,077,407	4,980,320	-	97,087
Total financial assets	**5,077,407**	**5,077,407**	**4,980,320**	**-**	**97,087**
31 December 2016	Carrying value	Fair value	Level 1	Level 2	Level 3
	'000	**'000**	**'000**	**'000**	**'000**
Investment securities - available-for-sale	216,389	216,389	40,740	87,841	87,808
Total Financial assets	**216,389**	**216,389**	**40,740**	**87,841**	**87,808**

Reconciliation of Level 3 items	Equity securities
At 1 January 2017	87,808
Transfers out of level 3	-
Additions during the year	
- Proit or loss	-
- Other comprehensive income	9,279
At 31 December 2017	97,087
Total losses for the year included in proit or loss for for assets/liabilities fair valued at level 3	-

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For the year ended 31 December 2017

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 low 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.

Significant unobservable inputs used in measuring fair value

Information set out below shows the significant unobservable inputs used as at 31 December 2017 in measuring available for sale categorized as Level 3 in the fair value hierarchy.

A 5% increase/decrease in the average price will result to a net increase/decrease of N3million in the fair value of the level 3 financial assets

(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 liabilities not measured at fair value, subsequent to initial recognition, if the carrying amount is a reasonable approximation of fair value.

31 December 2017	Carrying value	Fair value	Level 1	Level 2	Level 3
	'000	**'000**	**'000**	**'000**	**'000**
Held to maturity investments	-	-	-	-	-
Loans and receivables	1,037,632	1,037,632	-	1,037,632	-
Other financial liabilities	892,729	892,729	-	892,729	-
Total financial assets	**1,930,361**	**1,930,361**	**-**	**1,930,361**	**-**

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	-	-
Loans and receivables	127,004	127,004	-	127,004	-
Other financial liabilities	300,164	300,164	-	300,164	-
Total financial assets	**4,971,372**	**4,979,825**	**4,552,657**	**427,168**	**-**

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) with financial institutions. The cash deposit are deemed to be at fair value as no rates are applied and the cash will be made available to the Company on request.

Notes to the financial statements

For the year ended 31 December 2017

Loans and receivables

Loan and receivables were valued by using unobservable inputs such as rates and management assumptions in assessing their collectibility. The carrying amount of loans and receivables is a reasonable approximation of its fair value, which is receivale on demand due to the relatively short term to maturity.

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.

Other receivables

Other receivables consist of amount owed by non-trade related debitors to the Company.

The carrying amount of other receivables is a reasonable approximation of their 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

For the year ended 31 December 2017

6 Gross premium written

	2017	2016
	₦'000	₦'000
Long-term insurance contracts (see note 6.1 below)	234,567	187,233
Short-term insurance contracts (see note 6.1 below)	5,231,146	4,329,312
	5,465,713	4,516,545

6.1 Net Premium income

	2017	2016
	₦'000	₦'000
Long-term insurance contracts with fixed and guaranteed terms:		
Gross premium written (see note 6 above)	234,567	187,233
Movement in Life fund (see note 29(b)(ii))	(157,449)	(64,794)
Short-term insurance contracts:		
Gross premium written (see note 6 above)	5,231,146	4,329,312
Change in unearned premium provision (see note 29(a)(III)	21,519	319,460
Gross premium income	5,329,783	4,771,211
Reinsurance outward:		
Short-term reinsurance contract	(2,925,459)	(2,101,379)
Long-term reinsurance contracts	(15,137)	(13,211)
Changes in prepaid reinsurance premium (see note 20(a))	8,433	10,928
Changes in prepaid minimum and deposit insurance (see note 20(b))	(13,257)	3,141
Reinsurance expense	(2,945,419)	(2,100,521)
Net premium income	**2,384,364**	**2,670,690**

7.1 Fees and commission income on insurance

	2017	2016
	₦'000	₦'000
Commissions (see note 32(a))	430,524	420,577
	430,524	420,577

7.2 Loss on deposit administration

Income

Interest income	89	63
	89	63
Expense		
Guaranteed interest (see note 28)	2,966	412
Management expense	496	458
	3,462	870
Loss on deposit administration	(3,373)	(807)

Notes to the financial statements

For the year ended 31 December 2017

8 Gross benefits and claims incurred

	2017	2016
	₦'000	₦'000
Short term business	2,922,590	1,988,652
Long term business (see note 29(b)(i))	120,709	42,818
	3,043,299	2,031,470

Breakdown of gross benefits and claims incurred

	2017			2016		
	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	272,466	(74,847)	197,619	354,295	(75,566)	278,729
Fire	1,738,867	(172,045)	1,566,822	347,155	24,586	371,741
Bond	(24)	2,786	2,762	9,377	638	10,015
General accident	138,714	154,459	293,173	277,058	1,179	278,237
Marine and aviation	34,189	(20,879)	13,310	119,797	(77,647)	42,150
Engineering	24,920	(29,356)	(4,436)	20,523	(25,658)	(5,135)
Oil and energy	192,390	172,241	364,631	27,130	(62,433)	(35,303)
Group life	408,919	79,771	488,690	1,318,476	(270,408)	1,048,068
	2,810,442	112,130	2,922,572	2,473,811	(485,309)	1,988,502
Claims and loss adjustment expense	18	-	18	150	-	150
Total benefits and claims paid on short term insurance contracts:	2,810,459	112,130	2,922,590	2,473,961	(485,309)	1,988,652
- Long-term insurance contracts:						
Individual life (see Note 29(b)(i))	87,514	33,195	120,709	65,666	(22,848)	42,818
Claims and loss adjustment expense	-	-	-	-	-	-
Total benefits and claims incurred on long term insurance contracts	87,514	33,195	120,709	65,666	(22,848)	42,818
Total gross benefits and claims incurred	2,897,973	145,325	3,043,299	I2,539,627	(508,157)	2,031,470

9 Benefits and claims recoverable from reinsurers

	2017	2016
	₦'000	₦'000
Short term business	2,273,895	592,129
Long term business	-	-
	2,273,895	592,129

Notes to the financial statements

For the year ended 31 December 2017

(a) Breakdown of claims & benefit recoverable from reinsurers

	2017			2016		
	Short term	Long term	Total	Short term	Long term	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	27,383	-	27,383	22,581	-	22,581
Fire	1,483,638	-	1,483,638	200,930	-	200,930
Bond	835	-	835	6,519	-	6,519
General accident	176,336	-	176,336	35,010	-	35,010
Marine and aviation	194,991	-	194,991	44,632	-	44,632
Engineering	16,349	-	16,349	26,952	-	26,952
Oil and energy	20,750	-	20,750	(100)	-	(100)
Individual life	-	-	-	-	-	-
Group life	305,991	-	305,991	531,608	-	531,608
Reinsurance portion of IBNR (see note 20(d))	47,622	-	47,622	(276,003)	-	(276,003)
	2,273,895	-	2,273,895	592,129	-	592,129

(b) Breakdown of claims and benefits recoverable from reinsurers

	2017			2016		
	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**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
- Short term insurance contracts:						
Motor	27,810	(3,658)	24,152	37,695	(10,525)	27,170
Fire	1,622,410	(138,918)	1,483,492	170,896	11,408	182,303
Bond	555	148	703	6,519	2,169	8,688
General accident	43,712	117,875	161,587	102,648	(39,641)	63,007
Marine and aviation	192,036	3,421	195,457	30,839	(68,736)	(37,896)
Engineering	3,391	(583)	2,808	10,296	(3,124)	7,172
Oil and energy	(20,523)	175,898	155,375	(233)	(19,250)	(19,483)
Group life	207,991	42,330	250,321	531,608	(170,440)	361,168
Total benefits and claims recovered on short term insurance contracts:	**2,077,382**	**196,513**	**2,273,895**	**890,267**	**(298,138)**	**592,129**
- Long-term insurance contracts:						
Individual life	-	-	-	-	-	-
Total benefits and claims recovered on long term insurance contracts	-	-	-	-	-	-
Total gross benefits and claims recovered	**2,077,382**	**196,513**	**2,273,895**	**890,267**	**(298,138)**	**592,129**

Notes to the financial statements

For the year ended 31 December 2017

10 Acquisition expenses

	2017	2016
	₦'000	₦'000
Short term business	667,572	606,623
Long term business	32,373	10,991
	699,946	617,614

Analysis of acquisition expenses:

	2017			2016		
	Short term	Long term	Total	Short term	Long term	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	62,278	-	62,278	68,780	-	68,780
Fire	178,854	-	178,854	132,760	-	132,760
Bond	4,855	-	4,855	8,283	-	8,283
General accident	209,979	-	209,979	174,682	-	174,682
Marine and aviation	78,793	-	78,793	92,630	-	92,630
Engineering	31,940	-	31,940	44,922	-	44,922
Oil and energy	25,155	-	25,155	17,978	-	17,978
Individual life	-	32,373	32,373	-	10,991	10,991
Group life	75,719	-	75,719	66,588	-	66,588
	667,572	32,373	699,946	606,623	10,991	617,614

11 Maintenance expenses

	2017	2016
	₦'000	₦'000
Short term business	79,394	73,759
Long term business	3,951	3,789
	83,345	**77,548**

Analysis of maintenance expenses:

	2017			2016		
	Short term	Long term	Total	Short term	Long term	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	8,171	-	8,171	9,438	-	9,438
Fire	11,598	-	11,598	13,635	-	13,635
Bond	478	-	478	493	-	493
General accident	12,050	-	12,050	11,286	-	11,286
Marine and aviation	19,449	-	19,449	17,687	-	17,687
Engineering	5,556	-	5,556	2,966	-	2,966
Oil and energy	12,852	-	12,852	5,524	-	5,524
Individual life	-	3,951	3,951	-	3,789	3,789
Group life	9,242	-	9,242	12,730	-	12,730
	79,394	3,951	83,345	73,759	3,789	77,548

Notes to the financial statements

For the year ended 31 December 2017

12 Net Investment income

		2017	2016
			₦'000
12(a)	Investment income:		
	Dividend income on available for sale equity securities	742	1,444
	(Gain)/loss on financial assets disposal	14,875	-
	Statutory deposit - Interest income	75,422	51,056
	Financial assets - Interest income	885,882	474,019
	Cash and cash equivalents - Interest income	234,499	244,812
		1,211,421	771,331
12 (b)	Commissions and charges		
	Held-to-maturity and loans and receivables	(2,806)	(3,299)
		1,208,615	768,032

13 Other income

	2017	2016
	₦'000	₦'000
Management fees	13,134	19,800
Rent income	-	4,000
Profit on sale of property and equipment	-	3,943
Revaluation gain on investment property (see note 23(a))	68,373	143,759
Interest on staff loans(see note 18 (d))	11,997	12,802
Reimbursement of excess stamp duty paid to IFRS	46,185	-
Bad debt recovery	738	-
Other sundry income	317	101
Unrealised net foreign exchange gain(see note 13(a) below)	109,634	98,955
	250,378	283,360

13 (a) Breakdown of unrealised net foreign exchange gain

Cash and cash equivalent	12,462	1,423
Financial assets - held-to-maturity	-	92,717
Financial assets - available for sale	9,659	4,076
Financial assets - loans and receivables	87,513	739
	109,634	98,955

Notes to the financial statements

For the year ended 31 December 2017

14 Impairment reversal/(loss) on asset

	2017	2016
	₦'000	₦'000
Impairment reversal on financial assets (see note 18(b)(i1))	(1,088)	376
Impairment reversal on insurance receivables (see note 19(a)(i))	(291)	(198)
(Impairment reversal)/impairment on claim recovery from coinsurers (see note 19(c))	-	(53,885)
Impairment on other receivables (see note 21(b)(ii))	84,315	-
Impairment on building	-	5,358
Impairment of available for sale (see note 18(c)(i))	1,639	-
	84,575	**(48,349)**

15 Other operating expenses

	2017	2016
	₦'000	₦'000
Employee benefits expense (see note 15 (a) below)	896,464	895,112
Depreciation (note 26)	242,398	218,115
Amortization (note 25)	2,619	2,183
Auditors remuneration	27,500	24,750
Directors' emolument - Note 40 (b)	137,354	98,697
Loss on sale of fixed assets (See note 43.2)	1,688	-
Direct expenses	153,677	117,692
Advertisement and publicity	81,421	38,036
Repairs and maintenance	89,486	72,692
Business acquisition expense	72,356	51,598
Transport and travel expenses	56,534	71,461
Professional and consultancy fees expense	123,464	101,383
Board and AGM expenses	25,585	38,567
Electricity and diesel expenses	44,386	35,246
Printing and stationery	16,994	19,755
Cleaning	8,611	8,766
Security	5,175	2,744
Filing fees	3,395	2,041
Other sundry expenses	3,379	3,497
	1,992,486	1,802,335

Employee benefits expense

	2017	2016
	₦'000	₦'000
Salaries and wages	726,183	632,936
Medical	59,149	33,715
Staff training	79,680	211,499
Prepaid staff benefit expensed	16,818	-
Employer's Pension contribution	14,634	16,962
	896,464	**895,112**

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

Notes to the financial statements

For the year ended 31 December 2017

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.

Profit attributable to equity holders (N'000)	402,359	277,018
Weighted average number of ordinary shares in issue ('000)	9,134,721	9,134,721
Basic and diluted earnings per share (kobo)	4	3

17 Cash and cash equivalents

Cash and cash equivalents comprise:

	2017	2016
	₦'000	₦'000
Cash in hand	79	58
Due from banks and other financial institutions (see note 17(b) below)	1,497,373	1,833,828
	1,497,452	1,833,886

17 (a) For cash flow purpose, cash and cash equivalent comprise:

	2017	2016
	₦'000	₦'000
Cash in hand	79	58
Current accounts	203,889	251,019
Short term placements	1,293,483	1,582,809
	1,497,452	1,833,886

	2017	2016
17 (b) Due from banks and other financial institutions	₦'000	₦'000
Current accounts	203,889	251,019
Short term placements (see note 17(c) below)	1,293,483	1,582,809
	1,497,373	1,833,828

17 (c) Short term placements

Deposits with banks and other financial institutions	1,282,592	1,558,159
Accrued interest receivable	10,891	24,650
	1,293,483	1,582,809

Notes to the financial statements

For the year ended 31 December 2017

18 Financial assets

	2017	2016
	’000	’000
Held to maturity investments (note 18(a))	-	4,544,204
Loans and receivables (note 18(b))	1,037,632	127,004
Available for sale investments (note 18(c))	5,075,392	216,389
	6,113,024	4,887,597

18 (a) Held to maturity investments

Government securities		
Listed	-	-
Unlisted	-	4,300,604
Corporate securities		
Unlisted	-	243,600
	-	4,544,204
Due within 12 months	-	4,300,604
Due after 12 months	-	243,600
	-	4,544,204

During the year, the Company Held to maturity (HTM) portfolio was tainted as a result of management change of intent to hold investments classified as HTM to maturity, in order to to take advantage of the appreciation in market prices for capital gains purpose. Consequently, in line with the requirements of IAS 39, the balance in this portfolio was reclassified and measured as Available for sale with changes in fair value recognised in OCI (See note 18(d)).

The carrying amount of the held-to maturity investments should have been N4.77billion with N849million impact on profit or loss, had it not been reclassified to available for sale

18 (b) Loans and receivables

	2017	2016
	’000	’000
Staff loans	125,874	123,640
Loans to policy holders	18,861	4,452
Long term deposits (See note 18(b)(ii))	892,897	-
	1,037,632	128,092
Allowance for impairment (note 18 (b)(i))	-	(1,088)
	1,037,632	127,004
Due within 12 months	933,245	4,548
Due after 12 months	104,387	122,456
	1,037,632	127,004

Notes to the financial statements

For the year ended 31 December 2017

18 (b)(i) Movements on the allowance for impairment of loans and receivables are as follows:

	Policy loans	Receivables	Total
	'000	'000	'000
At 01 January 2016	1,088	-	1,088
Allowance for impairment	-	-	-
At 31 December 2016/01 January 2017	1,088	-	1,088
Amount written off during the year as uncollectible	-	-	-
Write back	(1,088)	-	(1,088)
Allowance for impairment	-	-	-
Total impairment for the year	(1,088)	-	(1,088)
At 31 December 2017	-	-	-

18 (b)(ii) Long term deposits relate to deposits with financial institutions with tenors of more than 180 days.

18 (c) Available for sale investments

	2017	2016
	'000	'000
Treasury bills	4,826,994	-
Equity Securities:		
Listed	61,033	40,740
Unlisted	189,380	176,025
	5,077,407	216,765
Impairment loss (see note 18(c)(i) below)	(2,015)	(376)
	5,075,392	216,389
Due within 12 months	4,826,994	-
Due after 12 months	248,398	216,389

Investment In Energy & Allied pool of N36million was carried at cost because its fair value could not be reliably determined as there is no active market for the investment . The company has no immediate intention to dispose its investments.

18 (c)(i) Movement in allowance for impairment loss on available for sale investments

	2017	2016
At 01 January	376	-
Impairment during the year (see note 14)	1,639	376
At 31 December	2,015	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.

Notes to the financial statements

For the year ended 31 December 2017

18 (d) The movement in financial assets is summarised as follows:

	Loans and receivables	Loans and receivables	Available for sale investment	Total
	₦'000	₦'000	₦'000	₦'000
At 01 January 2016	3,852,278	116,750	179,031	4,148,059
Additions	691,926	11,342	-	703,268
Disposals (sale and redemption)	-	-	-	-
Fair value gains	-	-	37,734	37,734
Impairment losses written off	-	(1,088)	-	(1,088)
Amount written off during the year as uncollectible	-	-	(376)	(376)
At 31 December 2016	4,544,204	127,004	216,389	4,887,597
Purchase/Additions	12,056,725	578,019	-	12,634,744
Exchange gain	-	87,513	9,659	97,172
Reclassification	(5,018,138)	243,600	4,774,538	-
Loan to exited and outsourced staff reclassified to other receivables	-	(653)	-	(653)
Repayment and Disposals (sale and redemption)	(12,432,481)	(47,228)	-	(12,479,709)
Interest income earned for the year	849,691	36,192	-	885,882
Interest Income(Notional) on staff loan(see note 13)	-	11,997	-	11,997
Below market rate(BMR)interest rate adjustment on staff loan	-	101	-	101
Fair value gains	-	-	76,444	76,444
Impairment written back on policy loan	-	1,088	-	1,088
Amount Impaired during the year as uncollectible	-	-	(1,639)	(1,639)
	-	1,037,631	5,075,391	6,113,024

19 Trade receivables

	2017	2016
	₦'000	₦'000
Insurance receivables (note 19(a))	8,259	6,626
Recovery of claims paid from coinsurer on Non-life businesses(note 19(b))	152,200	-
Recovery of claims paid on NNPC group life from coinsurers (note 19(c))	205,256	378,496
	365,715	385,122
Due within 12 months	238,360	385,122
Due after 12 months	127,355	-
Analysis of receivable due within 12 months:		
Within 30 days	8,259	6,626
Above 30 days	357,456	378,496

Notes to the financial statements

For the year ended 31 December 2017

19 (a) Insurance receivables

	2017	2016
Premium receivable from agents, brokers and intermediaries	**₦'000**	**₦'000**
Due from brokers	9,193	7,546
Due from agents	-	305
Due from Head of Service	-	104,036
Total insurance receivable	9,193	111,887
Allowance for impairment (note 19(a)(i))	(934)	(105,261)
	8,259	**6,626**

19 (a)(i) Movements on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:

	2017	2016
	₦'000	**₦'000**
At 1 January	105,261	105,459
Additional impairment during the year (note 14)	-	1,225
Allowance no longer required	(291)	(1,423)
Amount written off during the year as uncollectible (due from Head of Service)	(104,036)	-
At 31 December	**934**	**105,261**

19 (b)

	2017	2016
Recovery of claims paid from coinsurer on Non-life businesses	**₦'000**	**₦'000**
Due from coinsurers	152,200	-
Allowance for impairment	-	-
	152,200	**-**

19 (c)

	2017	2016
Recovery of claims paid on NNPC group life from coinsurers	**₦'000**	**₦'000**
Due from coinsurers	241,313	414,553
Allowance for impairment (see note 19 (c)(i) below)	(36,057)	(36,057)
	205,256	378,496

19 (c)(i) 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	36,057	89,942
Allowance for impairment	-	18,669
Allowance no longer required	-	(72,554)
Amount written off during the year as uncollectible	-	-
Net movement during the year (note 14)	-	(53,885)
At 31 December	**36,057**	**36,057**

Notes to the financial statements

For the year ended 31 December 2017

20 Reinsurance assets

	2017	2016
	₦'000	₦'000
Prepaid reinsurance premium (note 20 (a))	632,384	623,951
Prepaid minimum and deposit reinsurance (note 20 (b))	79,990	93,247
Reinsurance share of outstanding claims (note 20 (c))	356,476	207,579
Reinsurance share of IBNR (note 20 (d))	301,340	253,718
	1,370,190	**1,178,495**
Due within 12 months	1,370,190	1,178,495

20 (a) Changes in prepaid reinsurance premium

	2017	2016
	₦'000	₦'000
At 1 January	623,951	613,023
Additions during the year	2,953,852	2,111,449
Amortisation during the year	(2,945,419)	(2,100,521)
At 31 December	632,384	623,951
Net changes (see note 6.1)	8,433	10,928

Prepaid reinsurance represents the unexpired risk on premium ceded to reinsurers

20 (b) Changes in prepaid minimum and deposit reinsurance

	2017	2016
	₦'000	₦'000
At beginning of year	93,247	90,106
Additions during the year	82,381	98,111
Amortisation during the year	(95,638)	(94,970)
At 31 December	79,990	93,247
Net changes (see note 6.1)	(13,257)	3,141

20 (c) Movement in reinsurance recoverable on outstanding claims

	2017	2016
	₦'000	₦'000
At beginning of year	207,579	229,714
Movement during the year	148,897	(22,135)
At end of year	356,476	207,579

20 (d) Movement in reinsurance portion of IBNR

	2017	2016
	₦'000	₦'000
At beginning of year	253,718	529,720
Movement during the year (see note 9)	47,622	(276,002)
At end of year	301,340	253,718

Notes to the financial statements

For the year ended 31 December 2017

21 Other receivable and prepayments

	2017	2016
	₦'000	₦'000
Prepaid expenses (see note 21(a) below)	124,910	162,023
Other receivables (see note 21(b)(i) below)	346,888	63,281
	471,798	225,304
Allowance for impairment (note 21 (c))	(84,315)	-
	387,483	225,304
Due within 12 months	387,483	162,023
Due after 12 months	-	63,281

21 (a) Breakdown of prepaid expense:

Staff expenses	91,106	107,173
Computer maintenance	2,102	3,191
Directors' allowance	597	597
Rent and rates	11,018	20,433
Professional and consultancy fees	4,431	4,906
Insurance and Subscriptions	15,656	25,723
	124,910	162,023

21(b) Breakdown of other receivables:

Withholding tax receivable	58,142	58,033
Dividend receivable on equities	3,732	3,154
Receivable from ASO Savings & Loans Plc (see note 21(b)(i))	180,814	-
Receivable from Resort Savings & Loans Limited (see note 21(b)(ii))	84,315	-
Other receivables	19,885	2,094
	346,888	63,281

21(b) (i) Amount represents placements with Aso savings and loans Plc which became long term due to the inability of the institution to repay the principal and interest accrued upon expiration of the contractual tenor. Accordingly, the amount was reclassified from cash and cash equivalent to other receivables. The Company has concluded agreement with Aso savings and loans Plc to settle this amount with a property swap subsequent to year end.

21(b) (ii) Amount represents placements with Resort Savings Limited, which also became longterm and therefore no longer meet the criteria to be classified as cash and cash equivalent. Due to the inability of the institution to repay the principal and interest accrued at the expiration of the contractual tenor. The amount was fully impaired during the year as management considered its recoverability be doubtful.

Notes to the financial statements

For the year ended 31 December 2017

21(b) (iii) The movement in Other receivables may be summarised as follows:

	₦'000
At 01 January 2017	63,281
Additions	309,068
Dividend received (See note 43.1)	(164)
Withholding tax utilised	(25,949)
Loan to exited and outsourced staff reclassified to other receivables(See note18(d))	653
Impairment charge	(84,315)
At 31 December 2017	262,574

21(c) Movements on the allowance for impairment of Other receivables are as follows:

	2017	2016
	₦'000	₦'000
At 1 January	-	-
Additional impairment during the year (note 14)	84,315	-
At 31 December	84,315	-

22 Deferred acquisition costs

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

	2017	2016
	₦'000	₦'000
Motor	12,754	18,074
Fire	25,652	38,496
Bond	1,671	1,970
General accident	56,430	52,654
Marine and aviation	10,839	23,268
Engineering	27,335	12,232
Oil and gas	3,470	3,794
	138,151	150,488

22 (a) Movement in deferred acquisition cost:

	2017	2016
	₦'000	₦'000
Balance as at 1 January	150,488	191,505
Acquisition cost during the year	687,609	576,597
Amortisation during the year (see note 10)	(699,946)	(617,614)
Balance as at 31 December	138,151	150,488
Due within 12 months	138,151	150,488

Notes to the financial statements

For the year ended 31 December 2017

22 (b) Breakdown of deferred acquisition cost by risk class

	At 1 January 2016	Movement	At 31 December 2016	Movement	At 31 December 2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	26,922	(8,849)	18,073	(5,319)	12,754
Fire	43,605	(5,109)	38,496	(12,843)	25,652
Bond	3,720	(1,750)	1,970	(299)	1,671
General accident	52,734	(80)	52,654	3,776	56,430
Marine and aviation	38,740	(15,471)	23,269	(12,430)	10,839
Engineering	16,591	(4,358)	12,233	15,102	27,335
Oil and gas	9,192	(5,400)	3,793	(323)	3,470
	191,505	(41,017)	150,488	(12,337)	138,151

23 Investment property

(a) Reconciliation of carrying amount

	2017	2016
	₦'000	₦'000
At 1 January	1,140,145	996,386
Additions	290,000	-
Revaluation gains (See note 13)	68,373	143,759
At 31 December	**1,498,518**	**1,140,145**

The balance in this account is analysed below:

	2017	2016
	₦'000	₦'000
	1,172,431	882,431
Cost	326,087	257,714
Revaluation gains	1,498,518	1,140,145
At 31 December	**1,498,518**	**1,140,145**

In thousands of Naira						
Location	**Nature of title held**	**At 1 January 2017**	**Addition**	**Disposal**	**Fair value gain**	**At 31 December 2017**
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	1,140,145	-	-	65,791	1,205,936
Beach Resort Estate, Lekki Expressway, Lagos	Deed of Assignment		290,000		2,582	292,582
Total		1,140,145	290,000	-	68,373	1,498,518
In thousands of Naira						
Location	Nature of title held	At 1 January 2016	Addition	Disposal	Fair value gain	At 31 December 2016
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	996,386	-	-	143,759	1,140,145

Notes to the financial statements

For the year ended 31 December 2017

The Company has executed deed of assignment on all the investment properties.

(b) Measurement of fair value

Fair value hierarchy

(i) The fair value of investment property has been determined by a reputable estate surveyors and valuers using the sales comparative method of valuation to arrive at the open market value. 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 83 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.

(ii) During the year, the Company received the property at Plots 1, 2, 5 and 9 of Beach Resort Estate, Lekki in exchange for a sum of N290,000,000.00 being owed to it by ASO Savings and Loans Plc, out of the total sum of N470,813,982.52. The fair value of the property at the date of transfer (1 October 2017) was N292,582,335.00. The valuation expert engaged by management has determined that the fair value of the property on the date of transfer was not materially different from the fair value determined at year end.

The valuer used by the Company is A.C. Otegbulu & Partners (FRC/2013/NIESV/00000001582).

(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 value measurement
"The fair values are determined by applying the sales comparison 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 - Cost run for improvement	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases) and if the influx of people and/or business to the area increases (decreases)

(iii) Sensitivity analysis

Balance as at 31 December	2017	2016
	₦'000	₦'000
Fair Value gain	326,087	257,714
+10% movement in open market price	32,609	25,771
- 10% movement in open market price	(32,609)	(25,771)

Notes to the financial statements

For the year ended 31 December 2017

24 Deferred tax liabilities

	2017	2016
	₦'000	₦'000
At 1 January	(137,863)	(183,968)
Charge to profit and loss account for the year	(144,670)	79,839
Items in other comprehensive income	(236,441)	(33,734)
At 31 December	**(518,974)**	**(137,863)**

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 10% (2016: 10%) on investment properties and 32% (2016: 30%) on other items.

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

31 December 2017	**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	(123,487)	(126,438)	(236,441)	(486,366)	31,223	(517,590)
Investment properties	(14,376)	(18,232)	-	(32,608)	-	(32,608)
Total	**(137,863)**	**(144,670)**	**(236,441)**	**(518,974)**	**31,223**	**(550,198)**

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	(154,710)
Investment properties	(11,395)	(2,981)	-	(14,376)	-	(14,376)
Total	**(183,968)**	**79,839**	**(33,734)**	**(137,863)**	**31,223**	**(169,087)**

Deferred tax asset for the life business of N925,648,508(2016: N717,721,685) 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

	2017			2016
	₦'000	**₦'000**	**₦'000**	**₦'000**
	Computer Software	**Software under development**	**Total**	**Total**
Cost				
At 1 January	207,206	-	207,206	214,423
Additions	-	22,050	22,050	-
Write-offs	-	-	-	(7,217)
At 31 December	**207,206**	**22,050**	**229,256**	**207,206**

Accumulated amortization

Notes to the financial statements

For the year ended 31 December 2017

At 1 January	199,350	-	199,350	197,167
Amortization charge for the year	2,619	-	2,619	2,183
At 31 December	201,970	-	201,970	199,350
Carrying amount				
At 31 December	**5,236**	**22,050**	**27,286**	**7,856**

The intangible assets of the Company comprised of computer software. Amount written off of N7.2 million in 2016 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.

26. Property and equipment

At December 2017

	Land	Buildings	Leasehold improve-ments	Office equip-ment	Computer equip-ment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/Revalued amount	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2017	1,075,366	1,184,051	56,232	196,927	150,726	236,655	616,407	23,606	3,539,970
Additions	-	21,684	-	43,553	5,665	49,946	-	161,505	282,354
Disposals	-	(9,804)	-	(8,122)	-	(9,466)	(48,168)	-	(75,560)
Reclassifi-cation	-	10,563	(10,563.09)	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-
Revaluation surplus	192,452	627,175	-	-	-	-	-	-	819,627
Transfers	-	65,038	-	-	-	-	-	(65,038)	-
At 31 December 2017	**1,267,818**	**1,898,707**	**45,669**	**232,359**	**156,391**	**277,135**	**568,239**	**120,073**	**4,566,391**

Accumulated depreciation

At 1 January 2017	**-**	**26,321**	**43,121**	**106,767**	**105,754**	**80,266**	**339,040**	**-**	**701,269**
Charge for the year	-	25,082	3,078	33,596	17,515	42,097	121,031	-	242,398
Disposals	-	(3,676)	-	(4,924)	(0)	(602)	(47,906)	-	(57,108)
Reclassification	-	2,720	(2,720)	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2017	**-**	**50,447**	**43,479**	**135,438**	**123,269**	**121,761**	**412,164**	**-**	**886,559**
Net book value - 2017	**1,267,818**	**1,848,260**	**2,190**	**96,921**	**33,122**	**155,374**	**156,075**	**120,073**	**3,679,832**

Notes to the financial statements

For the year ended 31 December 2017

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

(ii) 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 property being valued. The land and building, were valued using the open market value basis as at December 31, 2017. The valuation method is on comparable and investment method. The revaluation gain of ₦819,627,000(net of deferred tax of N236,441,000) arising from the valuation of the Company's building has been recognised in other comprehensive income.

(iii) The sum of N10,563,000 reclassified from leasehold improvement relates to freehold improvement that was recognised under leasehold improvement.

(iv) The sum of N43,479,000 in leasehold improvement relates to improvements on rented office spaces which are capital expenditure.

(v) There were no impairments on any class of property and equipment during the year.

(vi) There were no liens or encumberances on the assets.

At December 2016

	Land	Buildings	Leasehold improve-ments	Office equip-ment	Computer equip-ment	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)
Write-offs	(25,393)	-	-	-	-	-	-	-	(25,393)
Impairment loss	-	(5,358)	-	-	-	-	-	-	(5,358)
Revaluation surplus/(deficit)	22,892	424,496	-	-	-	-	-	-	447,388
Reclassifications	-	381,186	10,563	-	-	-	11,642	(403,391)	-
At 31 December 2016	**1,075,366**	**1,184,051**	**56,232**	**196,927**	**150,726**	**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 period	-	13,985	4,712	23,090	17,240	19,905	139,182	-	218,115
Disposals	-	-	-	(6,900)	-	(6,543)	(32,857)	-	(46,300)
Reclassification	(25,393)		-	-	-	-	-	-	(25,393)
Impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2016	**0**	**26,321**	**43,121**	**106,767**	**105,754**	**80,266**	**339,040**	**-**	**701,269**
Net book value - 2016	**1,075,366**	**1,157,730**	**13,111**	**90,160**	**44,972**	**25,820**	**138,462**	**23,606**	**2,838,700**

Notes to the financial statements

For the year ended 31 December 2017

(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 property being valued. 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.

26 (a) The historical cost of land and building are as follows:

	December 2017		December 2016	
	Land	**Building**	**Land**	**Building**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cost	544,349	751,462	544,349	664,740
Accumulated depreciation	-	(25,082)	-	(13,985)
Net book value	544,349	726,379	544,349	650,755

26 (b) Breakdown of land and buildings:

	Land	**Building**	**Total**
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,131,666	1,710,849	2,842,515
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	136,152	137,412	273,564
Total	**1,267,818**	**1,848,261**	**3,116,079**

26 (c) Reconciliation of movement in land and buildings:

	1 January 2017	**Addition**	**Disposal**	**Depreciation**	**Reclassification and Transfer**	**Revaluation Gain**	**31 December 2017**
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,966,678	21,684	(9,804)	21,406	72,881	812,481	2,842,515
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	266,418	-	-	-	-	7,146	273,564
Total	**2,233,096**	**21,684**	**(9,804)**	**21,406**	**72,881**	**819,627**	**3,116,079**

Notes to the financial statements

For the year ended 31 December 2017

27 Statutory deposits

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

	2017	2016
	₦'000	₦'000
Due after 12 months	500,000	500,000
	500,000	**500,000**

28 Investment contract liability

	2017	2016
	₦'000	₦'000
At 1 January	35,570	20,708
Deposits received	79,323	22,019
Guaranteed interest (see note 7.2)	2,966	412
	117,858	43,139
Less: withdrawals	(25,307)	(7,569)
At 31 December	**92,551**	**35,570**
Due within 12 months	**92,551**	**35,570**

The Company has a total sum of N92.7million (2016 - N35.6million) in deposit administered funds with a guaranteed interest of N3.2million (2016 - N412,000

28 (a) Asset representing investment contract liabilities fund:

Breakdown:

Financial assets - available for sale investments	92,551	-
Financial assets - Held to maturity investments	-	35,570
	92,551	35,570

29 Insurance contract liabilities

	2017	2016
	₦'000	₦'000
Short term business (see note 29 (a) below)	2,455,730	2,365,118
Long term business (see note 29 (b) below)	434,634	243,991
Total insurance liabilities	2,890,364	2,609,109
Due within 12 months	2,455,730	2,365,118
Due after 12 months	434,634	243,991
	2,890,364	**2,609,109**

The Company's insurance contract liabilities above was actuarially determined by QED Actuarial Services as at 31 December 2017.

Notes to the financial statements

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

	2017			2016		
	Nonlife	Life	Total	Nonlife	Life	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium	1,135,904	105,055	1,240,959	1,115,892	146,586	1,262,478
Outstanding claims	347,047	228,168	575,215	378,664	76,588	455,252
IBNR	572,214	114,243	686,457	508,238	152,855	661,093
Individual life fund	-	387,733	387,733	-	230,286	230,286
	2,055,165	**835,199**	**2,890,364**	**2,002,794**	**606,315**	**2,609,109**

29 (a)

Short term insurance business liabilities comprise:	2017	2016
	₦'000	₦'000
Outstanding claims (see note 29(a)(i))	528,314	441,547
Claims incurred but not reported (see note 29(a)(iii))	686,457	661,093
Total short term business outstanding claims	1,214,771	1,102,640
Provision for unearned premium (see note 29(a)(iv))	1,240,959	1,262,478
Total short term business insurance contract liability	**2,455,730**	**2,365,118**

29 (a)(i) Outstanding claims are analysed as follows:

At 1 January	**441,547**	**544,310**
Claims incurred in the year	2,897,209	2,371,048
Claims paid during the year (see note 8)	(2,810,442)	(2,473,811)
At 31 December	528,314	441,547

Outstanding claims was determined using the discounted inflation adjusted basic chain ladder method and claims development from 2007 - 2016.

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:

	2017			2016			2017	2016
	Outstanding Claims	IBNR	Total	Outstanding Claims	IBNR	Total	Reinsurance on IBNR	Reinsurance on IBNR
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	28,749	31,960	60,709	39,509	96,047	135,556	1,976	5,207
Fire	9,023	55,308	64,331	179,731	56,645	236,376	33,910	34,056
Bond	800	5,118	5,918	100	3,032	3,132	1,998	2,130
General accident	293,434	213,631	507,065	123,749	228,857	352,606	75,583	90,332
Marine and aviation	8,552	14,932	23,484	11,130	33,233	44,363	10,966	10,500
Engineering	6,266	9,993	16,259	4,954	40,661	45,615	7,463	21,004
Oil and energy	224	241,272	241,496	19,492	49,762	69,254	159,608	24,983
Group life	181,267	114,243	295,510	62,882	152,856	215,738	9,836	65,506
	528,314	686,457	1,214,771	441,547	661,093	1,102,640	301,340	253,718

Notes to the financial statements

For the year ended 31 December 2017

29 (a)(ii) Age analysis of outstanding claims

	2017		2016	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	141	151,209	198	208,392
91 - 180 days	102	58,934	92	27,682
181 - 270 days	81	28,192	120	9,599
271 - 365 days	75	270,254	94	27,241
above 365 days	72	19,725	769	168,633
	471	528,314	1,273	441,547

Claims outstanding for more than 90 days relates to reported claims for which the claims process has not been concluded due to insufficient information and/or support document from the clients. The discharge vouchers for these claims have not been executed.

29 (a)(iii) Claims Incurred But Not Reported (IBNR) are analysed as follows:

	2017	2016
	₦'000	₦'000
At 1 January	661,093	1,043,630
Movement during the year	25,364	(382,537)
At 31 December	**686,457**	**661,093**

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

	1 January 2017	Movement during the year	31 December 2017	1 January 2016	Movement during the year	31 December 2016
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	96,047	(64,087)	31,960	121,204	(25,157)	96,047
Fire	56,645	(1,337)	55,308	120,757	(64,112)	56,645
Bond	3,032	2,086	5,118	2,360	672	3,032
General accident	228,857	(15,226)	213,631	108,943	119,914	228,857
Marine and aviation	33,233	(18,301)	14,932	100,699	(67,466)	33,233
Engineering	40,661	(30,668)	9,993	77,677	(37,016)	40,661
Oil and energy	49,762	191,510	241,272	100,933	(51,171)	49,762
Group life	152,856	(38,613)	114,243	411,057	(258,201)	152,855
	661,093	**25,364**	**686,457**	**1,043,631**	**(382,537)**	**661,093**

IBNR relates to only short term insurance business.

Notes to the financial statements

For the year ended 31 December 2017

29(a)(iv) Analysis of unearned premium per class of short-term business

	Unearned premium 2017	Movement	Unearned premium 2016	Movement	Unearned premium 2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	205,015	(45,187)	250,202	(89,537)	339,739
Fire	195,700	(46,557)	242,258	1,522	240,736
Bond	12,542	(6,268)	18,811	8,475	10,336
General accident	470,784	174,567	296,217	34,518	261,699
Marine and aviation	110,923	(32,338)	143,261	(3,468)	146,729
Engineering	69,675	(6,107)	75,782	(125,101)	200,883
Oil and energy	71,264	(18,098)	89,362	(41,207)	130,569
Group life	105,055	(41,531)	146,586	(104,661)	251,247
	1,240,959	**(21,519)**	**1,262,478**	**(319,459)**	**1,581,938**

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 (b) Long term business insurance liabilities

	2017	2016
	₦'000	₦'000
Outstanding claims (see note 29 (b)(i))	46,903	13,708
Individual life business liability (see note 29 (b)(iii))	387,732	230,283
	434,634	**243,991**

29 (b)(i) The movement in outstanding claims during the year was as follows:

	Individual life 2017	Individual life 2016
	₦'000	₦'000
At 1 January	13,708	36,556
Additional claims incurred	120,709	42,818
Claims paid	(87,514)	(65,666)
Net movement (see note 8)	33,195	(22,848)
At 31 December	**46,903**	**13,708**

Notes to the financial statements

For the year ended 31 December 2017

29 (b)(ii) Age analysis of outstanding claims

	2017		2016	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	6	20,101	11	3,616
91 - 180 days	1	500	7	2,638
181 - 270 days	3	10,688	2	1,000
271 - 365 days	2	2,678	7	2,926
above 365 days	37	12,936	13	3,528
	49	**46,903**	**40**	**13,708**

Claims outstanding for more than 90 days relates to reported claims for which the claims process has not been concluded due to insufficient information and/or support document from the clients. The discharge vouchers for these claims have not been executed.

29 (b)(iii) Individual life insurance liability comprises:

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

	2017	2016
	₦'000	**₦'000**
At 1 January	230,283	165,489
Increase during the year (see note 6.1)	157,449	64,794
At 31 December	**387,732**	**230,283**

29 (c) Asset representing insurance fund:

Breakdown:

	Short term insurance business	Long term insurance business	Total 2017
	₦'000	**₦'000**	**₦'000**
Financial assets - available for sale investments	2,455,730	434,634	2,890,364
Total	**2,455,730**	**434,634**	**2,890,364**
Valuation surplus during the year	-	-	-
	2,455,730	434,634	2,890,364

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

Notes to the financial statements

For the year ended 31 December 2017

30 Trade payables

	2017	2016
	₦'000	₦'000
Reinsurance payables (see note 30 (a))	243,557	4,525
Insurance payables (see note 30(b))	407,383	83,038
	650,940	87,564
Due within 12 months	**650,940**	**87,564**

30 (a) Reinsurance payables

	2017	2016
	₦'000	₦'000
Premium payable to reinsurers/coinsurers	243,557	4,525
	243,557	4,525

30 (b) Insurance payables

	2017	2016
	₦'000	₦'000
Commission payable	77,507	83,038
Deposits for insurance premium	329,876	-
	407,383	**83,038**

31 Other payables and accruals

	2017	2016
	₦'000	₦'000
Accruals (see note 31(a) below)	168,469	157,948
Sundry payables (see note 31(b) below)	73,320	54,652
	241,789	**212,600**

31 (a) Breakdown of accruals

Audit fees	27,962	27,600
ITF Levy	9,240	188
Tax fees	4,449	2,292
Actuarial fees	5,900	9,713
NAICOM Levy	23,559	22,881
Productivity bonus	76,041	
Staff allowances	17,749	88,913
Stamp duties	3,570	6,166
Other accruals	-	198
	168,469	**157,948**

Notes to the financial statements

For the year ended 31 December 2017

31 (b) Breakdown of sundry payables

Vendors and suppliers	49,692	27,250
Withholding taxes	13,408	16,754
PAYE	3,503	3,098
Pension	4,199	4,505
Other sundry payables	2,518	3,044
	73,320	**54,652**

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

Due within 12 months	241,789	212,600
Due after 12 months	-	-
	241,789	212,600

32 **Deferred commission income**

	2017	**2016**
	₦'000	**₦'000**
Motor	407	588
Fire	31,464	30,684
Bond	1,654	1,412
General accident	46,723	26,489
Marine	25,144	27,141
Engineering	12,005	10,551
Oil & Energy	2,724	4,638
	120,121	101,503
Due within 12 months	120,121	101,503
Due after 12 months	-	-
	120,121	**101,503**

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

32 (a) Movement in deferred commission income:

At beginning of year	101,503	104,680
Additions during the year	449,142	417,400
	550,645	522,080
Amortisation during the year (note 7)	(430,524)	(420,577)
At end of year	**120,121**	**101,503**

Notes to the financial statements

For the year ended 31 December 2017

33 Provisions

	2017	2016
	₦'000	₦'000
Legal claims	44,000	44,000
	44,000	44,000

Movement in provision:

	2017	2016
	₦'000	₦'000
At 1 January	44,000	44,000
Additions	-	-
Reversals	-	-
At 31 December	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 Taxation

	2017	2016
	₦'000	₦'000

34.1 Tax expense

34.2 Current tax liabilities

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

	2017	2016
	₦'000	**₦'000**
At 1 January	273,405	407,110
Payment (cash) during the year	(30,235)	(189,889)
Withholding tax credit note utilized	(25,949)	-
Charge for the year	93,723	56,184
At 31 December	**310,944**	**273,405**

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

Notes to the financial statements

For the year ended 31 December 2017

34.3 Effective tax reconciliation

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

	%	2017	%	2016
Profit before tax		640,752		253,363
Adjustment for NITDA levy		(8,769)		(6,242)
Profit after adjustment for NITDA levy		631,983		247,121
Tax calculated at the tax rate of 30%	30%	189,595	30%	74,136
Effect of:				
Impact of minimum tax	12%	77,027	19%	48,542
Education tax	1%	7,927	1%	1,399
Technology tax	1%	8,769	2%	6,242
Income not subject to tax	-286%	(1,832,036)	(134%)	(339,102)
Non-deductible expenses	302%	1,932,586	278%	705,266
Impact of industry tax law	-51%	(325,508)	(198%)	(501,949)
Change in deferred tax rate	-6%	(39,289)	(0%)	-
Change in estimates related to prior years	2%	11,396	(113%)	(286,464)
Effect of unrecognised deferred tax asset	32%	207,927	106%	268,274
Effective tax	**37%**	**238,393**	**(9%)**	**(23,655)**

35 Capital and reserves

35.1 Share capital

		2017	2016
		₦'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 (millions) '000	Ordinary shares ₦'000	Share premium ₦'000	Total ₦'000
At 31 December 2017 (50 Kobo each)	**9,134,721**	**4,567,360**	**1,692,703**	**6,260,063**
At 31 December 2016 (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.

Notes to the financial statements

For the year ended 31 December 2017

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.

	2017	2016
Non life business	**₦'000**	**₦'000**
At the beginning of the year	1,130,270	995,421
Transfer from Retained earnings	140,472	134,849
At end of the year	**1,270,742**	**1,130,270**
Life business		
At the beginning of the year	140,001	131,839
Transfer from Retained earningss	7,833	8,162
At end of the year	147,834	140,001
Total	**1,418,576**	**1,270,271**

35.3 Asset revaluation reserve

	2017	2016
	₦'000	**₦'000**
At the beginning of the year	1,033,070	619,416
Revaluation gains, gross	819,627	447,388
Deferred tax relating to asset revaluation (see note 24)	(236,441)	(33,734)
Revaluation gains, net	583,186	413,654
At end of the year	**1,616,256**	**1,033,070**

Asset revaluation reserves is analysed as follows:	2017	2016
	₦'000	**₦'000**
Gross amount	1,980,046	1,160,419
Related deferred tax liability	(363,790)	(127,349)
Net amount	**1,616,256**	**1,033,070**

35.4 Fair value reserve

	2017	2016
	₦'000	**₦'000**
At the beginning of the year	33,169	(4,565)
Additions during the year:		
- Fair value changes of available for sale financial assets	76,444	37,734
At end of the year	**109,613**	**33,169**

Notes to the financial statements

For the year ended 31 December 2017

35.5 Retained earnings

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

	2017	2016
	₦'000	₦'000
At the beginning of the year	1,049,406	915,399
Transfer from profit and loss	402,359	277,018
Transfer to contingency reserve	(148,304)	(143,011)
At end of the year	**1,303,461**	**1,049,406**

36 Dividend

The Company has proposed a dividend payment of 2.1kobo per share for the year ended 31 December 2017 (2016: Nil).

37 Contingencies and commitments

(a) Legal proceedings and regulations

The Company is a party to eight (2016: eight) 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 N889.8million (2016: N243.2 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 had no capital commitment as at 31 December 2017 (2016: N10.4m).

(c) Contingent liability

Taxes

During the 2017 financial year, the Federal Inland Revenue Service (FIRS) reviewed the Company's tax computation for 2017 year of assessment. The result of the review was communicated to the Company on 8 August 2017. The tax report revealed a tax liabilities charge of N161.95million. Furthermore, the Company was charge a tax liability of N534.78 million based on backduty reassessment for 2012 to 2014 Years of Assessment (YOA), carried out in 2016. The backduty assessments is summarised below:

	2017	2016
	₦'000	₦'000
Company Income Tax	604,921	495,344
Tertiary Education Tax	40,296	35,424
Withholding Tax	43,357	-
Value Added Tax	8,153	4,012
	696,727	**534,780**

The Company, through its tax consultant, Triple K & Associates, has objected this assessments on 15 November 2017. Hence, no provision was made in this financial statement as the Directors believe that the probability of outflow of economic resources is remote.

Notes to the financial statements

For the year ended 31 December 2017

38 Contravention of laws and regulations

The Company incurred the following penalties/ines during the year.

	2017	2016
	'000	**'000**
Penalty for exceeding limit on deposit placement	1,000	-
Penalty for late submission of report	500	-
	1,500	**-**

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)
Continental Reinsurance Plc	Common directorship	Reinsurance expense	400,700
		Reinsurance income	(47,265)

Balance as at 31 December 2017

Company/Individual	Nature of balance	N'000
Continental Reinsurance Plc	Reinsurance receivable	32,298
	Reinsurance payable	(17,772)

(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:

	2017	2016
	'000	**'000**
Salaries	134,038	114,038
Fees	78,860	60,203
Other short-term employment benefits	3,967	3,967
Post-employment benefits (see note (b)(i) below)	81,167	69,000
	298,032	**247,209**

During the year, the sum of N81.17 million (2016: N69 million) was accrued as post-employment benefit for a director. Also, the sum of N150 million was paid out as severance pay based on the expiration of the contract effective 31 August, 2017. The basis of the accrual and payment was in line with the approved contract of employment.

Notes to the financial statements

For the year ended 31 December 2017

40 Employees and directors

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

	2017	2016
	Number	Number
Executive directors	2	1
Management	8	14
Non-management	88	98
	98	**113**

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	1
N800,001 - N2,000,000	1	1
N2,000,001 - N2,800,000	33	33
N2,800,001 - N3,500,000	22	22
N3,500,001 - and Above	39	55
	96	**112**

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

	'000	**'000**
Fees and sitting allowances	78,860	60,203
Executive compensation	58,494	38,494
Severance Pay		
	137,354	**98,697**
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:

	2017	**2016**
	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	7	8
	7	8

Notes to the financial statements

For the year ended 31 December 2017

41 Events after the reporting period

Mrs. Ebele Nwachukwu was appointed has the new Managing Director, following the expiration of the outgoing Managing Director's contract. There were no other significant events after the financial position date which require adjustments to, or disclosure in the financial statements.

42 Reconciliation of Statement of Cash flow

		Notes	2017	2016
42.1	**Insurance premium received**		**₦'000**	**₦'000**
	Opening insurance receivable	19 (a)	111,885	121,541
	Gross premium written	6	5,465,713	4,516,545
	Premium received in advance	30 (b)	329,876	-
	Closing insurance receivable	19 (a)	(9,193)	(111,885)
	Write-off of insurance receivable	19 (a)(i)	(104,036)	-
			5,794,245	**4,526,201**
42.2	**Reinsurance premium paid**			
	Opening reinsurance payable	30 (a)	(4,525)	-
	Reinsurance expense	6.1	(2,945,419)	(2,100,521)
	Changes in prepaid minimum and deposit reinsurance during the year	20 (a)	(8,433)	(10,928)
	Changes in prepaid premium during the year	20 (b)	13,257	(3,141)
	Closing reinsurance payable	30 (a)	243,557	4,525
			(2,701,563)	(2,110,065)
42.3	**Reinsurance commission received**			
	Fee income arising on insurance contracts	7.1	430,524	420,577
	Movement in deferred commission income		18,618	3,177
			449,142	423,754
42.4	**Insurance benefits and claims paid**			
	Gross benefits and claims incurred	8	(3,043,299)	(2,031,470)
	Movement in outstanding claims		119,963	(125,611)
	Movement in IBNR		25,365	(382,538)
			(2,897,971)	(2,539,619)
42.5	**Net inflow from deposit admin**			
	Deposits received	28	79,323	22,019
	Withdrawal		(25,307)	(7,569)
			54,016	14,450

Notes to the financial statements

For the year ended 31 December 2017

42.6 Reinsurance claims received

Benefits and claims recoverable from reinsurers	9	2,273,895	592,129
Movement in reinsurance share of outstanding claims		(148,897)	22,135
Movement in reinsurance share of IBNR		(47,622)	548,281
		2,077,376	1,162,545

42.7 Commission paid

Opening commission payable	30 (b)	(83,038)	(71,017)
Maintenance expense	11	(83,345)	(77,548)
Additional acquisition expense during the year	22 (a)	(687,609)	(576,597)
Closing commission payable	30 (b)	77,507	83,038
		(776,485)	(642,125)

42.8 Cash paid to employees, intermediaries and other suppliers

Other operating expenses	15	(1,992,486)	(1,802,335)
Less non-cash items:			
Depreciation	15	242,398	218,115
Amortization	15	2,619	2,183
Below market rate(BMR)interest rate adjustment on staff loan	18(d)	(101)	10,361
Loss on sale of property and equipment	15	1,688	-
Movement in deposit administration	7.2	(408)	(396)
Movement in prepaid expenses	21	37,113	(37,595)
Movement in payables	31	29,189	(96,544)
Net cashflow from other debtors:			
- Additions	21(b)	(309,068)	(1,097)
- Dividend income on available for sale equity securities	12 (a)	742	-
		(1,988,313)	(1,707,307)

42.9 Other income received

Management fees	13	13,134	19,800
Rent income	13	-	4,000
Other sundry income	13	47,240	101
		60,374	23,901

43. Interest income received

Net Investment income	12	1,208,615	768,032
Dividend income on available for sale equity securities	12 (a)	(742)	(1,444)
(Gain)/loss on financial assets disposal	12 (a)	(14,875)	-
Financial assets - Interest income	12 (a)	(885,882)	4,401
		307,116	770,989

Notes to the financial statements

For the year ended 31 December 2017

43.1	**Dividend received**			
	Dividend receivable - at beginning of year	18 (b)	3,154	3,154
	Dividend income on available for sale equity securities	12 (a)	742	1,444
	Dividend receivable - at end of year	18 (b)	(3,732)	(3,154)
			164	1,444
43.2	**Proceeds on disposal of property and equipment**			
	Cost of property and equipment	26	75,560	53,884
	Accumulated depreciation of property and equipment	26	(57,108)	(46,300)
	(Loss)/ profit on sale of property and equipment	15	(1,688)	3,943
			16,764	11,527

43.3 **Movement in financial asset**

43.3(a)	**Addition to financial asset**			
	Purchase of Treasury bills	18 (d)	(12,056,725)	(691,926)
	Staff and policy loan disbursed and long term placement purchased during the year	18 (d)	(578,019)	(11,342)
			(12,634,744)	(703,268)
43.3(b)	**Proceed from disposal/redemption of financial assets**			
	Value of treasury bills disposed/matured	18 (d)	12,432,481	-
	Loan repayment/redemption	18 (d)	47,228	
	(Gain)/loss on financial assets disposal	12 (a)	14,875	-
			12,494,584	-
43.4	**Net cashflow received from coinsurer on recovery of claims paid**			
	Changes in recovery of claims paid on NNPC group life from coinsurers	19(c)	173,240	(30,965)
	Changes in recovery of claims paid from coinsurer on Non-life businesses	19(b)	(152,200)	
	Net cashflow received		21,040	(30,965)

44 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:

Notes to the financial statements

For the year ended 31 December 2017

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 2017.

	Non life	Life	Total
	₦'000	₦'000	₦'000
Gross premium written	4,682,405	783,308	5,465,713
Gross premium income	4,662,393	667,391	5,329,784
Insurance premium ceded to reinsurers	(2,747,846)	(197,574)	(2,945,420)
Net insurance premium revenue	1,914,547	469,817	2,384,364
Fee Income	410,242	20,282	430,524
Loss on deposit administration	-	(3,373)	(3,373)
Investment income	994,255	323,231	1,317,486
Other operating income	141,347	160	141,507
Total Income	3,460,391	810,117	4,270,508
Insurance benefits and claims	2,399,392	648,014	3,047,406
Insurance claims recovered from reinsurers	(1,989,068)	(288,933)	(2,278,001)
Net insurance benefits and claims	410,324	359,081	769,405
Maintenance expenses	662,005	468,809	1,130,814
Impairment losses	1,348	83,227	84,575
Other expenses	1,496,520	148,442	1,644,962
Net expenses	2,570,197	1,059,559	3,629,756
Reportable segment profit	890,194	(249,442)	640,752
Profit before tax	890,194	(249,442)	640,752
Depreciation and amortisation	239,306	3,092	242,398
Interest revenue	886,023	323,891	1,209,915
Income tax expenses	(217,728)	(20,667)	(238,394)
Profit after tax	672,465	(270,108)	402,358
Transfer to statutory contingency reserve	140,472	7,833	148,305
Total assets	12,142,248	3,435,403	15,577,651
Total Liabilities	3,602,196	1,267,487	4,869,683
Net assets	8,540,052	2,167,916	10,707,968

Notes to the financial statements

For the year ended 31 December 2017

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 2017			
Net insurance premium revenue	2,384,364	-	2,384,364
Fee Income	430,524	-	430,524
Investment returns	1,208,615	(108,871)	1,317,486
Other operating income	250,378	108,871	141,507
Net insurance benefits and claims	(769,404)	-	(769,405)
Maintenance expenses	(783,291)	347,524	(1,130,814)
Impairment losses	(84,575)	-	(84,575)
Loss on deposit administration	(3,373)	-	(3,373)
Other expenses	(1,992,486)	(347,524)	(1,644,962)
Operating profit	640,752	-	640,753

The segment information provided by Management for the financial position of the reporting segments for the year ended 31 December 2017

		Non life	Life	Total
Assets		₦'000	₦'000	₦'000
Cash and cash equivalents	17	1,252,480	244,972	1,497,452
Financial assets	18	3,771,524	2,604,073	6,375,597
Trade receivables	19	160,459	205,256	365,715
Reinsurance assets	20	1,234,900	135,291	1,370,191
Other receivables	21	96,281	28,629	124,910
Deferred acquisition costs	22	138,151	-	138,151
Investment properties	23	1,498,518	-	1,498,518
Intangible assets	25	27,286	-	27,286
Property and equipment	26	3,398,350	281,482	3,679,832
Statutory deposits	27	300,000	200,000	500,000
Total assets		12,142,248	3,435,404	15,577,652

		Non life	Life	Total
Liabilities		₦'000	₦'000	₦'000
Investment contract liabilities	28	-	92,551	92,551
Insurance contract liabilities	29	2,055,164	835,201	2,890,365
Trade payables	30	407,383	243,558	650,940
Other payables	31	239,847	45,942	285,789
Deferred commission income	32	120,121	-	120,121
Current income tax	0.0	260,709	50,235	310,944
Deferred tax liabilities	34.2	518,975	-	518,975
Total Liabilities		3,602,199	1,267,487	4,869,686

		Non life	Life	Total
Equity		₦'000	₦'000	₦'000
Share capital	35.1	2,821,061	1,746,299	4,567,360
Share premium	35.1	1,045,203	647,500	1,692,703
Statutory contingency reserve	35.2	1,270,744	147,832	1,418,576
Asset revaluation reserve	35.3	1,351,953	264,302	1,616,255
Fair value reserve	35.4	98,526	11,087	109,613
Retained earnings	35.5	1,688,262	(384,804)	1,303,458
Total equity		8,540,052	2,167,914	10,707,966
		11,877,948	3,699,703	15,577,652

Notes to the financial statements

For the year ended 31 December 2017

The reconciliation of segment reporting differences to the financial results is broken down:

At 31 December 2017	**Non life**	**Life**	**Total**
	₦'000	**₦'000**	**₦'000**
Investment returns			
Reclassification from other income	604	160	764
Reclassification of loss on foreign exchange gain to other income	(109,635)	-	(109,635)
	(109,031)	160	(108,871)
Other operating income			
Reclassification of bank interests to investment returns	(604)	(160)	(764)
Reclassification of foreign exchange gain from investment returns	109,635	-	109,635
	109,031	(160)	108,871
Maintenance expenses			
Reclassification of management expense	-	347,524	347,524
	-	347,524	347,524
Other expenses			
increase/(decrease) in expenses			
Employee benefits expense	-	(197,009)	(197,009)
Depreciation	-	(2,164)	(2,164)
Auditors remuneration	-	(5,775)	(5,775)
Directors' emolument	-	(21,786)	(21,786)
Direct Expenses	-	(14,446)	(14,446)
Other operating expenses	-	(106,344)	(106,344)
	-	(347,524)	(347,524)

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

	Non life	Life	Total
	₦'000	₦'000	₦'000
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

Notes to the financial statements

For the year ended 31 December 2017

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	2,763,543	738,071	3,501,614
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.
Reconciliation of segment results of operations to financial results of operations

	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)	-	(1,439,341)
Maintenance expenses	(695,162)	320,250	(1,015,412)
Impairment losses	48,349	-	48,349
Loss on deposit administration	(807)	-	(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	3,589,299	1,298,298	4,887,597
Trade receivables	6,626	378,496	385,122
Reinsurance assets	1,008,970	169,525	1,178,495
Other receivables and prepayment	154,954	70,350	225,304
Deferred acquisition costs	150,488	-	150,488
Investment properties	1,140,145	-	1,140,145
Intangible assets	7,856	-	7,856
Property and equipment	2,829,393	9,307	2,838,700
Statutory deposits	300,000	200,000	500,000
Total assets	10,312,494	2,835,099	13,147,593

Notes to the financial statements

For the year ended 31 December 2017

	Non life	Life	Total
	₦'000	₦'000	₦'000
Liabilities			
Investment contract liabilities	-	35,570	35,570
Insurance contract liabilities	2,002,794	606,315	2,609,109
Trade payables	87,564	-	87,564
Other payables	210,156	46,444	256,600
Deferred commission income	101,503	-	101,503
Current income tax	223,663	49,742	273,405
Deferred tax liabilities	137,863	-	137,863
Total Liabilities	2,763,543	738,071	3,501,614
Equity			
Share capital	2,821,061	1,746,299	4,567,360
Share premium	1,045,203	647,500	1,692,703
Statutory contingency reserve	1,130,272	139,999	1,270,271
Asset revaluation reserve	1,033,070	-	1,033,070
Fair value reserve	47,961	(14,792)	33,169
Retained earnings	1,156,268	(106,862)	1,049,406
Total equity	7,233,836	2,412,143	9,645,979
Total equity and liabilities	9,997,379	3,150,214	13,147,593

The reconciliation of segment reporting differences to the financial results is broken down:

At 31 December 2016	Non life	Life	Total
	₦'000	₦'000	₦'000
Investment returns			
Reclassification from other operating income	3,430	83	3,513
Reclassification of loss on foreign exchange gain	(98,955)	-	(98,955)
	(95,525)	83	(95,442)
Other operating income			
Reclassification of profit on disposal of fixed assets	3,944	-	3,944
Reclassification from other income to investment returns	(3,430)	(83)	(3,513)
Reclassification of loss on foreign exchange gain	98,955	-	98,955
	99,469	(83)	99,386
Maintenance expenses			
Reclassification of management expense	-	320,250	320,250
	-	320,250	320,250
Other expenses			
increase/(decrease) in expenses			
Employee benefits expense	-	(196,057)	(196,057)
Depreciation	-	(231)	(231)
Amortization	-	(153)	(153)
Auditors remuneration	-	(5,198)	(5,198)
Directors' emolument	-	(20,624)	(20,624)
Profit on sale of property and equipment	(3,944)	-	(3,944)
Direct Expenses	-	(12,257)	(12,257)
Other operating expenses	-	(85,730)	(85,730)
	(3,944)	(320,250)	(324,194)

Notes to the financial statements

For the year ended 31 December 2017

45 (i) Non-life business

	Motor	Fire	Bond	General Accident	Marine	Engine-ering	Oil & Energy	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Income:								
Gross premium written	585,040	1,016,262	46,401	1,159,065	459,903	316,010	1,099,725	4,682,405
Changes in provision for unearned premium	45,187	46,557	6,268	(174,567)	32,338	6,107	18,098	(20,012)
Gross premium earned	630,226	1,062,819	52,668	984,497	492,241	322,117	1,117,823	4,662,393
Reinsurance outwards								
- Reinsurance	(22,177)	(593,223)	(18,594)	(287,981)	(319,211)	(202,139)	(810,493)	(2,253,817)
- Coinsurance	(5,938)	(91,417)	(2,000)	(399,916)	(31,497)	(34,510)	(13,746)	(579,025)
Increase / (decrease) in prepaid reinsurance cost	2,499	(31,456)	(3,758)	157,219	(13,692)	(2,367)	(23,446)	85,000
Net earned premiums	604,610	346,724	28,316	453,820	127,841	83,101	270,137	1,914,548
Commission income:								
- Reinsurance	231	119,343	5,205	39,745	76,014	48,965	16,506	306,009
- Coinsurance	767	19,745	384	86,736	6,908	5,343	2,969	122,852
Deferred commission income	180	(780)	(241)	(20,234)	1,997	(1,454)	1,914	(18,618)
Total	605,788	485,032	33,664	560,066	212,759	135,955	291,526	2,324,790
Expenses:								
Gross claims expense	265,292	1,641,490	8,689	112,082	152,603	30,371	188,855	2,399,383
Claims handling expense	18	-	-	-	-	-	-	18
Reinsurance claims recoveries:								
- Reinsurance	(132)	(1,092,430)	(876)	(1,668)	(285,449)	(6,291)	-	(1,386,846)
- Coinsurance	(27,441)	(463,648)	-	(15,673)	(2,550)	(394)	(2,084)	(511,791)
IBNR								
- Movement in IBNR	(64,964)	(76,871)	(5,928)	179,757	(138,471)	(34,477)	175,460	34,506
- Movement in reinsurance share of IBNR	3,421	72,586	172	(144,254)	92,543	3,877	(153,290)	(124,944)
Net Claims incurred	176,193	81,127	2,058	130,245	(181,325)	(6,914)	208,940	410,324
Commission expense	56,959	166,011	4,556	213,755	66,363	47,042	24,832	579,517
Increase in Deferred Acquisition cost	5,319	12,843	299	(3,776)	12,430	(15,102)	323	12,336
Maintenance expenses	8,171	11,598	477	12,050	19,449	5,556	12,852	70,152
Underwriting expenses	70,450	190,452	5,331	222,028	98,241	37,496	38,008	662,005
"Net underwriting results transferred to profit and loss account"								
	359,145	213,453	26,274	207,794	295,843	105,373	44,578	1,252,461

Notes to the financial statements

For the year ended 31 December 2017

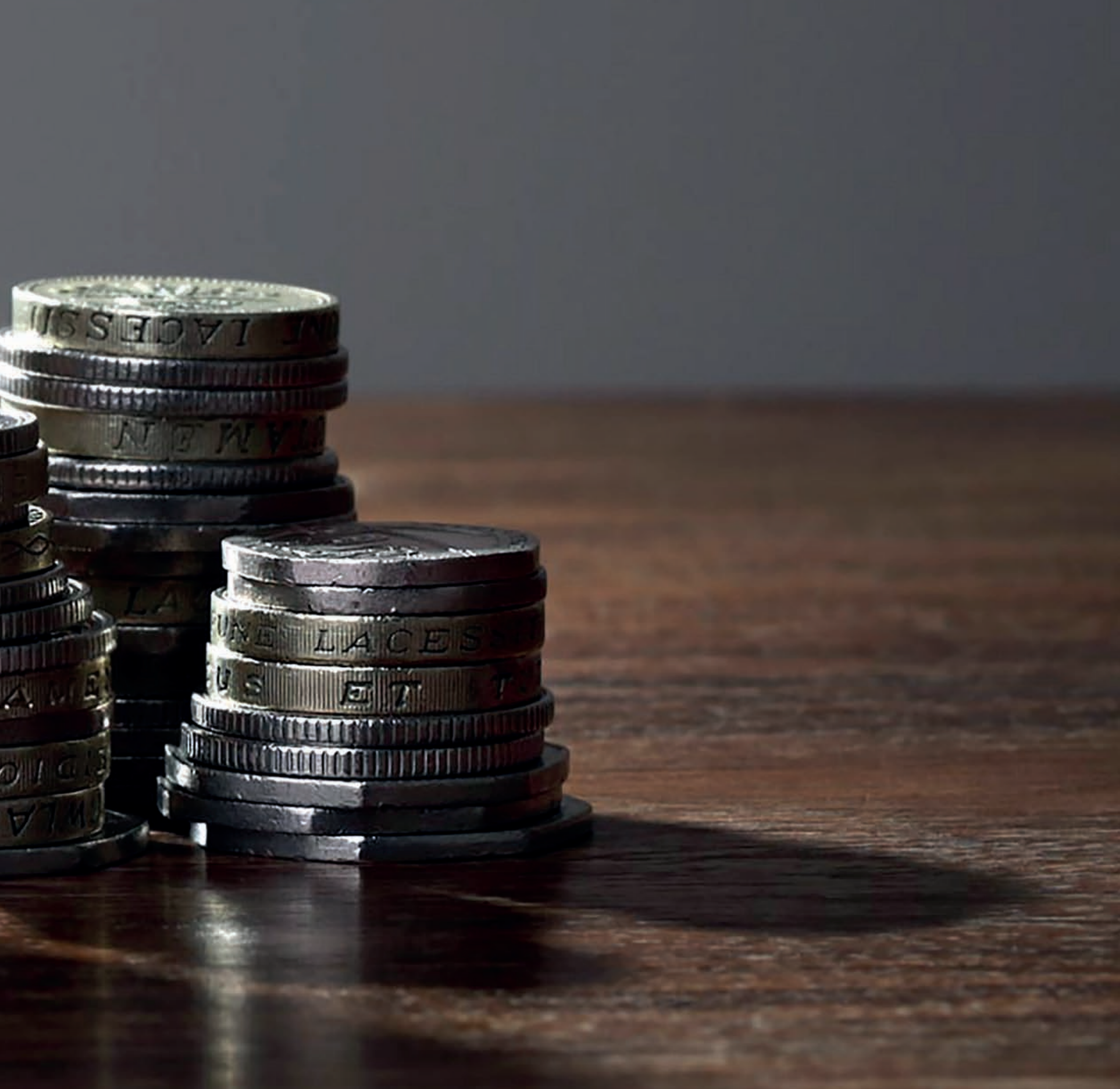
(ii) Life business

	Individual Life	Group Life	Total
	N'000	N'000	N'000
Income:			
Gross premium written	234,567	548,741	783,308
Changes in provision for unearned premium - Group life	-	41,531	41,531
Gross premium earned	234,567	590,272	824,839
Reinsurance outwards	(15,137)	(105,872)	(121,009)
Increase in prepaid reinsurance cost	(5,174)	(71,390)	(76,564)
Net written/earned premiums	214,256	413,010	627,266
Commission income	2,937	17,247	20,184
Admin fee income	-	1,385	1,385
Investment income:			
- Interest and similar income	2,446	5,721	8,167
- Dividends	33	77	110
Total	**219,441**	**436,900**	**656,341**
Expenses:			
Claims expense	92,169	527,304	619,473
Reinsurance Claims recoveries	-	(305,991)	(305,991)
Surrenders	4,277	-	4,277
Maturity	24,264	-	24,264
IBNR			
- Movement in IBNR / Contract liabilities	-	(38,613)	(38,613)
- Movement in reinsurance share of IBNR	-	55,670	55,670
Claims incurred	120,709	238,370	359,080
Acquisition expenses	32,373	75,719	108,092
Maintenance expenses	3,951	9,242	13,193
Management expenses	104,068	243,456	347,524
Underwriting expenses	140,393	328,416	468,810
Net underwriting results	(41,661)	(129,886)	(171,548)
Accretion/increase in life fund	157,449	-	157,449
"Net underwriting results transferred to profit and loss account"	115,787	(129,886)	(14,099)

Fire and Burglary Insurance

The Fire and special Perils policy is design to provide financial compensation to the Insured as a result of loss or damage to an insured building or stock by fire and some other named perils like riot, civil commotion etc.

Other National Disclosures



Other National Disclosures

Value added statement

	Dec 2017		Dec 2016	
	₦'000	%	₦'000	%
Net premium earned - local	2,063,727	111	1,788,410	135
Net premium earned - foreign	320,637	17	882,280	67
Investment Income	1,208,615	65	768,032	58
Other income	677,529	36	703,130	53
Claims paid and administrative overheads - local				
	(2,403,700)	(129)	(2,821,428)	(214)
Value added	1,866,808	100	1,320,424	100
Distribution of value added				
To government:				
Taxes	238,393	13	(23,655)	(2)
To employees:				
Salaries and benefits	896,464	48	895,112	68
The future:				
For replacement of property and equipment (depreciation)	242,398	13	218,115	17
Asset replacement				
Impairment losses	84,575	5	(48,349)	(4)
Amortisation of intangible assets	2,619	0	2,183	0
Transfer to contigency reserve	148,305	8	143,011	11
To pay proposed dividend	191,000	10	-	-
Retained profit for the year	63,054	3	134,007	10
	1,866,808	100	1,320,424	100

Other National Disclosures

Financial summary

	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and cash equivalents	1,497,452	1,833,886	3,549,335	5,592,202	7,734,445
Financial assets	6,113,024	4,887,597	4,210,253	3,081,599	1,363,880
Trade receivables	365,715	385,122	68,415	465,824	31,693
Reinsurance assets	1,370,190	1,178,495	1,462,562	1,181,094	1,602,201
Other receivables	387,483	225,304	124,428	45,743	51,174
Deferred acquisition costs	138,151	150,488	191,505	230,101	159,352
Investment properties	1,498,518	1,140,145	996,386	921,896	560,000
Deferred tax asset	-	-	-	-	17,413
Intangible assets	27,286	7,856	17,256	12,659	9,338
Property and equipment	3,679,832	2,838,700	2,309,984	1,681,249	1,219,248
Statutory deposits	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	15,577,651	13,147,593	13,430,124	13,712,367	13,248,743
LIABILITIES					
Investment contract liabilities	92,551	35,570	20,708	6,942	3,139
Insurance contract liabilities	2,890,364	2,609,109	3,371,923	2,965,289	3,306,408
Trade payables	650,940	87,564	71,017	146,111	165,805
Other payables	241,789	212,600	309,144	743,990	655,326
Deferred commission income	120,121	101,503	104,680	75,570	43,887
Provision	44,000	44,000	44,000	44,000	44,000
Deferred tax liabilities	518,974	137,863	183,969	156,792	-
Employee benefit liability	-	0	-	-	99,602
Current tax liabilities	310,944	273,405	407,110	347,549	597,682
TOTAL LIABILITIES	4,869,683	3,501,614	4,512,552	4,486,243	4,915,849
NET ASSETS	10,707,968	9,645,979	8,917,572	9,226,124	8,332,894
CAPITAL AND RESERVES					
Share capital	4,567,360	4,567,360	4,567,360	4,567,360	4,567,360
Share premium	1,692,703	1,692,703	1,692,703	1,692,703	1,692,703
Statutory contingency reserve	1,418,576	1,270,271	1,127,260	987,108	785,455
Asset revaluation reserve	1,616,256	1,033,070	619,416	389,050	229,533
Fair value reserve	109,613	33,169	(4,565)	(5,129)	10,179
Retained earnings	1,303,460	1,049,406	915,399	1,595,032	1,047,665
SHAREHOLDER'S FUNDS	10,707,968	9,645,979	8,917,572	9,226,124	8,332,894

	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
	₦'000	₦'000	₦'000	₦'000	₦'000
Gross Premium	5,465,713	4,516,545	5,617,227	5,509,988	4,664,954
Earned Premium	2,384,364	2,670,690	3,413,611	3,486,023	2,783,125
Net benefit and claims	(769,404)	(1,439,341)	(1,301,535)	(1,029,084)	(1,239,578)
Profit before tax	640,752	253,363	812,177	1,326,945	1,048,507
Tax	(238,393)	23,655	(273,862)	(217,104)	(171,939)
Profit after tax	402,359	277,018	538,315	1,109,841	876,568
Contingency reserve	1,418,576	1,270,271	1,127,260	987,108	785,455
Earnings per share (in kobo)	4k	3k	6k	12k	10k

I, ... shareholder,

of ....

being holder of .... ordinary share(s) of the above company,

hereby appoint Mr. ....,

of ....

or failling him Mr. ....,

of ....

to be my proxy to vote in my name and on my behalf upon any matter proposed at the annual general meeting of the above company to be held on the 12th of July, 2018 next, or at any adjournment thereof, in such manner as such proxy shall think proper, and if expedient to demand a poll.

This .... day of 2018

....
Signature of shareholder

NOTES:

To be valid this proxy form must be filled up, signed and lodged with the Company Secretary, **PUNUKA Attorneys & Solicitors** at Plot 45 Oyibo Adjarho Street, Off Admiralty Way, Lekki Phase 1, Lagos not later than 5:00p.m on the 11th of July, 2018

Notes

Notes