NSIA INSURANCE LIMITED

Annual Report

For the year ended 31 December 2018

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Corporate information

Mr. Ituah Ighodalo	Chairman
Mrs. Ebelechukwu Nwachukwu	Managing Director
Mrs. Janine Diagou*	Director
Mr. Jean Kacou Diagou*	Director
Mr. Bene Boevi Lawson**	Director
Mr. Adewale Sangowawa	Director
Mrs. Chioma Sideso	Director (Appointed March 2, 2018)
Mr. Sunny Uwagboi	Executive Director (Appointed July 12, 2018)
Mr. Abideen Musa	Executive Director
* - 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 Guaranty Trust Bank Plc First Bank Plc Stanbic IBTC Plc Fidelity Bank Plc Zenith Bank 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
Actuaries	QED Actuaries & Consultants (Pty) Ltd 235 Ikorodu Road, Ilupeju, Lagos, Nigeria www.qedactuarial.co.za FRC /2016/NAS/00000013781 Zamara Consulting Actuaries Nig Ltd 4th Floor Ibukun House Adetokunbo Ademola, VI P.O Box 76039 - 101241. VI FRC/2017/NAS/00000016912
Auditor	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

Directors' Report
For the year ended 31 December 2018

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 2018.

(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	**2018**	**2017**
Net underwriting income	3,790,551	2,814,888
Net investment income	1,121,608	1,208,615
Total revenue	4,912,159	4,023,503
Profit before taxation	892,299	640,752
Taxation	(221,842)	(238,393)
Profit after taxation	670,457	402,359
Appropriations:		
Transfer to contingency reserve	(181,042)	(148,305)
Transfer to Retained earnings	489,415	254,054
Retained earnings, beginning of the year	1,303,460	1,049,406
IFRS 9 Adjustment	(84,652)	
Dividend paid during the year	(191,829)	-
Retained earnings, end of the year	1,516,394	1,303,460

(d) Dividend

During the year, a total dividend of ₦191,829,000 was paid out of the retained earnings as final dividend for 2017 financial year (2017: proposed dividend of 2.1 kobo per share)

(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 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

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.

Directors' Report
For the year ended 31 December 2018

(f) Board of Directors

The following board members served during the year

Mr. Ituah Ighodalo	Chairman
Mrs. Ebelechukwu Nwachukwu	Managing Director
Mrs. Janine Diagou*	Director
Mr. Jean Kacou Diagou*	Director
Mr. Bene Boevi Lawson**	Director
Mr. Adewale Sangowawa	Director
Mrs. Chioma Sideso	Director (Appointed March 2, 2018)
Mr. Sunny Uwagboi	Executive Director (Appointed July 12, 2018)
Mr. Abideen Musa	Executive Director

* - Ivorian
** - Togolese

(g) Directors and their interests

Directors that served during the year are as follows:

Directors	**Direct Shareholding**	
	Number of 50k Ordinary Shares Held 2018	Number of 50k Ordinary Shares Held 2017
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	Nil	Nil
Mr. Sunny Uwagboi	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.

(i) Shareholding analysis

The shareholding pattern of the Company as at 31 December 2018 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 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**

Directors' Report
For the year ended 31 December 2018

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 2018:

	31 December 2018		31 December 2017	
	shareholding	**% shareholding**	**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 C.20, Laws of the Federation of Nigeria, 2004, 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 ₦4,930,000 (31 December 2017: ₦7,927,507) to the following organizations during the year.

	N'000
Rotary Club	1,000
Down Syndrome Foundation	3,500
Business outlook	150
Investiture Ceremony	250
Federal Fire Services	30
	4,930

(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 2018	**Male (Number)**	**Female (Number)**	**Total (Number)**	**Male (Percentage)**	**Female (Percentage)**
Employees	57	75	131	44%	57%
Gender analysis of the Board and top management is as follows:					
Board	6	3	9	67%	33%
Top management	0	3	3	0%	100%
Detailed analysis of the Board and top management is as follows:					
Assistant General Manager	0	2	2	0%	100%
General Manager	0	1	1	0%	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	4	2	6	67%	33%
Total	**6**	**6**	**12**		

Directors' Report
For the year ended 31 December 2018

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		

(n) Events after the reporting date

The company received additional capital injection to the business from its parent –Participation Holding SA-the sum of N605m (£1,460,464.60) on the 19 February,2019 to further boost the Company's financial strength and capacity. There were no other significant events after the financial position date which require adjustment 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 auditor to the Company. In accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria therefore, the auditor will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Iheanacho Dike Udensi
FRC/2018/NBA/00000018862
For: PUNUKA Attorneys & Solicitors
Company Secretary
30 April 2019

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2018

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 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 (CEO/MD)	Mr. Ituah Ighodalo (Director)
FRC/2013/IODN/00000002768	FRC/2013/ICAN/00000003919
30 April 2019	30 April 2019

KPMG

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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 31 December 2018, 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 notes, comprising significant accounting policies and other explanatory information, as set out on pages 13 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, 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") 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 this report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were 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 these matters.

Valuation of Insurance contract liabilities

The actuarial valuation of life and non-life insurance contract liabilities involves high estimation uncertainties and management makes significant judgments and assumptions over uncertain future outcomes. Such significant judgments include:

- Provisions for reported claims for non-life insurance contract liabilities, which are based on historical experience;

- Estimation of liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts, which involve economic assumptions such as inflation rate, ultimate loss ratio, basic chain ladder, estimated future cash flows and discount rates; and

- Actuarial assumptions used in the valuation of life insurance contract liabilities which are judgmental, particularly with respect to mortality rates, claims handling expenses, maintenance expenses and discount rates.

The level of complexity, the judgment and assumptions involved in estimating these liabilities made the valuation of insurance contract liabilities a matter of 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 the Company's key controls related to the data used for the valuation of insurance contract liabilities which involved 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 schedule of claims paid, outstanding claims and underwriting data on a sample basis

- We evaluated the reasonableness of the sensitivity analysis of the key assumptions such as; interest rate, expenses inflation, mortality rate (for short term insurance contracts) and loss ratio and inflation rate (for short term insurance contracts).

- We engaged our Actuarial Specialists to independently challenge the appropriateness of the assumptions used by the Company's actuarial experts and the Company's methodology for determining the insurance contract liabilities and the specialists performed the following procedures:

- assessed the appropriateness of the valuation methods and inputs applied,
- evaluated the appropriateness of the assumptions on projected investment returns and future growth rates applied by comparing them to the Company's specific and industry information and type of policies underwritten.
- assessed 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
- evaluated the liability adequacy test by assessing the reasonableness of projected cash flows 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 type of policies underwritten.
- evaluated the reasonableness of the Company's valuation assumptions and methodology for consistency between reporting periods.

The Company's accounting policy on the valuation of insurance contract liabilities and related disclosures are shown in Note 3(o) (accounting policies), Note 4.1 (critical accounting estimates and judgments) and Note 29 (insurance contract liabilities).

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which comprises; Corporate information, Directors' report, Statement of Directors' responsibilities in relation 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or 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 part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

We communicate with the Audit 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 Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

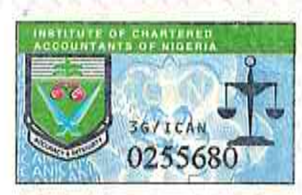
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Section 28(2) of the Insurance Act 2003.

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.

Contraventions:

The Company did not incur penalties in respect of contraventions of the National Insurance Commission of Nigeria regulations as at 31 December 2018.

Signed: Kabir
Kabir Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
7 May 2019
Lagos, Nigeria



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 analyzed 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

Participation Holdings SA (incorporated in Cote d'Ivoire) owns 96.15% of the share capital of NSIA Insurance Limited.

Authorization for issue

The financial statements include the assets and liabilities of the Company and were authorized for issue by the directors on 30 April 2019

1.1 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.

1.2 Basis of preparation;

(a) 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.

(b) 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.

(c') Basis of measurement

The financial statements are prepared on the historical cost basis except the following material items in the statement of financial position:

- Financial assets at fair value through other comprehensive income (FVTOCI)
- Land and building are carried at revalued amount
- Investment property are carried at fair value
- Insurance contract liabilities are actuarially valued

This is the first set of the Company's financial statements where IFRS 15 and IFRS 9 have been applied. The changes in significant accounting policies are described in note 2.

(d) Judgment, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

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

2 Changes in accounting policies and disclosures

A.1 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.

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, 2018. Due to the transition methods chosen by the Company in applying these Standards, comparative information throughout these financial statements has not been restated to reflect the requirments of the new standards.

Adjustments to the carrying amounts of financial assets as at date of transition were recognised in the opening retained earnings and other reserves of the current period.

Transition

Change in accounting policies resulting from the adoption of IFRS 9 has been applied retrospectively, except as described below;

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirment of IFRS 9 but rather those of IAS 39 *Financial instrument; measurement and recognition.*

(i) IFRS 15: Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognizing 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 recognized. The adoption of this standard does not have a significant impact on the Company.

(ii) IFRS 9 : Financial Instruments

The adoption of IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 (Financial Instrument Disclosures).
Consequently for notes disclosure, the consequential amendments to IFRS 7 disclosures have also only been applied in the current period.

The Company has adopted IFRS 9, "Financial Instruments" as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and financial liabilities at the date of the transition were recognized in the opening retained earnings and other reserves of the current period.
The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018. The table also shows the reconciliation of the opening balances from IAS 39 to IFRS 9.
The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

	Impact of adopting IFRS 9 on Opening N'000
Fair value reserve	
Closing balance under IAS 39 (31 December 2017)	109,613
Recognition of ECL under IFRS 9 for debt financial asset at FVOCI	23,448
Opening balance under IFRS 9 (1 January 2018)	**133,061**
Retained earnings	
Closing balance under IAS 39(31 December 2017)	1,303,460
Recognition of adjustment on Debt investment at FVOCI	(23,448)
ECL transition adjustment on finanical asset at amortised cost	(61,204)
Net impact	(84,652)
Opening balance under IFRS 9 (1 January 2018)	**1,218,808**

(a) Classification and measurement of financial assets and financial liabilities;
IFRS 9 contains three principal classification categories for financial assets; measured at Amortized Cost, Fair Value through Other Comprehensive Income(FVTOCI) and Fair Value through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead the hybrid financial statements as a whole is assessed for classification. IFRS 9 eliminates the previous IAS 39 categories of; Held to Maturity(HTM), Loans and Receivables and Available for Sale(AFS). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, consequently the adoption of IFRS 9 has not had a significant effect on the Company's accounting and measurements of financial liabilities.

The table below sets out the classification of financial assets and financial liabilities and their carrying amount under IFRS 9 as at 1 Janaury 2018

	Notes	Classification		Carrying amount under IAS 39	Remeasurment-ECL	New Carrying amount under IFRS 9
		IAS 39	**IFRS 9**			
Financial Assets;				**N'000**	**N'000**	**N'000**
Loans & Receivables						
Cash and Cash equivalents		L&R	AC	1,497,373	(9,940)	1,487,433
Trade receivables	(i)	L&R	AC	365,715	-	365,715
Other receivables*	(i)	L&R	AC	373,061	(47,661)	325,400
Debt financial asset**	(ii)	AFS	FVOCI	4,826,994	(23,448)	4,826,994
Equity investments	(iii)	AFS	FVOCI	248,398	-	248,398
Long term deposit at amortised cost		L&R	AC	1,037,632	(3,603)	1,034,029
Statutory deposit		L&R	AC	500,000	-	500,000
Total				**8,849,173**	**(84,652)**	**8,787,969**
Financial Liabilities						
Trade payable		OFL	OFL	1,402,032	-	1,402,032
Other liabiilties		OFL	OFL	495,816	-	495,816
Total				1,897,848	-	1,897,848

Legend

L& R	Loans and recievables
AC	Amortized cost
AVS	Available for sale
FVTPL	Fair value through profit or loss
FVOCI	Fair value through other comprehensive income
OFL	Other financial liabilities at amortised cost

* excluded from other recievables are WHT recievables and other statutory deductions
**remeasurement of debt investment at FVOCI does not impact on the carrying amount

(i) Trade and Other receivables
Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of ₦47.7million was recognised as additional allowance for impairment over these receivables. This was recognized in opening retained earnings at 1 January 2018 on transition to IFRS 9.

(ii) Debt financial asset at FVOCI
Treasury bills categorised as available for sale under IAS 39 are held by the Company to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. The Company considers that these securities are held within a business model whose objective is achieved both by collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under IFRS 9. On transition to IFRS 9, an allowance for impairment of ₦23.5million was recognised as a decrease in opening retained earnings and an increase in fair value reserve at 1 January 2018.

(iii) **Equity instruments designated at FVOCI**

The Company has elected to irrevocably designate investments in quoted and unquoted equity at FVOCI as permitted under IFRS 9. These securities were previously classified as available-for-sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

(b) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss"(ECL) model. The new impairment model is applied to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in additional allowances for impairment as follows;

Impairment allowance for;	**N'000**
Loss allowance at December 2017 under IAS 39:	
available for sale equity investments	-
Trade receivables	36,991
Other receivables	84,315
	121,306
Additional impairment recognised at 1 January 2018:	
Cash and Cash Equivalents	9,940
Trade receivables	-
Other receivables	24,953
Long term deposit	2,864
Debt instruments at OCI	23,448
	61,204
Total	182,510

Statement of financial position showing showing reclassification and measurements from IAS 39 to IFRS 9

Summary	Note Ref.	IAS 39 Closing Balance as at 31 December 2017	Impact of re-classification	Impact of re-measurement	Tax impact of IFRS 9	Impact of impairment (ECL)	IFRS 9 Opening Balance as at 1 January 2018
Assets		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	a(i)	1,497,452	-	-	-	(9,940)	1,487,512
Financial assets;		-	-	-	-		-
Amortised cost	b(d,I)	-	1,037,632	-	-	(3,603)	1,034,029
Fair value through Other Comprehensive Income(FVOCI)*	c(e,g)	-	5,075,392	-	-		5,075,392
Loans and recievables	d(b)	1,037,632	(1,037,632)	-	-	-	-
Available for sale investments	e(c')	5,075,392	(5,075,392)	-	-	-	-
Trade receivables		365,715	-	-	-	-	365,715
Reinsurance assets		1,370,190	-	-	-	-	1,370,190
Other receivable and prepayments		387,483	-	-	-	(47,661)	339,821
Deferred acquisition costs		138,151	-	-	-		138,151
Investment property		1,498,519	-	-	-		1,498,519
Intangible assets		27,286	-	-	-		27,286
Property and equipment		3,679,832	-	-	-		3,679,832
Statutory deposits		500,000	-	-	-		500,000
Total assets		15,577,651	-	-	-	(61,204)	15,516,447
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		518,973	-	-	-	-	518,973
Current tax liabilities		310,944	-	-	-	-	310,944
Total Liabilities		4,869,683	-	-	-	-	4,869,683
							-
Equity;							-
Share capital		4,567,360	-	-	-	-	4,567,360
Share premium		1,692,703	-	-	-	-	1,692,703
Statutory contingency reserve		1,418,576	-	-	-	-	1,418,576
Asset revaluation reserve		1,616,256	-	-	-	-	1,616,256
AFS fair value reserve		109,613	(109,613)	-	-	-	-
FVOCI Reserve		-	109,613	-	-	23,448	133,061
Retained earnings		1,303,460	-	-	-	(84,652)	1,218,808
Total equity		10,707,968	-	-	-	(61,204)	10,646,764

* The loss allowance on for debt instruments measured at FVOCI is measured on the same basis as for amortised cost but no loss allowance is recognised under the asset because the carrying amount of these assets is their fair value. However, the loss allowance shall be recognised in Other Comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the illustration above:

Note Ref	Line items	IAS 39 Closing Balance as at 31 December 2017	IFRS 9 Opening Balance as at 1 January 2018
a	**Cash and cash equivalents**	**N'000**	**N'000**
	Balance as at Dec 2017 (IAS 39):	1,497,452	1,497,452
(i)	Impairment (ECL Model)	-	(9,940)
	Balance as at Jan 1 2018 (IFRS 9)	1,497,452	1,487,512
	Financial assets;		
b	**Amortised cost**		
	Balance as at Dec 2017 (IAS 39)	-	-
(d)	Reclassified from Loans and recievables	-	1,037,632
	Remeasurement on transition to IFRS 9	-	-
(i)	Impairment (ECL Model)	-	(3,603)
	Balance as at Jan 1 2018 (IFRS 9)	-	1,034,029
c	**Fair value through other comprehensive income (FVOCI)**		
	Balance as at Dec 2017 (IAS 39)	-	-
	Reclassified from Available for sale	-	5,075,392
	Remeasurement on transition to IFRS 9	-	-
	Balance as at Jan 1 2018 (IFRS 9)	-	5,075,392
d	**Loans and receivables**		
	Balance as at Dec 2017 (IAS 39)	-	1,037,632
(b)	Reclassified from Amortised Cost	-	(1,037,632)
	Balance as at Jan 1 2018 (IFRS 9)	-	-
e	**Available for sale investments**		
	Balance as at Dec 2017 (IAS 39)	5,075,392	-
(c')	Reclassified to Fair value through OCI	(5,075,392)	-
	Balance as at Jan 1 2018 (IFRS 9)	-	-
f	**Other recievables and prepayments**		
	Balance as at Dec 2017 (IAS 39)	387,483	387,483
	Impairment (ECL model)	-	(47,661)
	Balance as at Jan 1 2018 (IFRS 9)	387,483	339,821
g	**Fair value reserve (FVOCI)**		
	Balance as at Dec 2017 (IAS 39)	-	-
	Reclassified from AFS fair value	-	109,613
	Impairment on debt instrument at FVOCI (ECL model)	-	23,448
	Balance as at Jan 1 2018 (IFRS 9)	-	133,061
h	**Fair value reserve (AFS)**		
	Balance as at Dec 2017 (IAS 39)	109,613	-
	Reclassified to FVOCI reserve	(109,613)	-
	Balance as at Jan 1 2018 (IFRS 9)	-	-
i	**Retained earnings**		
	Balance as at Dec 2017 (IAS 39)	1,303,460	1,303,460
	Remeasuremnt on transition to IFRS 9	-	-
(a,b,f)	Impairment (ECL model)	-	(84,652)
	Balance as at Jan 1 2018 (IFRS 9)	1,303,460	1,218,808

A.2 The following Standards, Amendment to Standards and interpretation also became effective 1 January 2018 but did not have any significant impact on the Company;
- Amenedment to IFRS 2 Classification and measurement of share based payment transactions.
- Amendment to IAS 40 Transfers of investment property.
- IFRIC 22 Foreign currency transaction and advance consideration.

B New and amended standards that are not yet effective

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not applied the following new or amended standards in preparing these consolidated and separate financial statements. The Company does not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated. Those Standards, Amendments to Standards, and interpretations which may be relevant to the Company are set below;

(i.) IFRS 17 - Insurance Contracts
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 2022. Early adoption is permitted.

(ii.) IFRS 16 - Leases

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 leases 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 lessees and lessors. The Company have begun assessing the potential impact of IFRS 16 on the financial statements.

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

IFRIC 23 clarifies the accounting for income tax treatments 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.

(iv) Amendments to IAS 1 and IAS 8.

The IASB refined its definition of materiality to make it easier to understand. It is now aligned across IFRS Standards and the conceptual framework. The changes to definition of material (Amendments to IAS 1 and IAS 8) all relate to a reviesed definition of "material" which is quoted below from the 16 final amendments;

"information is material if omotting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of these financial statements, which provide financial information about a specific reporting entity".

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting policies, changes in Accounting Estimates and Errors. The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant changes in the refinements are not intended to alter the concept of materiality.

3 Summary of Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are as set in this section and 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 amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the exchange rate at the end of the year.

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

Foreign exchange gains and losses are presented in the Statement of profit or loss . However, foreign currency differences arising from the translation of investment in equity securities designated as at FVOCI (2017: 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 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

The Company applied the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 31 December 2018. The 2017 comparative period was not restated, and the requirements under IAS 39 'Financial Instruments: Recognition and Measurement' were applied. The key changes are in the classification and impairment requirements.

i Recognition and initial measurement

All financial instruments are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

ii Classification of financial assets

Policy applicable from 1 January 2018

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classsifcation of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Company classified its financial assets under IFRS 9, into the following measurement categories:

• Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling); and
• Those to be measured at amortized cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets cash flow (i.e. solely payments of principal and interest- SPPI test).

The Company classifies its financial liabilities at amortized cost.

(a) Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

• The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
• How the performance of the portfolio is evaluated and reported to management;
• The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
• How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
• The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Transfer of financial assets to third parties in transactions that are not qualified for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(b) Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding (SPPI test)

As a second step of its classification process the Company assesses the contractual terms of financial assests to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

• contingent events that would change the amount and timing of cash flows;
• leverage features;
• prepayment and extension terms;
• terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding which may include reasonable additional compensation for early termination of contract. Additionally, for financial assets acquired at a discount or premium to its contract par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual per amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Policy applicable prior to 1 January 2018

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

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

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 such are 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.

iii Subsequent measurement

Policy applicable from 1 January 2018
The subsequent measurement of financial assets depends on its initial classification:

Financial assets at amortized Cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:
• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt securities that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortized cost of a financial instrument is the amount at which it was measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any loss allowance. The effective interest method is a method of calculating the amortized cost of a financial instrument (or Company of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

Debt instrument at FVOCI
Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest methods, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified into profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. The company elected to measure its equity instruments at Fair value through other comprehensive income as the instruments are not held for trading.

Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Net fair value gain/loss in the profit or loss.

Subsequent measurement - Policy applicable prior to 1 January 2018
Loans and receivables

Loans and receivables are measured at amortized cost after initial measurement, using the effective interest rate method (EIR) less impairment. Amortized 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 amortization is included in finance income in the Statement of profit or loss and other comprehensive income.

Loans and receivables on the statement of financial position comprise "cash and cash equivalents", "trade receivables" and "statutory deposit". Interest on loans and receivables are reported as "investment income".

Loans granted at below market rates to employees are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class. The difference between the nominal value of the employee loans and fair value is accounted for as employee benefits under staff costs. This is subsequently amortized into profit or loss over the tenor of the loan.

Available-for-sale financial assets (AFS)

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 Reclassifications
Policy applicable from 1 January 2018
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:
• A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
• A temporary disappearance of a particular market for financial assets
• A transfer of financial assets between parts of the entity with different business models

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model.

Gains, losses or interest previously recognized are not restated when reclassification occurs.

Policy applicable prior to 1 January 2018

Financial assets are not reclassified out of the fair value through profit or loss category if upon initial recognition it was designated by the Company as at fair value through profit or loss. However if a financial asset is no longer held for the purpose of selling or repurchasing it in the near term (notwithstanding that the financial asset may have been acquired or incurred principally for the purpose of selling or repurchasing it in the near term), the Company may reclassify that financial asset out of the fair value through profit or loss category if the requirements set below are met:
- in rare circumstances
- if the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity

Financial instruments are not reclassified in the fair value through profit or loss category after initial recognition.

A financial asset classified as available for sale that would have met the definition of loans and receivables (if it had not been designated as available for sale) may be reclassified out of the available-for-sale category to the loans and receivables category if the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

v Impairment of financial assets

Policy applicable from 1 January 2018
Overview of the Expected Credit Losses (ECL) principles

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- Cash and Cash equivalent
- Trade receivables
- Other receivables
- debt instrument at FVOCI

In this section, the instruments mentioned above are all referred to as 'financial instruments' or 'assets'. Equity instruments are not subject to impairment under IFRS 9.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following cases, for which the amount recognized in 12-month ECL
- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than leases receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reposting date.
In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls - i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive; and
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of the estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer or;
- a breach of contract, such as a default or past due events;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration of the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether investments in financial institution is credit impaired, the Company considers:
- The rating agencies assessment of credit worthiness of the financial institution.

Presentation of loss allowance in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:
* Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
* The loss allowance on for debt instruments measured at FVOCI is measured on the same basis as for amortised cost but no loss allowance is recognised under the asset because the carrying amount of these assets is their fair value. However, the loss allowance shall be recognised in Other Comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) **Impairment of financial assets -Policy applicable prior to 1 January 2018**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a group of financial assets are 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 Company 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 is becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organization; 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 recognized in profit or loss. If a financial asset measured at amortized 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 recognized, the reversal of the previously recognized impairment loss is recognized 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 recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized 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 recognized in profit or loss, the impairment loss is reversed through profit or loss.

(vii) Fair value measurement - policy applicable for current and comparative periods

'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 market 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.

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

(viii) Amortized cost concept - policy applicable for current and comparative periods

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue on financial assets not measured at FVTPL and other finance costs are presented in profit or loss include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

(vix) Derecognition of financial assets - policy applicable for current and comparative periods

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

(x) Write off - policy applicable for current and comparative periods

The Company writes off a financial asset (and any related allowances for impairment losses) when the Company's Credit policy/comtrol function determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

(xi) Presentation of financial assets

The Company presents separate lines in the statement of financial position for each of the following components of financial assets - cash and cash equivalents, trade receivables, reinsurance assets, other receivables 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 amortized 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 amortized cost using the effective interest method.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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 Company of similar transactions.

c Trade payables

Trade payables are recognized when due. These include amounts due to agents, brokers and insurance contract holders. Trade payables are recognized initially at fair value and subsequently measured at amortized 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.

d Other payables and accruals

Other payables and accruals on the statement of financial position comprise "accruals" and "other creditors". Other payables are recognized initially at fair value and subsequently measured at amortized 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.

e Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers, insurance companies 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 assets 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.

f 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.

g 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 recognized when the related gross insurance claim is recognized 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 recognizes 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 amortized cost.

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 recognized based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

h Other receivables

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.

i Prepayments

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

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 amortized 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.

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 recognized in profit or loss.

l Intangible assets

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

i *Subsequent expenditure*

Subsequent expenditure is capitalized 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 recognized as an expense as incurred.

ii *Amortization*

Computer software acquisition costs recognized are amortized 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.

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 recognized in other comprehensive income and accumulated in equity classified as assets revaluation reserves, unless the increase is to reverse a decrease in value previously recognized in profit or loss, whereby the increase will be recognized in profit or loss. A decrease in value of land and building as a result of revaluation will be recognized in profit or loss, unless the decrease is to reverse an increase in value previously recognized in other comprehensive income, whereby the decrease will be recognized 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 recognized 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 recognized 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-recognized 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 and prior 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
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 Items on each class of property and equipment are reviewed on an annual basis to ensure proper classification of such items.

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.

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 Company 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.

p *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.

q 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 occurrence 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
  - realized 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.

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 specialized 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 Company. 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 Company.

(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 recognized 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.

(iii.) NSIA Health Insurance;

NSIA Health Insurance is a collaboration between leading African insurance companies and one of the largest health insurers in the world. NSIA, Hollard and Cigna share a common desire to provide health insurance for local companies who want to insure key resources and multinationals looking to harmonize their health insurance across Africa. It is a full health insurance plan providing different levels of cover in five (5) geographic areas:

- Area 1; Africa
- Area 2 – Africa Plus (Africa and including India, Pakistan, Sri Lanka, Lebanon and Bangladesh);
- Area 3 – Europe (including Africa, India, Pakistan, Sri Lanka, Lebanon and Bangladesh)
- Area 4 – Worldwide excluding the United States of America
- Area 5 – Worldwide

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.

Reinsurance

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

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

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

Claims and policyholder benefits payable

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

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

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Adjustments to the amount of claims provisions established in prior years are accounted for prospectively in the financial statements for the period in which the adjustments are made, and disclosed separately if material.

Claims and loss adjustment expenses are recognized 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.

Reserve for unexpired risk

A provision for additional unexpired risk reserve is recognized 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 recognized. 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 recognized in profit or loss by increasing the carrying amount of the related insurance liabilities.

r Provisions, contingent liabilities and assets

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

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

s Employee benefits

Short-term benefits

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

. *Staff incentives*

A provision is recognized 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 recognizes 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 recognized 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 recognizes 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.

t 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 recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized 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*

Minimum 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 minimum tax based on the Companies Income Tax Act (CITA) when it is not in a taxable position and Minimum t+B1084ax is (determined based on the sum of (i) the highest of; 0.25% of revenue of N500, 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 recognized 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 utilized. 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 utilized.

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.

u 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.

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 recognized 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 recognized 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.

v Revenue Recognition

Insurance Premium Revenue

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

Fees and Commission Income

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

Investment Income

Investment income comprise of interest income and dividend income.

Interest Income

Interest income for interest bearing financial instruments, are recognized 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 transaction 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 recognized when payment is received.

w Expense recognition

Underwriting expenses

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 recognized in consonance with the period of insurance cover from which they accrue.

Commission and charges for interest bearing financial instruments, are recognized 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.

x 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 operating 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 recognized 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.

y 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 organized 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.

z Earnings per share

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

Statement of profit or loss and other comprehensive income
for the year ended 31 December

In thousands of Naira	Notes	2018	2017
Gross premium written	**6**	6,914,006	5,465,713
Change in unearned premium	**6.1**	(523,546)	21,519
Gross premium income		6,390,460	5,487,232
Reinsurance expenses	**6.1**	(3,225,156)	(2,945,419)
Net premium income	**6.1**	3,165,304	2,541,813
Movement in life fund	**29 (b)(iii)**	91,513	(157,449)
Fees and commission income on insurance	**6.2**	533,734	430,524
Net underwriting income		3,790,551	2,814,888
Claims expenses:			
Gross benefits and claims incurred	**8**	(2,284,763)	(3,043,299)
Benefits and claims recoverable from reinsurers	**9**	1,204,061	2,273,895
		(1,080,702)	(769,404)
Underwriting expenses:			
Acquisition expenses	**10**	(978,258)	(699,946)
Maintenance expenses	**11**	(93,174)	(83,345)
		(1,071,432)	(783,291)
Underwriting profit		**1,638,417**	**1,262,193**
Profit/(Loss) on deposit administration	**7**	4,810	(3,373)
Net investment income	**12**	1,121,608	1,208,615
Other income	**13(a)**	220,651	182,005
Fair value gain on investment property	**13(b)**	29,988	68,373
Impairment losses on assets	**14**	(157,646)	(84,575)
Other operating expenses	**15**	(1,965,530)	(1,992,486)
Profit before taxation		**892,299**	**640,752**
Minimum tax	**34**	(79,862)	(77,027)
Income tax	**34**	(141,980)	(161,367)
Profit after taxation		**670,457**	**402,359**
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)	**35.3**	-	76,444
Items within OCI that will not be reclassified to the profit or loss:			
Property and equipment revaluation gains (net of tax)	**35.2**	64,957	583,186
Equity Investment at FVOCI - net change in fair value	**35.3**	(288,744)	-
Total other comprehensive income		**(223,788)**	**659,630**
Total comprehensive income for the year		**446,669**	**1,061,989**
Earnings per share			
Basic and diluted earnings per share (kobo)	**16**	7k	4k

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

In thousands of Naira	Notes	2018	2017
Assets			
Cash and cash equivalents	17	1,290,535	1,497,452
Financial assets	18	7,851,813	6,113,024
Trade receivables	19	355,666	365,715
Reinsurance assets	20	2,140,210	1,370,190
Other receivable and prepayments	21	310,344	387,483
Deferred acquisition costs	22	182,691	138,151
Investment property	23	1,554,476	1,498,518
Intangible assets	25	24,741	27,286
Property and equipment	26	3,715,190	3,679,832
Statutory deposits	27	500,000	500,000
Total assets		**17,925,666**	**15,577,651**
Liabilities			
Investment contract liabilities	28	105,380	92,551
Insurance contract liabilities	29	4,248,672	2,890,364
Trade payables	30	1,402,032	650,940
Other payables and accruals	31	495,816	241,789
Deferred commission income	32	96,858	120,121
Provision	33	-	44,000
Deferred tax liabilities	24	558,710	518,974
Current tax liabilities	34.1	116,593	310,944
Total Liabilities		**7,024,061**	**4,869,683**
Equity			
Share capital	35.0	4,567,360	4,567,360
Share premium	35.0	1,692,703	1,692,703
Statutory contingency reserve	35.1	1,599,618	1,418,576
Asset revaluation reserve	35.2	1,681,214	1,616,256
Fair value reserve	35.3	(155,683)	109,613
Retained earnings	35.4	1,516,394	1,303,460
Total equity		**10,901,605**	**10,707,968**
Total liabilities and equity		**17,925,666**	**15,577,651**

These financial statements were approved by the Board of Directors on 30 April 2019 and signed on its behalf by

Mr. Ituah Ighodalo	Mrs. Ebelechukwu Nwachukwu	Mrs. Njum Onyemenam
Director	MD/CEO	Chief Financial Officer
FRC/2013/ICAN/00000003919	FRC/2013/IODN/00000002768	FRC/2013/ICAN/00000001188

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

Statement of changes in equity
For the year ended31 December 2018

In thousands of Naira	Share capital	Share premium	Statutory contingency reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
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 ye	-	-	-	-	-	-	-
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**
As at 1 January 2018	4,567,360	1,692,703	1,418,576	1,616,256	109,613	1,303,460	10,707,968
IFRS 9 transition adjustment							
IFRS 9 transition adjustments (see note 35.3 and note 35.4)					23,448	(84,652)	(61,204)
Opening balance under IFRS 9 (1 Jan 2018)	**4,567,360**	**1,692,703**	**1,418,576**	**1,616,256**	**133,061**	**1,218,808**	**10,646,764**
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	670,457	670,457
Additional tax liability	-	-	-	-	-	-	-
Other comprehensive income							
- Fair value changes of FVOCI financial assets (see note 35.	-	-	-	-	(288,744)	-	(288,744)
- Property and equipment revaluation gains (net of tax)	-	-	-	64,957	-	-	64,957
Total comprehensive income for the year	**-**	**-**	**-**	**64,957**	**(288,744)**	**670,457**	**446,670**
Transactions with owners, recorded directly in equity							
Transfer to contingency reserve	-	-	181,042	-	-	(181,042)	-
Dividends paid to ordinary equity shareholders during the ye	-	-	-	-	-	(191,829)	(191,829)
Total contribution by and distribution to equity holders	**-**	**-**	**181,042**	**-**	**-**	**(372,871)**	**(191,829)**
As at 31 December 2018	**4,567,360**	**1,692,703**	**1,599,617**	**1,681,214**	**(155,683)**	**1,516,395**	**10,901,605**
			-				

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

Statement of cash flows
for the year ended 31 December

In thousands of Naira	Note	2018	2017
Operating activities			
Insurance premium received	42.1	6,896,668	5,464,370
Premium received in advance	43.6	848,794	329,875
Reinsurance premium paid	42.2	(3,207,226)	(2,701,563)
Reinsurance commission received	42.3	510,471	449,142
Insurance benefits and claims paid	42.4	(1,358,489)	(2,897,971)
Net inflow from deposit admin	42.5	9,227	54,016
Reinsurance claims received	42.6	446,433	2,077,376
Commission paid	42.7	(870,745)	(776,485)
Cash paid to employees, intermediaries and other suppliers	42.8	(1,846,978)	(1,988,313)
Other income received	42.9(a)	18,775	60,374
Legal claims paid/settled	33	(44,000)	-
Net cash flow received from coinsurer on recovery of claims paid	43.5	28,321	21,040
		1,431,251	91,859
Tax paid during the year	34.1	(452,972)	(30,235)
Net cash used in operating activities		978,280	61,624
Cash flows from investing activities:			
Interest income received	43.0	240,648	307,116
Investment property purchases	23	(125)	(290,000)
Dividend received	43.1	869	164
Proceeds on disposal of Property and Equipment	43.2	6,625	16,764
Proceeds on disposal of investment property	43.3	150,611	-
Purchase of financial assets	43.4(a)	(17,274,463)	(12,634,744)
Proceeds from sale/redemption of financial assets	43.4(b)	15,936,936	12,494,584
Purchase of intangible assets	25	-	(22,050)
Purchase of property and equipment	26	(206,254)	(282,354)
Net cash used by investing activities		(1,145,153)	(410,520)
Cash flows from financing activities:			
Dividend paid		(191,829)	-
Net cash used in financing activities		(191,829)	-
Net decrease in cash and cash equivalents		(358,702)	(348,896)
Effect of exchange rate fluctuations on cash held	13(c)	158,762	12,462
Cash and cash equivalents at beginning of year		1,497,452	1,833,886
Cash and cash equivalents at end of year	17(a)	**1,297,511**	**1,497,452**

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

Notes to the financial statements
For the year ended 31 December 2018

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 recognized 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 amortized to the income statement over time. If the assumptions relating to future profitability of these policies are not realized, the amortization 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 Zamara Ltd using the gross premium method of valuation.
The carrying value at the reporting date of long term insurance contract liabilities is ₦332.4 million (2017: ₦434.44 million) (see note 29 for details) and of investment contract liabilities is ₦105.4 million (2017: ₦92.55 million) (See note 28 for details).
Sensitivity analysis has been included in note 5.4.1.

Notes to the financial statements
For the year ended 31 December 2018

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 analyzed by accident years, but can also be further analyzed 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:	**2018**	**2017**
Inflation rate	11.0%	18.5%
Discount rate	14.5%	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 ₦3.916 billion (2017: ₦2.456 billion). See note 28 for details.
Sensitivity analysis has been included in note 5.4.2.

4.2 *Valuation of investment contract liabilities*

Unitized 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 2018

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 Imitation 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 recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, 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 ₦558.71 million (2017: ₦518.97 million).

4.5 *Impairment of financial assets*

Allowances for credit losses

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for financial assets measured at amortised cost and debt instrumednts at fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower’s financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

The Company applied the impairment requirements under IFRS 9 from 1 January 2018 resulting in changes to the assumptions used for the calculation for allowance for impairment using the expected credit loss model. The comparative period has not been restated for IFRS 9. The key change under the IFRS 9 expected credit loss model is the use of forecast of future economic conditions including macroeconomic factors. These have been discussed in note 3 above – Changes in accounting policies.
The significant estimates and judgments applied in assessing the impairment on investment securities are as shown in note 3(b)(iv) of Summary of accounting policies.

Notes to the financial statements
For the year ended 31 December 2018

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 flow model - This method discounts future free cash flow projections to estimate present value of an entity. This valuation method is based on multiple assumptions such as the amount of future cash flows, timing of the cash flows, 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 financial year.

iii. Valuation of land and building

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

iv. Valuation of investment properties

The Company's investment property is held for the purpose of capital appreciation and rental income generation. The Company's investment property was revalued by an external, independent valuer on 31 December 2018 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2018. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40.

Notes to the financial statements
For the year ended 31 December 2018

5 Capital Management

5.1 *Capital management objectives, policies and approach*

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

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

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

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

5.2 *Approach to capital management*

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

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

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

Risk appetite is expressed quantitatively using the following metrics:

- Solvency margin = Total admissible assets minus total admissible liabilities;
- Debt-to-capital ratio = Total debt/Capital
- Shareholders equity ratio = Shareholders equity/total asset.

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

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

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

Notes to the financial statements
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Compliance with statutory solvency margin requirement

The Company at the end of the 2018 financial year maintained total admissible assets of ₦14.46billion (2017: ₦15.08billion) which exceeded the total liabilities of ₦6.47billion (2017: ₦4.35billion) by ₦7.99billion (2017: ₦10.73billion). 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 160% (2017: 215%) of the minimum requirement which is the higher of 15% of net premium (₦489million) (2017: ₦357.68million) or the minimum capital base of ₦5billion for Life and Non-life insurance businesses. Thus, the Company's solvency margin as above met adequately the regulatory minimum solvency requirement.

The Company maintains economic capital levels sufficient to meet internal capital needs.

The Solvency Margin for the company as at 31 December 2018 is as follows:

In thousands of Naira	**Total**	**Admissible**	**Inadmissible**
Assets			
Cash and cash equivalents	1,290,535	1,290,535	-
Financial assets	7,851,813	7,851,813	-
Trade receivables	355,666	355,666	-
Reinsurance assets	2,140,210	2,140,210	-
Other receivable and prepayments	310,344	-	310,344
Deferred acquisition costs	182,691	182,691	-
Investment property	1,554,476	478,544	1,075,932
Intangible assets	24,741	24,741	-
Property and equipment	3,715,190	1,632,797	2,082,393
Statutory deposits	500,000	500,000	-
Total assets (A)	**17,925,666**	**14,456,996**	**3,468,670**
Liabilities			
Investment contract liabilities	105,380	105,380	-
Insurance contract liabilities	4,248,672	4,248,672	-
Trade payables	1,402,032	1,402,032	-
Other payables and accruals	495,816	495,816	-
Deferred commission income	96,858	96,858	-
Deferred tax liabilities	558,710	-	558,710
Current tax liabilities	116,593	116,593	-
Total Liabilities (B)	**7,024,062**	**6,465,352**	**558,710**
Solvency Margin (A-B)= C		**7,991,644**	
Check To:			
Minimum to be maintained:			
The higher of 15% of net premium	474,796		
and			
Minimum paid-up capital **(D)**	5,000,000	(5,000,000)	
Solvency Margin(Surplus/Deficit) (C- D)		**2,991,644**	
Solvency level (%)		**160%**	

Notes to the financial statements
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The Solvency Margin for the company 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)	**4,869,683**	**4,350,709**	**518,974**
Solvency Margin (A-B)= C		10,731,175	
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%	

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, analyzing 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.

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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 2018

	Life insurance	Non- life insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	3,270,482	7,631,124	10,901,605
Available capital resources	3,270,482	7,631,124	10,901,605

Available capital resources at 31 December 2017

	Life insurance	Non- life insurance	Total
	₦'000	₦'000	₦'000
Total shareholders' funds per financial statements	2,167,915	8,540,053	10,707,968
Available capital resources	2,167,915	8,540,053	10,707,968

- Compliance with statutory minimum capital base requirement

The Company at the end of the 2018 financial year had shareholders' funds of ₦10.91billion (2017: ₦10.71billion) which was 221% (2017: 214%) of the statutory minimum capital base of ₦5billion for composite insurance business. As at the B212reporting date, the Company complied with the regulatory required minimum capitalization for composite insurance businesses.

5.3 Asset liability management (ALM) framework

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

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

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

31 December 2018	**Non Life Business**			**Life Business**					
In thousand of naira	**Share-holders' fund**	**Insurance contract liabilities' fund**	**Others**	**Share-holders' fund**	**Insurance contract liabilities' fund**	**Investment contract liabilities' fund**	**Annuity**	**Others**	**TOTAL**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
1. Properties:									
Real Estate	4,830,325	-	-	-	-	-	-	-	4,830,325
Equipment	110,104	-	-	5,960	-	-	-	-	116,064
Motor Vehicles	198,539	-	-	-	-	-	-	-	198,539
Furniture	120,104	-	-	4,637	-	-	-	-	124,741
Others (a)	24,742	-	-	-	-	-	-	-	24,742
	5,283,814			**10,597**					**5,294,411**
2. Investments:									
Loans to Policyholders	-	-	-	7,079	-	-	-	-	7,079
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Financial assets:									
- Amortised cost	-	-	-	1,171,591	-	-	-	-	1,171,591
- FVOCI	2,806,486	1,689,080	1,154,275	-	891,949	105,380	-	-	6,647,170
Cash and cash equivalents	994,075	-	-	322,433	-	-	-	-	1,316,508
	4,100,561	**1,689,080**	**1,154,275**	**1,701,103**	**891,949**	**105,380**	**-**	**-**	**9,642,348**
3. Reinsurance and Other assets									
Reinsurance assets	**-**	**1,845,032**	**-**	**-**	**295,178**	**-**	**-**	**-**	**2,140,210**
Other assets	**-**	**-**	**848,700**	**-**	**-**	**-**	**-**	**-**	**848,700**
Total	**9,384,375**	**3,534,112**	**2,002,975**	**1,711,700**	**1,187,127**	**105,380**	**-**	**-**	**17,925,669**

31 December 2017	**Non Life Business**			**Life Business**					
In thousand of naira	**Share-holders' fund**	**Insurance contract liabilities' fund**	**Others**	**Share-holders' fund**	**Insurance contract liabilities' fund**	**Investment contract liabilities'**	**Annuity**	**Others**	**TOTAL**
TOTAL	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
1. Properties:									
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
Total	**5,188,453**	**-**	**-**	**17,183**	**-**	**-**	**-**	**-**	**5,205,636**
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	-	-	-	-	-	-	-	-	-
- Loans and receivables	708,567	-	-	310,204	-	-	-	-	1,018,771
- Available for Sale	1,653,187	2,055,164	-	439,289	835,201	92,551	-	-	5,075,392
Cash and cash equivalents	1,252,480	-	-	244,972	-	-	-	-	1,497,452
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**

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 ₦10,000,000 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.

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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 where lump sum benefits are payable on death or permanent disability.

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

- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected, and
- 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 shareholder

- 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.

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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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Individual life	A6770	A6770	₦16,800 per policy	₦14,763 per policy	11.00%	10.00%	14.50%	14.25%

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.

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 cash flows expected to emerge (claims); therefore the Company expect the group life reserves held to be sufficient to pass the Liability Adequacy Test.

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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

31 December 2018		**Interest rate**		**Expense**		**Expense inflation**		**Mortality**	
	Base	**1%**	**-1%**	**10%**	**-10%**	**2%**	**-2%**	**5%**	**-5%**
in thousands									
Individual life	437,811	427,914	448,590	449,309	426,389	441,640	434,375	439,512	436,109
Group life	472,049	472,049	472,049	472,049	472,049	472,049	472,049	472,049	472,049
Health	243,683	243,683	243,683	243,683	243,683	243,683	243,683	243,683	243,683
Total liability	**1,153,543**	**1,143,646**	**1,164,322**	**1,165,041**	**1,142,121**	**1,157,372**	**1,150,107**	**1,155,244**	**1,151,841**
% change in liability	0%	-0.86%	0.93%	1.0%	-0.99%	0.33%	-0.30%	0.15%	-0.15%

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.

31 December 2017		**Interest rate**		**Expense**		**Expense inflation**		**Mortality**	
	Base	**1%**	**-1%**	**-10%**	**-10%**	**2%**	**-2%**	**5%**	**-5%**
Individual life	348,456	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	131,799	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**	**700,482**	**698,764**
% change in liability	0.0%	-2.1%	2.2%	2.1%	-2.1%	0.6%	-0.6%	0.1%	-0.1%

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

The Company principally issues the following types of general insurance contracts: motor, fire, marine and aviation, bonds, engineering, oil and energy and general accident. Risks under non–life insurance policies usually cover twelve months duration.

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

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

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

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

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

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

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

	31-Dec-18			31-Dec-17		
	Gross liabilities	Reinsurance on liabilities	Net liabilities	Gross liabilities	Reinsurance on liabilities	Net liabilities
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	101,987	(2,547)	97,713	60,709	1,976	58,733
Fire	685,553	220,141	(34,205)	64,331	58,218	6,113
Bond	10,384	1,663	9,080	5,918	2,317	3,601
General accident	251,331	654,499	168,665	507,065	241,602	265,463
Marine and aviation	169,602	83,286	17,762	23,484	16,386	7,098
Engineering	23,325	100,257	6,386	16,259	22,581	(6,322)
Oil and energy	467,802	202,419	181,979	241,496	206,897	34,599
Subtotal	**1,709,984**	**1,259,718**	**447,380**	**919,261**	**549,977**	**369,285**
Health insurance	162,848	129,477	33,371			
Group life	383,437	49,572	333,865	295,510	107,836	187,674
Total	**2,256,269**	**1,438,767**	**814,616**	**1,214,771**	**657,813**	**556,959**

Key assumptions

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

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

Sensitivities

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

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

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

31 December 2018

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Discount Rate	-1)% Discount Rate
General Accident	3,259,962	4,475,458	2,044,465	3,258,794	3,261,140
Engineering	10,598,032	20,264,419	2,675,176	10,593,711	10,602,392
Fire	57,872,981	69,033,463	46,712,500	57,838,167	57,908,122
Marine	147,398,867	210,352,661	86,356,440	147,084,434	147,719,022
Motor	34,925,316	46,985,227	22,865,405	34,815,108	35,036,851
Bond*	38,406,471	46,643,910	30,169,031	38,369,045	38,444,460
Oil & Gas*	338,772,133	452,674,973	224,869,293	338,381,401	339,166,737
IBNR	**631,233,762**	**850,430,111**	**415,692,311**	**630,340,659**	**632,138,724**
Gross OCR	1,078,752,553	1,078,752,553	1,078,752,553	1,078,752,553	1,078,752,553
Total	1,709,986,314	1,929,182,663	1,494,444,864	1,709,093,212	1,710,891,276
Percentage Change		**12.82%**	**-12.60%**	**-0.05%**	**0.1%**

The method used for deriving sensitivity information and significant assumptions did not change from the previous period. No future inflation is assumed thus no sensitivity is assumed, Effective historic annual inflation rates used is 12.4% and effective annual discount rate is 15.0%.

31 December 2017

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1%Inflation Rate	(-1)%Inflation Rate	1%Discount Rate	(120,167.00)
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.

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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

	2014	2015	2016	2017	2018	Total
	₦	₦	₦	₦	₦	₦
Estimate of ultimates:						
End of accident year	810,669,864	883,645,135	677,026,114	494,681,687	421,468,563	3,287,491,363
1 year later	96,821,127	187,548,103	217,914,762	96,589,858	-	598,873,850
2 years later	13,902,305	5,566,601	8,495,618	-	-	27,964,524
3 years later	8,955,905	2,915,782	-	-	-	11,871,687
4 year later	4,254,007	-	-	-	-	4,254,007
Cumulative Payment	934,603,207	1,079,675,621	903,436,494	591,271,545	421,468,563	3,930,455,430
Current estimate of ultimate	1,187,854,957	1,105,784,028	929,948,161	978,691,247	1,405,440,248	5,607,718,640
	253,251,750	26,108,407	26,511,667	387,419,701	983,971,685	1,677,263,210
Liability in Statement of Financial Position						**1,677,263,210**

Analysis of claims development – Reinsurance

	2014	2015	2016	2017	2018	Total
	₦	₦	₦	₦	₦	₦
Estimate of ultimates:						
End of accident year	234,693,053	160,701,443	171,447,936	97,537,114	421,468,563	1,085,848,110
1 year later	53,965,390	121,646,032	138,399,155	16,593,136	-	330,603,712
2 years later	7,710,169	250,799	24,594,754	-	-	32,555,722
3 years later	2,103,663	3,008	-	-	-	2,106,671
4 year later	744,989	-	-	-	-	744,989
Cumulative Recoveries	299,217,263	282,601,283	334,441,845	114,130,250	421,468,563	1,451,859,204
Current estimate of ultimate Recoveries	546,814,493	287,785,253	338,813,697	417,797,529	1,035,908,031	2,627,119,003
	247,597,230	5,183,970	4,371,851	303,667,280	614,439,468	1,175,259,799
Asset in Statement of Financial Position						**1,175,259,799**

Analysis of claims development – Net

	2014	2015	2016	2017	2018	Total
	₦	₦	₦	₦	₦	₦
Estimate of ultimates:						
End of accident year	575,976,811	722,943,692	505,578,177	397,144,573	343,111,752	2,544,755,006
1 year later	42,855,738	65,902,071	79,515,607	79,996,722	-	268,270,138
2 years later	6,192,136	5,315,802	(16,099,136)	-	-	(4,591,198)
3 years later	6,852,242	2,912,774	-	-	-	9,765,016
4 year later	3,509,017	-	-	-	-	3,509,017
Cumulative Net Payment	635,385,944	797,074,338	568,994,649	477,141,295	343,111,752	2,821,707,978
Current estimate of net ultimate claims	641,040,464	817,998,775	591,134,464	560,893,717	712,643,969	3,323,711,389
	5,654,520	20,924,437	22,139,815	83,752,422	369,532,217	502,003,411
Liability in Statement of Financial Position						**502,003,411**

Notes to the financial statements
For the year ended 31 December 2018

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.

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.

Notes to the financial statements
For the year ended 31 December 2018

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

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

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

The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings.

The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission payable to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments. The carrying amounts of financial assets represents the maximum credit exposure.

	Notes	2018	2017
		₦'000	**₦'000**
Financial instruments			
Cash and cash equivalents	**17**	1,290,408	1,497,373
Loans and receivables	**18**	-	1,037,632
Financial asset at FVOCI	**18**	6,398,818	-
Financial assets at amortised cost	**18**	1,204,643	-
Available for sale	**18**	-	4,826,994
Trade receivables	**19**	355,666	365,715
Other receivables *	**21**	12,446	204,431
Statutory deposits	**27**	500,000	500,000
Total credit risk exposure		9,761,981	8,432,145

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

Impairment losses on assets recognised in profit or loss were as follows:

	2018	2017
ECL impairment	**₦'000**	**₦'000**
Impairment reversal on financial assets (see note 18(b)(i1))	-	1,088
Impairment/ (reversal) on insurance receivables (see note 19(a)(i))	-	291
Impairment on other receivables (see note 21(c))	121,787	(84,315)
Impairment of financial assets at amortised cost (see note 14)	(1,389)	-
Impairment on debt instrument at FVOCI (see note 14)	8,712	-
Impairment on cash and cash equivalent (see note 14)	(2,964)	-
Impairment of motor vehicle loans to exited staff	31,500	
Impairment of available for sale (see note 18(c)(i))	-	(1,639)
	157,646	(84,575)

5.6.1 Concentration of credit risk by sector

	2018	2017
	₦'000	**₦'000**
Banking and other financial sector	8,377,221	6,824,445
Insurance sector	355,666	365,715
Others	1,003,149	1,241,985
	9,736,036	8,432,145

Notes to the financial statements
For the year ended 31 December 2018

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

31 December 2018

	Notes	Stage 1	Stage 2	Stage 3	Total
		₦'000	₦'000	₦'000	₦'000
Cash and cash equivalent		1,290,535			1,290,535
Trade recievables			319,609	36,057	355,666
Other receivables	21(b)		113,527	226,959	340,486
Debt instruments at FVOCI		7,603,461			7,603,461
Long term deposit		990,000			990,000
Statutory deposit		500,000			500,000
Allowance for impairment	21(c)	(5,632)		(263,016)	(268,648)
		9,087,829	113,527	-	10,811,501

31 December 2017

		Neither due and nor impaired	Past due but not impaired	Individually impaired	Total
		₦'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	18.9	-	-	402,706	402,706
Allowance for impairment	18.9	-	-	(36,991)	(36,991)
		-	-	365,715	365,715

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.

Individually 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.

Credit quality

Amount arising from ECL

Significant increase in credit risk

When determing whether the credit risk (i.e risk of default) on a financial insturment has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a signigicant increase in credit risk has occured for an exposure by comparing the risk rating of counter parties at reporting period to the risk rating at the last reporting periond. The probability of default is adjusted based on the risk rating to reflect the impact of downgrading. Risk ratings are based on external rating agencies (Fitch, Moody and S&P).

Notes to the financial statements
For the year ended 31 December 2018

Inputs, assumptions and techniques used for estimating impairment.
Modified financial assets
The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An exisiting financial asset whose terms have been modified may be derecognised and the renogotiated asset recognised as a new financial asset at fair value in accordance with the account policies.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of;

- its remaining lifetime PD as at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

The Company did not have any modified financial asset as at 31 December 2018.

Definition of default
The Company considers a financial asset to be in default when;
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- Trade recievables that are more than 30 days past due and other recievables that are more than 180 days past due..

In assessing whether a borrower is in default, the Company considers indicators that are;
- qualitative; e.g breaches of covenant and other indicators of financial distress;
- quantitative; e.g overdue status and non-repayment of another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Incorporation of forward-looking information
The Company incorporates forward-looking information into both it assessment of whether the credit of an instrument has increased significantly since initial recognition and its measurement of ECL.
The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenerios used as at 31 December 2018 included the forecasted GDP average growth rate of 2.3% (premised on IMF Gross Domestic Product (GDP) forecast for Nigeria).

Measurement of ECL
The key inputs into the measurement of ECL are the term structures of the following variables;
- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

To determine lifetime and 12-month PDs, the Company uses the PD tables supplied by FITCH rating agency based on the default history of obligors with the same credit rating. . Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated.
LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the historu of recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using the effective interest rates as the duscounting factor. The LGD ratings were obtained from S&P and calibrated using Moody ratings as at 31 December 2018.
EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period.

Notes to the financial statements
For the year ended 31 December 2018

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other financial assets.

	Weighted avarage loss rate	Gross carrying amount	Impairment loss allowance
31 December 2018		**₦'000**	**₦'000**
Cash and cash equivalents		1,290,535	(6,976)
Financial assets at amortised cost		1,204,643	(2,214)
Trade receivables		355,666	-
Other receivables*		282,344	(264,092)
		3,133,188	(273,282)

* Excluded in other recievables is WHT recievables. Also, loss rates are based on actual credit loss experience over a period of 5 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on the forecasted GPD growth rate. The table below sets out the ECL allowance based on ECL model.

	12 month ECL	Life tme ECL non credit impaired	Life time ECL credit impaired	Total
Cash and cash equivalents	(6,976)			(6,976)
Financial assets at amortised cost	(2,214)			(2,214)
Trade receivables		-	-	-
Other receivables*		(491,051)	226,959	(264,092)
	(9,190)	(491,051)	226,959	(273,282)

There were no movement / reclassification between stages during the year and there were no reclassification between asset categories during the year.

Debt instrument

The Company limits its exposure to credit risk by investing in liquid and federal government instruments. 12-months and lifetime probabilities of default are based on historical data supplied by Moody's for each counterpary. The Loss Given Default (LGD) parameters are based on the hisotrical data supplied by Fitch rating.

The following table presents an analysis of the credit quality of debt securities at amortised cost or FVOCI. It indicates whether assets measured at amortised cost or FVOCI were subjected to a 12-months ECL or lifetime ECL allowance. None of these assets were credit impaired at the reporting date.

		2018		2017	
	Credit rating	FVOCI 12-months	Amortised cost 12-months ECL	Loans and receivable	Available for sale
		₦'000	₦'000	₦'000	₦'000
Treasury bills	B	(8,737)	-	-	-
		(8,737)	-	-	-

The Company did not have any debt securities that were past due but not impaired as at 31 December 2018.

The movement in the allowance for impairment in respect of trade and other recievables during the year are as follows;

in thousand of naira	**2018**
Balance at January under IAS 39	84,315
Adjustment on initial application of IFRS 9	26,490
Balance at 1 January under IFRS 9	110,805
Net remeasurement of loss allowance	153,287
	264,092

The movement in the allowance for impairment in respect of debt securities at FVOCI during the yeat was as follows;

	2018
Balance at 1 January under IAS 39	-
Adjustment on application of IFRS 9	23,448
Balance at 1 January under IFRS 9	23,448
Net remeasurment of loss allowance	8,737
Balance as at 31 December	32,185

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Cash and Cash equivalents

The Group held cash and cash equivalent of N1.3billion as at 31 December 2018 (2017:N1.5b). The cash and cash equivalent are held with Bank and financial institution counterparty which are rated AA to CCC based on fitch ratings.
Impairment on cash and cash equivalent has been measured on a 12 month expected credit loss basis and reflected the short maturities of the exposures. The Company considers that its cash and cash equivalents have low to medium credit risk based on the external credit rating of the counter parties.

The Company uses a similar approach for assessment of ECLs on cash and cash equivalents to those used for debt securities. On initial application of IFRS 9, the Company recognised an impairment allowance as at 1 January 2018 in the amount to N9.9m. There was however a reversal of N.2.9m during the period recognised in the profit or loss statement, giving a closing impairment balance of N6.9m as at 31 December 2018.

5.6.2 **Liquidity risk**

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

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

The Company's strategy for managing liquidity risks are as follows:
· Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs
· Ensure strict credit control and an effective management of receivables
· Ensure unrestricted access to financial markets to raise funds
· Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as
· 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
· 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

Notes to the financial statements
For the year ended 31 December 2018

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

Cash flow analysis shows the net future cash flows of various time-bands. 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 summarizes 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 recognized 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.

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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.

31 December 2018

	Notes	Carrying amount	Gross nominal value	1-3 months	3-6 months	6-12 months	> 1 year
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial assets							
Cash and cash Equivalent	**17**	1,290,535	1,290,535	1,290,535	-	-	-
Financial asset at amortised cost	**18**	1,204,643	1,365,741	164	-	1,007,163	358,414
Fair value through OCI	**18**	6,647,170	7,390,770	425,024	51,446	6,914,300	-
Other receivables(excluding prepayment)	**21**	76,395	76,395	76,395	-	-	-
Statutory deposit	**27**	500,000	500,000	-	-	-	500,000
		9,718,743	10,623,441	1,792,118	51,446	7,921,463	858,414
Financial liabilities							
Trade payables	**30**	1,402,032	1,402,032	1,402,032	-	-	-
Other payables	**31**	495,816	495,816	495,816	-	-	-
		1,897,848	1,897,848	1,897,848	-	-	-
Net financial assets		**7,820,894**	**8,725,593**	**(105,730)**	**51,446**	**7,921,463**	**858,414**

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	-	-	-
Loans and receivables	**18 (c)**	1,037,632	1,076,049	587,618	172	362,999	125,259
Available for sale investments	**18 (e)**	5,075,392	5,415,870	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**	**2,951,385**	**3,698,292**	**811,459**	**875,672**

Notes to the financial statements
For the year ended 31 December 2018

5.6.3 **Market risk**

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

- Foreign exchange risk

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

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

31 December 2018	**USD**	**EUR**	**GBP**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	57,647	25,163	352	83,162
Long term deposits	1,179,554	-	-	1,179,554
Unquoted equities	36,418	-	-	36,418
31 December 2017	**USD**	**EUR**	**GBP**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	(12,934)	38,297	351	25,714
Long term deposits	582,693	-	-	582,693
Unquoted equities	97,087	-	-	97,087

The following significant exchange rates have been applied:

	Average rates		**Year end spot rate**	
	2018	**2017**	**2018**	**2017**
US Dollars	361.77	366	364.18	360
EURO	417.30	438	420.08	367
GB Pounds	460.68	494	463.75	414

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 2018				
Financial assets	83,161	83,161	83,161	83,161
Effect on profit before tax	4,158	8,316	(8,316)	(8,316)
Taxation @ 30%	(1,247)	(2,495)	(193,352)	2,495
Effect on profit after tax	2,910	5,821	451,153	(5,821)

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				
Cash and bank balances	175,774	184,144	159,033	150,665
Effect on profit before tax	8,370	16,740	(8,370)	(16,740)
Taxation @ 30%	(2,511)	(5,022)	2,511	5,022
Effect on profit after tax	5,859	11,718	(5,859)	(11,718)

- 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 2018, 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.

Notes to the financial statements
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Interest earning assets

31 December 2018	**1-3 months**	**3-6 months**	**> 6 months**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	1,037,771	-	-	1,037,771
Investment securities				
Fair value through profit or loss	-	-	-	-
Fair value through other comprehensive income	-	476,471	6,914,300	7,390,771
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	1,037,771	476,471	7,414,300	8,928,542
Gap				
Increase by 100bp	10,378	4,765	74,143	89,285
Increase by 500bp	51,889	23,824	370,715	446,426
Decrease by 100bp	(10,378)	(4,765)	(74,143)	(89,285)
Decrease by 500bp	(51,889)	(23,824)	(370,715)	(446,426)

31 December 2017				
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and bank balances	1,293,483	-	-	1,293,483
Investment securities				
– Available-for-sale	295,920	4,133,000	398,074	4,826,994
– Held-to-maturity	-	-	-	-
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	1,589,403	4,133,000	898,074	6,620,477
Gap				
Increase by 100bp	15,894	41,330	8,981	66,205
Increase by 500bp	79,470	206,650	44,904	331,023
Decrease by 100bp	(15,894)	(41,330)	(8,981)	(66,205)
Decrease by 500bp	(79,470)	(206,650)	(44,904)	(331,023)

Summary of sensitivity of investments to market prices

31 December 2018	**as per mkt price**	**at +10% of mkt price**	**at -10% of mkt price**
	₦'000	**₦'000**	**₦'000**
Quoted equities			
Non-life	53,032	5,303	(5,303)
Life	87,336	8,734	(8,734)
Total	140,368	14,037	(14,037)

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	59,017	5,902	(5,902)

- 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.

Notes to the financial statements
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The Company is active in money and capital market instruments, and investments in these instruments are basically for liquidity and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.
A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors. The Company stipulates diversification benchmarks by type of instrument and geographical area.

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

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

The following investment risk appetite statements guide the Company:-

· Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be

· The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or of our key officers

· Businesses are not transacted with any organisation with perceived likelihood of failure or that shows signs of going concern challenges.

· A cautious and prudent approach is adopted in engaging in investment and trading activities

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

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

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

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

In measuring investment risk the following approaches, which are detailed in the Risk Management Framework, are used:
· Volatility
· Sensitivity analysis
· Stress testing
· Scenario testing

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

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

5.7 Measurement of fair values

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

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

ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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For the year ended 31 December 2018

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

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

(a) *Financial assets carried at fair value*

31 December 2018	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
All carried at FVTOCI	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Unlisted Equity	97,465	97,465	-	-	97,465
Listed Equity	133,588	133,588	133,588	-	-
Debt Intruemnets	6,416,117	6,416,117	6,416,117	-	-
Total financial assets	6,647,170	6,647,170	6,549,705	-	97,465

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

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

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

Significant unobservable inputs used in measuring fair value
Information set out below shows the significant unobservable inputs used as at 31 December 2018 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.

Reconciliation of level 3 fair values.
The following table shows a reconciliation for the opening balance to the closing balance for level 3 fair value.

	Unlisted Equity Securities
	N'000
Balance as at 1 January 2017	87,808
Net change in fair value recognised in OCI (unrealised)	9,279
Balance as at 31 December 2017	97,087
	N'000
Balance at 1 January 2018	97,087
Net change in fair value recognised in OCI (unrealised)	378
	97,465

Notes to the financial statements
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* Before 1 January 2018, these equity securities were classified as available for sale in accordance with IAS 39. For 1 January 2018, these securities are classified at fair value through other comprehensive income in accordance with IFRS 9.

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

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

31 December 2018	Carrying	Fair value	Level 1	Level 2	Level 3
	₦'000	₦'000	₦'000	₦'000	₦'000
Other receivables	1,029,824	1,029,824	-	-	1,029,824
Staff loan	167,740	167,740	-	-	167,740
Loans to policy holders	7,079	7,079	-	-	7,079
Total financial assets	1,204,643	1,204,643	-	-	1,204,643

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 liabilites	892,729	892,729	-	892,729	-
Total financial assets	1,930,361	1,930,361	-	1,930,361	-

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.

Reinsurance recoverable

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

Trade receivables

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

Trade payables

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

Other payables

Other payables consist of amount owed to non-trade related creditors
The carrying amount of other payables is a reasonable approximation of their fair value, which is payable on demand.

Note to the financial statements
for the year ended 31 December 2018

6 Gross premium written

	2018	2017
	₦'000	₦'000
Long-term insurance contracts (see note 6.1 below)	335,521	234,567
Short-term insurance contracts (see note 6.1 below)	6,578,485	5,231,146
	6,914,006	5,465,713

6.1 Net Premium income

	2018	2017
	₦'000	₦'000
Long-term insurance contracts with fixed and guaranteed terms:		
Gross premium written	335,521	234,567
Short-term insurance contracts:		
Gross premium written (see note 6 above)	6,578,485	5,231,146
Change in unearned premium provision (note 29(a)(iv))	(523,546)	21,519
Gross premium income	6,390,460	5,487,232
Reinsurance outward:		
Short-term reinsurance contract	(3,161,882)	(2,925,459)
Long-term reinsurance contracts	(32,289)	(15,137)
Changes in prepaid reinsurance premium (see note 20(a))	7,761	8,433
Changes in prepaid minimum and deposit insurance (see note 20(b))	(38,746)	(13,257)
Reinsurance expense	(3,225,156)	(2,945,419)
Net premium income	3,165,304	2,541,813

6.2 Fees and commission income on insurance

	2018	2017
	₦'000	₦'000
Commissions (see note 32(a))	533,734	430,524
	533,734	430,524

7 Profit/(Loss) on deposit administration

Income		
Interest income	8,412	89
	8,412	89
Expense		
Guaranteed interest (see note 28)	3,602	2,966
Management expense	-	496
	3,602	3,462
Profit/(loss) on deposit administration	4,810	(3,373)

8 Gross benefits and claims incurred

	2018	2017
	₦'000	₦'000
Short term business	2,209,237	2,922,590
Long term business (see note 29(b)(i))	75,526	120,709
	2,284,763	3,043,299

Breakdown of gross benefits and claims incurred

	2018			2017		
	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	260,877	41,278	302,155	272,466	(74,847)	197,619
Fire	75,669	621,222	696,891	1,738,867	(172,045)	1,566,822
Bond	801	4,466	5,267	(24)	2,786	2,762
General accident	105,792	(255,734)	(149,942)	138,714	154,459	293,173
Marine and aviation	150,297	146,118	296,415	34,189	(20,879)	13,310
Engineering	12,213	7,066	19,279	24,920	(29,356)	(4,436)
Oil and energy	67,783	226,306	294,089	192,390	172,241	364,631
Health insurance	111,680	152,044	263,724	-	-	-
Group life	487,162	(5,803)	481,359	408,919	79,771	488,690
	1,272,274	936,963	2,209,237	2,810,441	112,130	2,922,572
Claims and loss adjustment expense	-	-	-	18	-	18
Total benefits and claims paid on short term insurance contracts:	1,272,274	936,963	2,209,237	2,810,459	112,130	2,922,590

Note to the financial statements
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- Long-term insurance contracts:						
Individual life (see Note 29(b)(i))	86,217	(10,691)	75,526	87,514	33,195	120,709
Claims and loss adjustment expense	-	-	-	-	-	-
Total benefits and claims incurred on long term insurance contracts	86,217	(10,691)	75,526	87,514	33,195	120,709
Total gross benefits and claims incurred	1,358,491	926,272	2,284,763	2,897,973	145,325	3,043,299

9 Benefits and claims recoverable from reinsurers

	2018	2017
	₦'000	₦'000
Short term business	1,134,203	2,273,895
Long term business	69,858	-
	1,204,061	2,273,895

(a) Breakdown of claims & benefit recoverable from reinsurers

	2018			2017		
	Short term	**Long term**	**Total**	**Short term**	**Long term**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Motor	13,365	-	13,365	27,383	-	27,383
Fire	158,731	-	158,731	1,483,638	-	1,483,638
Bond	833	-	833	835	-	835
General accident	583,684	-	583,684	176,336	-	176,336
Marine and aviation	22,190	-	22,190	194,991	-	194,991
Engineering	26,369	-	26,369	16,349	-	16,349
Oil and energy	88,625	-	88,625	20,750	-	20,750
Individual life	-	26,481	26,481	-	-	-
Group life	17,317	-	17,317	305,991	-	305,991
Health insurance	95,300	-	95,300	-	-	-
Reinsurance portion of IBNR	127,789	43,377	171,166	47,622	-	47,622
	1,134,203	69,858	1,204,061	2,273,895	-	2,273,895

(b) Breakdown of claims and benefits recoverable from reinsurers

	2018			2017		
	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	20,487	9,540	30,027	27,810	(3,658)	24,152
Fire	53,353	281,667	335,020	1,622,410	(138,918)	1,483,492
Bond	1,774	(1,595)	179	555	148	703
General accident	50,556	326,153	376,709	43,712	117,875	161,587
Marine and aviation	(33,882)	135,292	101,410	192,036	3,421	195,457
Engineering	(55,317)	52,814	(2,503)	3,391	(583)	2,808
Oil and energy	245,113	(91,242)	153,871	(20,523)	175,898	155,375
Group life	115,317	(84,270)	31,047	207,991	42,330	250,321
Health insurance	22,548	129,272	151820			
Total benefits and claims recovered on short term insurance contracts:	419,948	757,632	1,177,580	2,077,382	196,513	2,273,895
- Long-term insurance contracts:						
Individual life	26,481	-	26,481	-	-	-
Total benefits and claims recovered on long term insurance contracts	26,481	-	26,481	-	-	-
Total gross benefits and claims recovered	446,429	757,632	1,204,061	2,077,382	196,513	2,273,895

10 Acquisition expenses

	2018	2017
	₦'000	₦'000
Short term business	913,082	667,572
Long term business	65,176	32,373
	978,258	699,946

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Analysis of acquisition expenses:

	2018			2017		
	Short term ₦'000	Long term ₦'000	Total ₦'000	Short term ₦'000	Long term ₦'000	Total ₦'000
Motor	63,273	-	63,273	62,278	-	62,278
Fire	70,582	-	70,582	178,854	-	178,854
Bond	5,738	-	5,738	4,855	-	4,855
General accident	185,741	-	185,741	209,979	-	209,979
Marine and aviation	103,886	-	103,886	78,793	-	78,793
Engineering	54,897	-	54,897	31,940	-	31,940
Oil and energy	255,742	-	255,742	25,155	-	25,155
Individual life	-	65,176	65,176	-	32,373	32,373
Health insurance	45,067	-	45,067	-	-	-
Group life	128,155	-	128,155	75,719	-	75,719
	913,082	65,176	978,258	667,572	32,373	699,946

11 Maintenance expenses

	2018 ₦'000	2017 ₦'000
Short term business	90,858	79,394
Long term business	2,316	3,951
	93,174	83,345

Analysis of maintenance expenses:

	2018			2017		
	Short term ₦'000	Long term ₦'000	Total ₦'000	Short term ₦'000	Long term ₦'000	Total ₦'000
Motor	9,716	-	9,716	8,171	-	8,171
Fire	9,462	-	9,462	11,598	-	11,598
Bond	504	-	504	478	-	478
General accident	33,212	-	33,212	12,050	-	12,050
Marine and aviation	6,119	-	6,119	19,449	-	19,449
Engineering	4,474	-	4,474	5,556	-	5,556
Oil and energy	18,131	-	18,131	12,851	-	12,851
Individual life	-	2,316	2,316	-	3,950	3,950
Health	3,687		3,687	-	-	-
Group life	5,553	-	5,553	9,242	-	9,242
	90,858	2,316	93,174	79,395	3,950	83,345

12 Net Investment income

	2018 ₦'000	2017 ₦'000
12 (a) Investment income:		
Dividend income on equity securities	869	742
Gain on financial assets disposal	104,798	14,875
Statutory deposit - Interest income	76,830	75,422
Financial assets at amortised cost -interest income (Note 18 (f))	37,306	885,883
Financial assets at FVOCI- Interest income (Note 18 (f))	729,575	-
Cash and cash equivalents - Interest income	192,634	234,499
	1,142,012	1,211,421
12 (b) Commissions and charges		
Treasury bills	(20,404)	(2,806)
	1,121,608	1,208,615

13(a) Other income

	2018 ₦'000	2017 ₦'000
Management fees	18,775	13,134
Profit on sale of fixed assets (See note 43.2)	4,079	-
Interest on staff loans (Notional interest) (note 18(f))	26,106	11,997
Reimbursement of excess stamp duty paid to IFRS	-	46,185
Provision no longer required (see note 19(a)(i))	934	-
Bad debt recovery	-	738
Other sundry income (note 13(a)(i))	-	317
Unrealized net foreign exchange gain(see note 13(c) below)	170,757	109,634
	220,651	182,005

In 2017, Fair value gain on investment property was disclosed as part of "other income" . It is however shown separately under Note 13b for further clarity.

13(a)(i) Sundry income relates to cash/money received by the company that could not be recognised as premium due to the expiration of the cover/policy period.

Note to the financial statements
for the year ended 31 December 2018

		2018	2017
13(b)	**Fair value gain on investment property**	**₦'000**	**₦'000**
	Fair value gain on investment property (see note 23)	29,988	68,373
		29,988	68,373
13(c)	Breakdown of unrealized net foreign exchange gain		
	Cash and cash equivalent	158,762	12,462
	Financial assets - held-to-maturity	-	-
	Financial assets - available for sale	-	97,172
	Financial assets - amortised cost	11,995	-
		170,757	109,634

14 Impairment loss/(reversal) on assets

	2018	2017
Impairment on financial assets;	**₦'000**	**₦'000**
Impairment reversal on financial assets (see note 18(c)(i1))	-	(1,088)
Loss/ (reversal) on premium receivables (see note 19(a)(i))		(291)
Impairment on other receivables (see note 21(c))	121,787	84,315
Impairment of financial assets at amortised cost (see note 18(a))	(1,389)	-
Reversal of impairment on cash and cash equivalent(see note 17(b)	(2,964)	
Impairment of available for sale (see note 18(e)(i))	-	1,639
Impairment on OCI -Treasury bills	8,712	-
Impairment of motor vehicle loans to exited staff	31,500	-
Total impairment reversal/(loss) on assets	157,646	84,575

15 Other operating expenses

	2018	2017
	₦'000	**₦'000**
Employee benefits expense (see note 15 (a) below)	1,051,722	896,464
Depreciation (note 26)	278,626	242,398
Amortization (note 25)	2,546	2,619
Auditor's remuneration	27,500	27,500
Directors' emoluments - Note 40 (b)	40,249	137,354
Loss on sale of fixed assets (See note 43.2)	-	1,688
loss on disposal of investment property	4,358	-
Direct expenses	110,334	153,677
Donations and charity expenses	4,930	7,928
Advertisement and publicity	63,836	73,493
Repairs and maintenance	48,942	89,486
Business acquisition expenses	10,486	72,356
Transport and travel expenses	45,729	56,534
Professional fees	82,867	80,423
Consultancy fees expense	38,114	25,652
Subscription	31,661	17,389
Board and AGM expenses	17,104	25,585
Electricity and diesel expenses	52,772	44,386
Printing and stationery	32,763	16,994
Cleaning	10,392	8,611
Security	4,634	5,175
Filing fees	1,787	3,395
Other sundry expenses (see note 15 (b) below)	4,178	3,379
	1,965,530	1,992,486

Direct expenses relate to expenses incurred in providing insurance services. This include regulatory levies,bank charges,stamp duties. The external auditors did not perform any non-audit services during the year ended 31 December 2018.

		2018	2017
15(a)	*Employee benefits expense*	**₦'000**	**₦'000**
	Salaries and wages	879,232	726,183
	Medical	67,134	59,149
	Staff training	36,415	79,680
	Prepaid staff benefit expensed	34,060	16,818
	Employer's Pension contribution	34,881	14,634
		1,051,722	896,464

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

		2018	2017
15 (b)	*Other sundry expenses*	**₦'000**	**₦'000**
	Fixed assets expenses	580	578
	Stamp duties	37	-
	Entertainment expenses (i)	3,561	2,251
	NAICOM penalties	-	550
		4,178	3,379

(i) Fixed assets expenses relates to cost incurred with respect to acquisition of fixed asset items whose cost is less than the company's capitalization policy of ₦20,000

Note to the financial statements
for the year ended 31 December 2018

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)	670,457	402,359
Weighted average number of ordinary shares in issue ('000)	9,134,721	9,134,721
Basic and diluted earnings per share (kobo)	7	4

17 Cash and cash equivalents

Cash and cash equivalents comprise:

	2018	2017
	₦'000	₦'000
Cash in hand	127	79
Due from banks and other financial institutions (see note 17(b) below) (net)	1,290,408	1,497,373
	1,290,535	1,497,452

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

	2018	2017
	₦'000	₦'000
Cash in hand	127	79
Current accounts	252,637	203,889
Short term placement	1,044,747	1,293,484
Cash and cash equivalent per statement of cash flows.	1,297,511	1,497,452
Impairment on cash and cash equivalent (see note 17(b)	(6,976)	-
Cash and cash equivalent per statement of financial position	1,290,535	1,497,452

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company.

	2018	2017
17 (b) Due from banks and other financial institutions	₦'000	₦'000
Current accounts (net)	252,637	203,889
Short term placements (net)	1,037,771	1,293,484
	1,290,408	1,497,373

Movement in impairment

	2018	2017
	₦'000	₦'000
At 1 January (IAS 39)	-	-
Impact of IFRS 9 transition	9,940	
Adjusted opening balance (IFRS 9)	9,940	-
reversal of impairment during the year (note 14)	(2,964)	-
At 31 December	6,976	-

The ECL impairment amount arose from balances with financial institutions with credit ratings of "CCC" as at 31 December 2018

18 Financial assets

	2018	2017
	₦'000	₦'000
Amortized cost (note 18(a))	1,204,643	-
Fair value through other comprehensive income (note (c))	6,647,170	-
Loans and receivables (note 18 (d))	-	1,037,632
Available for sale investments (note 18 (e))	-	5,075,392
	7,851,813	6,113,024

18 (a) Financial asset at amortised cost

	2018	2017
	₦'000	₦'000
Long term deposit with financial institutions	1,032,038	-
Staff loans	167,740	-
Loans to policy holders	7,079	-
ECL on financial asset at amortised cost	(2,214)	-
	1,204,643	-

Movement in impairment

	2018	2017
	₦'000	₦'000
At 1 January (IAS 39)	-	-
Impact of IFRS 9 transition	3,603	
Adjusted opening balance (IFRS 9)	3,603	-
reversal of impairment during the year (note 14)	(1,389)	-
At 31 December	2,214	-

Note to the financial statements
for the year ended 31 December 2018

18 (b) Financial assets classified at fair value through other comprehensive income

At 1 January 2018, the Company designated the investments in equities securities at FVOCI because these equity investments represent those that the Company intends to hold for the long term for strategic purposes. In 2017, these investments were classified as available for sale.

No strategic investments were disposed off during the period and there were no transfers of any cumulative gain or loss within equity relating to these investment.

	2018	2017
	₦'000	₦'000
Unlisted equities	97,465	-
Treasury Bills	6,586,686	-
Listed equities	150,887	-
Fair value changes (see note 35.2)	(187,868)	-
	6,647,170	-

Movement in fair value	2018	2017
	₦'000	₦'000
At 1 January	109,613	33,169
Fair value changes during the year (note 35.3)	(297,481)	76,444
At 31 December	(187,868)	109,613

18 (c) Loans and receivables

	2018	2017
	₦'000	₦'000
Staff loans	-	125,874
Loans to policy holders	-	18,861
Long term deposits with financial institutions (See note 18(a)(i))	-	892,897
	-	1,037,632
	-	1,037,632
Due within 12 months	-	933,245
Due after 12 months	-	104,387
	-	1,037,632

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

	Policy loans	Total
	₦'000	₦'000
At 1 January 2017	1,088	1,088
Allowance for impairment	-	-
At 31 December 2017/01 January 2018	1,088	1,088
Write back	(1,088)	(1,088)
Allowance for impairment	-	-
Total impairment for the year	(1,088)	(1,088)
At 31 December 2018	-	-

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

18 (e) Available-for-sale financial assets

	2018	2017
	₦'000	₦'000
Treasury bills	-	4,826,994
Equity Securities:		
Listed	-	61,033
Unlisted	-	189,380
	-	5,077,407
Impairment loss	-	(2,015)
	-	5,075,392
Due within 12 months	-	4,826,994
Due after 12 months	-	248,398

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

At 1 January	-	376
Impairment during the year	-	1,639
At 31 December	-	2,015

Note to the financial statements
for the year ended 31 December 2018

18 (f) The movement in financial assets may be summarized as follows:

	Held to maturity investments	Loans and receivables	Available for sale investment	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2017	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	-	11,997	-	11,997
Below market rate(BMR)interest rate adjustment on staff loan	-	101	-	101
Fair value gains	-	-	76,444	76,444
Impairment write back on policy loan	-	1,088	-	1,088
Amount Impaired during the year as uncollectible	-	-	(1,639)	(1,639)
At 31 December 2017	-	1,037,632	5,075,391	6,113,024

	Amortized Cost	FVOCI	Total
At 1 January 2018	1,037,632	5,075,391	6,113,023
IAS 39 closing balance as at 31 December 2017	(3,603)	-	(3,603)
IFRS 9 ECL as at January 1, 2018	1,034,029	5,075,391	6,109,420
Purchase/Additions	1,343,349	15,931,115	17,274,464
Exchange gain (Note 13 ('c))	11,995	-	11,995
Repayment and Disposals (sale and redemption)	(1,040,706)	(14,791,432)	(15,832,138)
Interest income earned for the year (Note 12(a))	37,306	729,575	766,881
Interest Income(Notional) on staff loan (note 13(a))	26,106	-	26,106
Below market rate(BMR)interest rate adjustment on staff loan (Note 21(a)(i))	(183,279)	-	(183,279)
Fair value gains/ (loss)	-	(245,025)	(245,025)
Reversal of fair value on disposed financial assets	-	(52,456)	(52,456)
Write off of prepaid staff benefit related to exited staff (Note 18(f))	(25,546)	-	(25,546)
Reversal of impaired during the year	1,389		1,389
At 31 December 2018	1,204,643	6,647,169	7,851,812

Movement in financial assets at amortised cost may be summarised as follows;

Assets measured at amortised cost	Other recievables	Staff loans	Loans to policy holders	Total
Balance as January 1 (see note 18(c'))	892,897	125,874	18,861	1,037,632
Purchase/Additions	1,003,187	338,540	1,623	1,343,350
Amortization of financial asset	-	-	-	-
Exchange gain	11,995	-	-	11,995
Repayement and Disposals (sale and redemption)	(913,346)	(113,955)	(13,405)	(1,040,706)
Interest income earned for the year	37,306	-		37,306
Write off of prepaid staff benefit related to exited staff (Note 18(f))		(25,546)		(25,546)
Interest Income(Notional) on staff loan	-	26,106		26,106
Reclassification of staff loan (Note 21 (b))	-	-		-
Below market rate(BMR)interest rate adjustment on staff loan		(183,279)		(183,279)
Impairment losses	(2,214)			(2,214)
Balance as at 31 December (see note 189a))	1,029,826	167,740	7,079	1,204,645

Movement in financial assets at FVOCI may be summarised as follows;

FVOCI	Unlisted equities	Treasury bills	Listed equities	Total
Balance as January 1	189,380	4,824,978	61,033	5,075,391
Purchase/Additions		15,841,261	89,854	15,931,115
Repayement and Disposals (sale and redemption)	(91,915)	(14,699,517)	-	(14,791,432)
Interest income earned for the year	-	729,575	-	729,575
Reversal of fair value on disposed financial assets	-	(52,456)	-	(52,456)
Fair value gain/(loss)	-	(245,025)	-	(245,025)
Balance as at 31 December 2018	97,465	6,398,816	150,887	6,647,169

19 Trade receivables

	2018	2017
	₦'000	₦'000
Premium receivables (note 19(a))	26,531	8,259
Recovery of claims paid from coinsurer on Non-life businesses (see note 19(b))	233,492	152,200
Recovery of claims paid from coinsurer on Life businesses (note 19(c))	91,844	-
Recovery of claims paid on NNPC group life from coinsurers (note 19(d))	3,799	205,256
	355,666	365,715

Note to the financial statements
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Due within 12 months	-	238,360
Due after 12 months	355,666	127,355

Analysis of receivable due within 12 months:		
Within 30 days	26,531	8,259
Above 30 days	329,135	357,456

Recovery from claims paid from coinsurers are amount due from other insurance companies in respect of claims paid to clients on behalf of co-insurers, particularly where the Company led some policie. It is the Company's policy to ensure prompt payment of claims to clients.

19 (a) Premium receivables

	2018	2017
Premium receivable from agents, brokers and intermediaries	**₦'000**	**₦'000**
Due from agents	-	9,193
Due from brokers	26,531	-
Total premium receivable	26,531	9,193
Allowance for impairment (note 19(a)(i))	-	(934)
	26,531	8,259

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

	2018	2017
	₦'000	**₦'000**
At 1 January	934	105,261
Additional impairment during the year (note 14)	-	-
Allowance no longer required	(934)	(291)
Amount written off during the year as uncollectible (due from Head of Service)	-	(104,036)
At 31 December	-	934

	2018	2017
19 (b) Recovery of claims paid from coinsurer on non-life business	**₦'000**	**₦'000**
Due from coinsurers	233,492	152,200
	233,492	152,200

	2018	2017
19 (c) Recovery of claims paid from coinsurer on life business	**₦'000**	**₦'000**
Due from coinsurers	91,844	-
Allowance for impairment	-	-
	91,844	-

	2018	2017
19 (d) Recovery of claims paid on NNPC group life from coinsurers	**₦'000**	**₦'000**
Due from coinsurers	39,856	241,313
Allowance for impairment (see note 19 (e)(i) below)	(36,057)	(36,057)
	3,799	205,256

19 (c)(i) Movements on the allowance for impairment of recovery of claims paid on NNPC group life from coinsurers are as follows:

	2018	2017
	₦'000	**₦'000**
At 1 January	36,057	36,057
Allowance for impairment	-	-
Allowance no longer required	-	-
Amount written off during the year as uncollectible	-	-
Net movement during the year (note 14)	-	-
At 31 December	36,057	36,057

20 Reinsurance assets

	Life	Non-Life	2018	2017
	₦'000	**₦'000**	**₦'000**	**₦'000**
Prepaid reinsurance premium(including group life + health) (note 20 (a))	98,963	541,182	640,145	632,384
Prepaid minimum and deposit reinsurance (note 20 (b))	-	41,244	41,244	79,990
Reinsurance share of outstanding claims (note 20 (c))	72,752	913,563	986,315	356,476
Reinsurance share of IBNR (note 20 (d))	80,086	349,043	429,129	301,340
Reinsurance share of IBNR on individual life (note 9(a))	43,377	-	43,377	-
	295,178	1,845,032	2,140,210	1,370,190
Due within 12 months	295,178	1,845,032	2,140,210	1,370,190

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for the year ended 31 December 2018

20 (a) Changes in prepaid reinsurance premium

	2018	2017
	₦'000	₦'000
At 1 January	632,384	623,951
Additions during the year	3,232,918	2,953,852
Amortization during the year	(3,225,156)	(2,945,419)
At 31 December	640,146	632,384
Net changes (see note 6.1)	7,762	8,433

20 (b) Prepaid minimum and deposit reinsurance

	2018	2017
	₦'000	₦'000
At beginning of year	79,990	93,247
Additions during the year	41,244	82,381
Amortization during the year	(79,990)	(95,638)
At 31 December	41,244	79,990
Net changes (see note 6.1)	(38,746)	(13,257)

20 (c) Movement in reinsurance recoverable on outstanding claims

	2018	2017
	₦'000	₦'000
At beginning of year	356,476	207,579
Movement during the year	629,839	148,897
At end of year	986,315	356,476

20 (d) Movement in reinsurance portion of IBNR

	2018	2017
	₦'000	₦'000
At beginning of year	301,340	253,718
Movement during the year (see note 9)	127,789	47,622
At end of year	429,129	301,340

Note to the financial statements
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		2018	2017
21	**Other receivable and prepayments**		
	Non-financial asset;	₦'000	₦'000
	Prepaid expenses (see note 21(a) below)	233,949	124,910
	Financial asset;		
	Other financial assets (see note 21(b)below)	76,395	262,574
	Total recievable and prepayments	310,344	387,484
21 (a)	*Breakdown of prepaid expenses:*		
	Prepaid staff benefit(21(a)(i))	213,100	91,106
	Computer maintenance	3,088	2,102
	Directors' allowance	-	597
	Rent and rates	11,695	11,018
	Professional and consultancy fees	3,333	4,431
	Insurance and Subscriptions	2,734	15,656
		233,950	124,910

21(a)(i) Prepaid staff benefit consist of the following;

	2018	2017
	₦'000	₦'000
Staff Pre-Insurance	17,213	13,212
Cash advance	6,608	10,567
Director's allowances	-	418
Staff prepaid medical advances	-	4,555
Other staff allowances	3,251	-
Prepaid staff loan benefit*	186,028	62,355
	213,100	91,106

*Staff are entitled to loans which are repayable through monthly payroll deductions (see note 18(a)). The loans are given at a rate that is below the general market interest rate. The difference between the market interest rate and the rate at which these loans are advanced to staff are recognised as staff prepaid benefit. This is amortised over the tenor of the loan.

Movement in prepaid staff loan benefit during the period may be represented as follows;	2018	2017
	₦'000	₦'000
Opening balance	62,355	107,173
Below market rate(BMR)interest rate adjustment on staff loan (Note 18(f))	183,279	(101)
Write off of prepaid staff benefit related to exited staff (Note 18(f))	(25,546)	-
Amortization of prepaid staff benefit (Note 15(a))	(34,060)	(44,718)
	186,028	62,355

21(b)	*Breakdown of other financial assets:*		
	Withholding tax receivable	58,142	58,142
	Dividend receivable on equities	3,732	3,732
	Receivable from ASO Savings & Loans Plc (note 21(b)(i))	-	180,814
	Receivable from Resort Savings & Loans Limited (Note 21(b)(ii))	84,315	84,315
	Loan to exited staff (note 21(b)(iii))	142,644	653
	Motor vehicle loans to exited staff reclassified from property and equpiment (Note 21(b)(ii)	31,500	-
	Other receivables	20,153	19,232
	Allowance for impairment (note 21('c))	(264,092)	(84,315)
		76,394	262,574

21(b)(i) Amount represents placements with Aso savings and loans Plc which became overdue 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 and the amount was settled with a property swap during the year (see note 23)

21(b)(ii) Amount represents placements with Resort Savings Limited, which also became long-term 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 in 2017 as management considered its recoverability be doubtful.

21(b)(iii) Loans to exited staff represent the outstanding balance of the loans advanced to Company personnel who resigned as employee of the Company during the year. The exited staff involved did not have exit packages that could net off these loans at the time of their exit, hence the Company obtained payment plans from staff at their exit, which they have not be able to fulfil in the current year and in line with Company's policy to assess impairment on unpaid balances, outstanding amounts have been impaired accordingly.

21(b)(iv) The movement in other receivables may be summarized as follows

	2018	2017
	₦'000	₦'000
At 1 January	262,574	63,281
Additions	45,054	309,068
Motor vehicle loans to exited staff reclassified from property and equipment	31,500	-
Dividend received (See note 43.1)	(869)	(164)
Increase/(decrease) in Withholding tax receivable	40,398	(25,949)
Loan to exited and outsourced staff reclassified to other receivables(See note18(f))*	142,644	653
Reclassification of recievables from Aso savings to Investment property (note 23	(180,814)	-
Allowance for impairment (note 21(c))		
Impairment charge	(264,092)	(84,315)
At 31 December	76,395	262,574

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

	2018	2017
	₦'000	₦'000
At 1 January (IAS 39)	84,315	-
Impact of IFRS 9 transition	26,490	-
Adjusted opening balance (IFRS 9)	110,805	-
Additional impairment during the year - motor vehicle loan to exited staff (note 14)	31,500	-
Additional impairment during the year (note 14)	121,787	84,315
At 31 December	264,092	84,315

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for the year ended 31 December 2018

Movement on allowance for impairment on other recievables may be represented as follows;

		ECL Impairment			
	Gross amount	**Opening balance (IFRS 9)**	**Charge/(reversal)**	**Closing balance**	**Net Amount**
Withholding tax receivable	58,142	-	-	-	58,142
Dividend receivable on equities	3,732	885	-	885	2,847
Receivable from ASO Savings & Loans Plc (note 21(b)(i))	-	-	-	-	-
Receivable from Resort Savings & Loans Limited (Note 21(b)(ii))	84,315	84,315	-	84,315	-
Loan to exited staff (note 21(b)(iii))	142,644	20,891	121,753	142,644	-
Motor vehicle loans to exited staff	31,500	-	31,500	31,500	-
Other receivables	20,153	4,714	34	4,748	15,405
	340,486	110,805	153,287	264,092	76,394

22 Deferred acquisition costs

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

	2018	**2017**
	₦'000	**₦'000**
Motor	25,939	12,754
Fire	17,494	25,652
Bond	745	1,671
General accident	73,559	56,430
Marine and aviation	22,457	10,839
Engineering	23,063	27,335
Oil and gas	19,434	3,470
	182,691	138,151

22 (a) Movement in deferred acquisition cost:

	2018	**2017**
	₦'000	**₦'000**
Balance as at 1 January	138,151	150,488
Acquisition cost during the year	1,022,798	687,609
Amortization during the year (see note 10)	(978,258)	(699,946)
Balance as at 31 December	182,691	138,151
Due within 12 months	182,691	138,151

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

	At 1 January 2017	**Movement**	**At 31 December 2017**	**Movement**	**At 31 December 2018**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Motor	18,073	(5,319)	12,754	13,185	25,939
Fire	38,496	(12,843)	25,652	(8,158)	17,494
Bond	1,970	(299)	1,671	(926)	745
General accident	52,654	3,776	56,430	17,129	73,559
Marine and aviation	23,269	(12,430)	10,839	11,618	22,457
Engineering	12,233	15,102	27,335	(4,272)	23,063
Oil and gas	3,793	(324)	3,470	15,964	19,434
	150,488	(12,337)	138,151	44,540	182,691

23 Investment property

(a) Reconciliation of carrying amount

	2018	**2017**
	₦'000	**₦'000**
At 1 January	1,498,518	1,140,145
Additions	125	290,000
Reclassification (see note 21(b)(i))	180,814	-
Disposal	(154,969)	-
Fair value gain	29,988	68,373
At 31 December	1,554,476	1,498,518

The balance in this account is analyzed below:

	2018	**2017**
	₦'000	**₦'000**
Cost	1,198,401	1,172,431
Revaluation gains	356,075	326,087
At 31 December	1,554,476	1,498,518

In thousands of Naira

Location	Nature of title held	At 1 January 2018	Addition/ Reclassification	Disposal	Revaluation surplus/(loss)	At 31 December 2018
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	1,205,936	125	-	5,742	1,211,802
Beach Resort Estate, Lekki Expressway, Lagos	Deed of Assignment	292,582	-	(154,969)	(32,141)	105,473
Shopping complex, Lugbe, Abuja*	Debt Asset Swap		180,814		56,387	237,201
Total		1,498,518	180,939	(154,969)	29,988	1,554,476

*This represents the property taken over in the asset debt swap between ASO Savings and Loans Plc and NSIA Insurance Limited, representing a full and final settlement of all outstanding recievable from ASO Saving. The amount recievabled from ASO Savings (Note 21(b)) was written off and the equivalent amount recognised as the purchase value of the aformentioned complex. The value of the complex was subsequently revalued and a revalutaion gain of N56.3m was recognised in 2018. During the year, the Company received property of 76 shops at Lugbe market in exchange for a sum of N180,814,000 being owed to it by ASO Savings and Loans Plc. The fair value of the property at the date of transfer was ₦186,300,000. The fair value as at year end is ₦237,207,000.

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

(a) Addition: the amount of ₦125,000 represents the cost of constructing gate house for Awoyaya land

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(b) Disposal: the Beach Resort Estate is made up of 3731 square meter (4 plots) of land. During the year, 2382.36 square meter (2.5 plots) were sold for the sum ₦154,609,000.

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

The Company has executed deed of assignment on all the investment properties. The Company has applied to register the deed of assignment with the Lagos State Lands Registry and the Federal Capital Territory Land registry.

(b) Measurement of fair value

(i) **Fair value hierarchy**

The fair value of investment property has been determined by a reputable estate surveyors and valuers using the 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 N1.55billion has been categorized as a Level 3 fair value, based on the inputs into the valuation technique used.

Reconciliation of level 3 fair value

	2018	2017
Fair value as at 1 January 2018	326,087	257,714
Addition during the year	29,988	68,373
Fair value as at 31 December 2018	356,075	326,087

(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 method of valuation adopted is the Sales Comparison Approach. Under this approach, fiar value market price is determined from available evidence of sale price of comparable sites appropriately adjusted to reflect the differences in the subject property.	- 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	2018	2017
	₦'000	₦'000
Fair Value gain	356,075	326,087
+10% movement in open market price	35,607	32,609
- 10% movement in open market price	(35,607)	(32,609)

24 Deferred tax liabilities

	2018	2017
	₦'000	₦'000
At 1 January	(518,974)	(137,863)
Credit/(charge) to profit and loss account for the year	36,779	(144,670)
Items in other comprehensive income	(76,515)	(236,441)
At 31 December	(558,710)	(518,974)

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 10% (2017: 10%) on investment properties and on the revaluation surplus of land & building and 30% (2017: 32%) on other items.

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

31 December 2018	**Net balance at 1 January**	**Recognized in profit or loss**	**Recognized in OCI**	**Net position**	**Deferred tax assets**	**Deferred tax liabilities**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property and equipment	(486,366)	39,778	(76,515)	(523,103)		(523,103)
Investment properties	(32,608)	(2,999)		(35,607)	-	(35,607)
Total	(518,974)	36,779	(76,515)	(558,710)	-	(558,709)

31 December 2017	**Net balance at 1 January**	**Recognised in profit or loss**	**Recognized 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	(517,589)
Investment properties	(14,376)	(18,232)	-	(32,608)	-	(32,608)
Total	(137,863)	(144,670)	(236,441)	(518,974)	31,223	(550,198)

Deferred tax asset for the life business of N362, 662,077 (2017: N925,648,508) has not been recognized 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.

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25 Intangible assets
As at 31 December 2018

	Computer Software	Software under development	Total
Cost	**₦'000**	**₦'000**	**₦'000**
At 1 January	207,206	22,050	229,256
Additions	-	-	-
Disposals	-	-	-
At 31 December	207,206	22,050	229,256
Accumulated amortization			
At 1 January	201,969	-	201,969
Amortization charge for the year	2,546	-	2,546
Disposal	-	-	-
At 31 December	204,515	-	204,515
Carrying amount			
At 31 December	2,691	22,050	24,741

Software under development comprises cost incurred to date on the development of an accounting software (GIBS). Upon deployement, the accounting software would be transferred to Computer software and subjected to amortization in line with the Company's amortization policy.

As at 31 December 2017

	Computer Software	Software under development	Total
Cost	**₦'000**	**₦'000**	**₦'000**
At 1 January	207,206	-	207,206
Additions	-	22,050	22,050
Disposals	-	-	-
At 31 December 2017	207,206	22,050	229,256
Accumulated amortization			
At 1 January	199,350	-	199,350
Amortization charge for the year	2,619	-	2,619
Disposal	-	-	-
Reclassification	-	-	-
Impairment loss	-	-	-
At 31 December 2018	201,969	-	201,969
Carrying amount			
At 31 December	5,237	22,050	27,287

26 Property and equipment

At December 2018

	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/Revalued amount	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2018	1,267,818	1,898,707	45,669	232,359	156,391	277,135	568,239	120,072	4,566,391
Additions	-	11,046	4,194	35,048	5,800	19,990	98,704	31,472	206,254
Disposals/write-off	-	-	-	(12,206)	-	(4,082)	-	-	(16,288.83)
Reclassification within PPE	-	39,894	-		284	-	111,367	(151,544)	-
Reclassification to loans and receivables (exited staff)	-	-	-	-	-	-	(155,550)	-	(155,550)
Revaluation surplus	58,374	83,098	-	-	-	-	-	-	141,472
Transfers	-	-	-	-	-	-	-	-	-
At 31 December 2018	1,326,192	2,032,745	49,863	255,201	162,475	293,043	622,759	-	4,742,279
Accumulated depreciation									
At 1 January 2018	-	50,447	43,479	135,439	123,269	121,761	412,165	-	886,560
Charge for the year	-	37,974	1,051	35,800	16,813	50,575	136,109	-	278,322
Disposals/writeoff	-	-	-	(9,709)	-	(4,034)	-	-	(13,743)
Reclassification to loans and receivables (exited staff)	-	-	-	-	-	-	(124,050)	-	(124,050)
At 31 December 2018	-	88,421	44,530	161,530	140,082	168,302	424,224	-	1,027,089
Net book value - 2018	1,326,192	1,944,324	5,333	93,671	22,393	124,741	198,535	-	3,715,190

(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 recognized 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, 2018. The valuation method is on comparable and investment method. The revaluation gain of ₦141.47 million arising from the valuation of the Company's building has been recognized in other comprehensive income.

(iii) Reclassification to loans and receivables represents the remaining depreciable amount (cost less accummulated depreciation) of the status/official cars attached to two staff who exited the Company during the year. These exited staff have exercised the option of paying to the company the remaining depreciable amount in line with the company’s policy. The cars net book value of ₦31.5million were therefore converted to loans and transferred to other receivables (receivable from exited staff in note 21(b)).

(iv) There were no liens or encumbrances on the assets.

(v) The capital work-in-progress of ₦151.54million reclassified during the year represents payment for motor vehicle and computer equipment which was finalised and received during the year. The amount was reclassified from work-in-progress as the assets became available for use in the year under review and depreciated accordingly. It also include the cost of constructing the executive floor, installation and upgrade of Closed Circuit TV (CCTV).

At December 2017

Cost/Revalued amount	**Land** ₦'000	**Buildings** ₦'000	**Leasehold improvements** ₦'000	**Office equipment** ₦'000	**Computer equipment** ₦'000	**Furniture & fittings** ₦'000	**Motor vehicles** ₦'000	**Capital Work in progress** ₦'000	**Total** ₦'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	-	43,554	5,665	49,946	-	161,505	282,355
Disposals	-	(9,804)	-	(8,122)	-	(9,466)	(48,168)	-	(75,560)
Reclassification	-	10,563	(10,563)	-	-	-	-	-	-
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	-	242,399
Disposals	-	(3,676)	-	(4,924)	-	(602)	(47,906)	-	(57,108)
Reclassification	-	2,720	(2,720)	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2017	-	50,447	43,479	135,439	123,269	121,761	412,165	-	886,560
Net book value - 2017	1,267,818	1,848,260	2,190	96,920	33,122	155,374	156,074	120,073	3,679,831

(if) 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 recognized in other comprehensive income.

(iii) The sum of ₦10,563,000 reclassified from leasehold improvement relates to freehold improvement that was recognized under leasehold improvement.

(iv) The sum of ₦43,479,000 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 encumbrances on the assets.

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

	December 2018		December 2017	
	Land	**Building**	**Land**	**Building**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cost	544,349	802,402	544,349	751,462
Accumulated depreciation	-	(37,947)	-	(25,082)
Net book value	544,349	764,455	544,349	726,380

26 (b) Breakdown of land and buildings:

	December 2018		
	Land	**Building**	**Total**
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,189,019	1,806,488	2,995,507
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	137,173	137,837	275,010
Total	1,326,192	1,944,325	3,270,517

	December 2017		
	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:

	Status of Title	**1 January 2018**	**Addition**	**Disposal**	**Depreciation**	**Reclassification and Transfer**	**Revaluation Gain**	**31 December 2018**
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	Deed of Assignment	2,842,515	11,046	-	(37,974)	-	140,026	2,955,613
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	273,564	-	-	-	39,894	1,446	314,904
Total		**3,116,079**	**11,046**	**-**	**(37,974)**	**39,894**	**141,472**	**3,270,517**

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

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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.

	2018	2017
	₦'000	₦'000
Due after 12 months	500,000	500,000
	500,000	500,000

28 Investment contract liability

	2018	2017
	₦'000	₦'000
At 1 January	92,551	35,570
Deposits received	138,999	79,323
Guaranteed interest (see note 7.2)	3,602	2,965
	235,152	117,858
Less: withdrawals	(129,772)	(25,307)
At 31 December	105,380	92,551
Due within 12 months	105,380	92,551

The Company has a total sum of N105.4million (2017 - N92.7million) in deposit administered funds.

28 (a) Asset representing investment contract liabilities fund:

Breakdown:

Financial assets	105,380	92,551
Financial assets - Held to maturity investments	-	-
	105,380	92,551

29 Insurance contract liabilities

	2018	2017
	₦'000	₦'000
Short term business (see note 29 (a) below)	3,916,240	2,455,730
Long term business (see note 29 (b) below)	332,432	434,634
Total insurance liabilities	4,248,672	2,890,364

The Company's insurance contract liabilities above was actuarially determined by QED Actuarial Services and Zamara as at 31 December 2018.
Insurance contract liabilities analyzed into Non-life and Life business:

2018

	Insurance contract liabilities (non life)	Insurance contract liabilites (Life)	Investment contract liabilities (Life)	Total contract liabilities (Life)	Insurance contract liabilities (Total)
	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium (note 29.1(a))	1,490,524	273,981	-	273,981	1,764,505
Outstanding claims short term (note 29.1(b))	1,078,751	169,447	-	169,447	1,248,198
Oustanding claims long term (note 29.1 (b))	-	36,211	-	36,211	36,211
IBNR (note 29.1(c))	631,233	272,304	-	272,304	903,537
Individual life fund (note 29.1(d))	-	296,220	105,380	401,600	296,220
	3,200,508	1,048,163	105,380	1,153,543	4,248,671

2017

	Insurance contract liabilities (non life)	Insurance contract liabilites (Life)	Investment contract liabilities (Life)	Total contract liabilities (Life)	Insurance contract liabilities (Total)
	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium (note 29.1(a))	1,135,904	105,055		105,055	1,240,959
Outstanding claims short term (note 29.1(b))	347,047	228,168		228,168	575,215
Oustanding claims long term (note 29.1 (b))	-	-	-	-	-
IBNR (note 29.1(c))	572,214	114,243		114,243	686,457
Individual life fund (note 29.1(d))	-	295,182	92,551	387,733	387,733
	2,055,165	742,648	92,551	835,198	2,890,364

29.1 Movement in each component of insurance may be represented as follows;

		2018	2017
29.1(a)	Movement in Unearned premium during the year;	**₦'000**	**₦'000**
	At the beginning of the year	1,240,959	1,262,478
	Increase/(decrease) during the year (Note 6.1)	523,546	(21,519)
	At 31 December	1,764,505	1,240,959

		2018	2017
29.1(b)	Movement in Outstanding claims during the year;	**₦'000**	**₦'000**
	At the beginning of the year	575,215	455,252
	Increase during the year (Note 42.4)	709,194	119,963
	At 31 December	1,284,409	575,215

		2018	2017
29.1(c)	Movement in IBNR during the year;	**₦'000**	**₦'000**
	At the beginning of the year	686,457	661,093
	Increase during the year (Note 42.4)	217,080	25,364
	At 31 December	903,537	686,457

		2018	2017
29.1(d)	Movement in Individual life during the year;	**₦'000**	**₦'000**
	At the beginning of the year	387,733	230,286
	(decrease)/increase during the year (Note 29(b)(iii))	(91,513)	157,447
	At 31 December	296,220	387,733

	Non-Life	LIFE	2018	Non-Life	LIFE	2017
Unearned premium	1,490,524	273,981	1,764,505	1,135,904	105,055	1,240,959
Outstanding claims	1,078,751	205,658	1,284,409	347,047	228,168	575,215
IBNR	631,233	272,304	903,537	572,214	114,243	686,457
Individual life fund	-	296,220	296,220	-	387,733	387,733
Annuity fund	-	-	-			-
	3,200,508	1,048,163	4,248,671	2,055,165	835,199	2,890,364

		2018	2017
29.1(e)	Movement in Outstanding Claims and IBNR	**₦'000**	**₦'000**
	Increase during the year (Note 42.4)	709,194	119,963
	Increase during the year (Note 42.4)	217,080	25,364
	Net Movement (Note 8)	926,274	145,327

29 (a)	Short term insurance business liabilities comprise:	**₦'000**	**₦'000**
	Outstanding claims (see note 29(a)(i))	1,248,198	528,314
	Claims incurred but not reported (see note 29(a)(iii))	903,537	686,457
	Total short term business outstanding claims	2,151,735	1,214,771
	Provision for unearned premium (see note 29(a)(iv))	1,764,505	1,240,959
	Total short term business insurance contract liability	3,916,240	2,455,730

29 (a)(i)	Outstanding claims are analyzed as follows:		
	At 1 January	528,314	441,547
	Claims incurred in the year	1,992,158	2,897,209
	Claims paid during the year (see note 8)	(1,272,274)	(2,810,442)
	At 31 December	1,248,198	528,314

Outstanding claims was determined as the sum of the individual case-estimates of each of the reported but outstanding claims for each class of business.

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

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

	2018		2017	
	Number of claimants	**Outstanding claims**	**Number of claimants**	**Outstanding claims**
0 - 90 days	185	289,677	141	151,209
91 - 180 days	84	459,715	102	58,934
181 - 270 days	53	36,914	81	28,192
271 - 365 days	42	364,219	75	269,342
above 365 days	145	97,673	72	20,637
	509	1,248,198	471	528,314

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.

Short term

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 366 Days	Total
Awaiting Lost adjuster report	3,246	104,032	8,126	87	7,593	123,084
Awaiting documentation	64,145	385,176	41,483	13,382	66,092	570,278
Abadoned	-	-	-	-	-	-
Incomplete Documentation	82,848	34,657	7,849	13,076	380,195	518,625
Total	150,239	523,865	57,458	26,545	453,880	1,211,986

Long term

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 366 Days	Total
Awaiting Lost adjuster report	-	-	-	-	-	-
Awaiting documentation	500	500	1,500	14,088	12,094	28,682
Abadoned	-	-	-	-	-	-
Incomplete Documentation	1,484	-	2,262	500	3,283	7,529
Total	1,984.00	500.00	3,762.00	14,588.00	15,377.00	36,211
	152,223	**524,365**	**61,220**	**41,133**	**469,257**	**1,248,198**

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

	2018	2017
	₦'000	**₦'000**
At 1 January	686,457	661,093
Movement during the year	217,080	25,364
At 31 December	903,537	686,457

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

	1 January 2018 ₦'000	Movement during the year ₦'000	31 December 2018 ₦'000	1 January 2017 ₦'000	during the year ₦'000	31 December 2017 ₦'000
Motor	31,960	6,446	38,406	96,047	(64,087)	31,960
Fire	55,308	2,565	57,873	56,645	(1,337)	55,308
Bond	5,118	(1,858)	3,260	3,032	2,086	5,118
General accident	213,631	(66,232)	147,399	228,857	(15,226)	213,631
Marine and aviation	14,932	19,993	34,925	33,233	(18,301)	14,932
Engineering	9,993	605	10,598	40,661	(30,668)	9,993
Oil and energy	241,272	97,500	338,772	49,762	191,510	241,272
Health insurance	-	71,209	71,209	-	-	-
Group life	114,243	86,852	201,095	152,856	(38,613)	114,243
	686,457	217,080	903,537	661,093	25,364	686,457

IBNR relates to only short term insurance business.

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

	Unearned premium 2018	Movement	Unearned premium 2017	Movement	Unearned premium 2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	290,368	85,353	205,015	(45,187)	250,202
Fire	198,613	2,913	195,700	(46,557)	242,258
Bond	8,327	(4,215)	12,542	(6,268)	18,811
General accident	454,344	(16,440)	470,784	174,567	296,217
Marine and aviation	156,798	45,875	110,923	(32,338)	143,261
Engineering	143,977	74,302	69,675	(6,107)	75,782
Oil and energy	238,097	166,833	71,264	(18,098)	89,362
Health insurance	91,639	91,639	-	-	-
Group life	182,342	77,288	105,054	(41,532)	146,586
	1,764,505	523,547	1,240,958	(21,520)	1,262,478

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

29 (b) Long term business insurance liabilities

	2018	2017
	₦'000	₦'000
Outstanding claims (see note 29 (b)(i))	36,212	46,903
Individual life business liability (see note 29 (b)(iii))	296,220	387,731
	332,432	434,634

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

	Individual life 2018	Individual life 2017
	₦'000	₦'000
At 1 January	46,903	13,708
Additional claims incurred	75,526	120,709
Claims paid	(86,217)	(87,514)
Net movement (see note 8)	(10,691)	33,195
At 31 December	36,212	46,903

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

	2018		2017	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	4	1,984	6	20,101
91 - 180 days	1	500	1	500
181 - 270 days	5	3,763	3	10,688
271 - 365 days	6	14,586	2	2,678
above 365 days	33	15,378	37	12,936
	49	36,212	49	46,903

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:

	2018	2017
	₦'000	₦'000
At 1 January	387,732	230,283
(Decrease)/Increase during the year	(91,513)	157,449
At 31 December	296,220	387,732

Life fund of N157,449 was previously disclosed as part of net premium income. This is now presented separately in the statement of profit or loss for clarity.

29(c) **Outstanding claims provision (continued)**

The table below shows the breakdown of oustanding 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:

	2018 Outstanding Claims	IBNR	Total	2017 Outstanding Claims	IBNR	Total	2018 Reinsurance on IBNR	2017 Reinsurance on IBNR
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	63,581	38,406	101,987	28,749	31,960	60,709	3,562	1,976
Fire	627,680	57,873	685,553	9,023	55,308	64,331	49,291	33,910
Bond	7,124	3,260	10,384	800	5,118	5,918	1,304	1,998
General accident	103,932	147,399	251,331	293,434	213,631	507,065	77,402	75,583
Marine and aviation	134,677	34,925	169,602	8,552	14,932	23,484	10,796	10,966
Engineering	12,727	10,598	23,325	6,266	9,993	16,259	9,488	7,463
Oil and energy	129,030	338,772	467,802	224	241,272	241,496	197,199	159,608
Health insurance	80,835	71,209	152,044	-	-	-	56,520	-
Group life	88,612	201,095	289,707	181,267	114,243	295,510	23,566	9,836
Individual life	36,211	-	-	-	-	-	-	-
	1,284,409	903,537	2,151,735	528,315	686,457	1,214,772	429,128	301,340

29 (d) Assets representing insurance fund:
31 December 2018

Breakdown:	**Short term insurance business**	**Long term insurance business**	**Total 2018**
	₦'000	**₦'000**	**₦'000**
Quoted equities at market value	-	-	-
Unquoted equities at revalued amount	-	-	-
Placement and similar deposits	-	-	-
Financial assets	-	-	-
-FVOCI	-	-	
- amortized cost	1,689,080	997,329	2,686,409
Reinsurance asset	1,845,032	295,178	2,140,210
Valuation surplus during the year	-	-	-
	3,534,112	1,292,507	4,826,619

31 December 2017

Breakdown:	**Short term insurance business**	**Long term insurance business**	**Total 2017**
	₦'000	**₦'000**	**₦'000**
Quoted equities at market value	-	-	-
Unquoted equities at revalued amount	-	-	-
Financial assets -available for sale	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

30 Trade payables

	2018	**2017**
	₦'000	**₦'000**
Reinsurance payables (see note 30 (a))	230,503	243,557
Insurance payables (see note 30(b))	1,171,529	407,383
	1,402,032	650,940
Due within 12 months	1,402,032	650,940

30 (a) Reinsurance payables

	2018	**2017**
	₦'000	**₦'000**
Premium payable to reinsurers/coinsurers	230,503	243,557
	230,503	243,557

30 (b) Insurance payables

	2018	**2017**
	₦'000	**₦'000**
Commission payable	322,735	77,507
Deposits for insurance premium	848,794	329,876
	1,171,529	407,383

31 Other payables and accruals

	2018	**2017**
	₦'000	**₦'000**
Accruals (see note 31(a) below)	169,451	168,469
Sundry payables (see note 31(b) below)	326,365	73,320
	495,816	241,789

31 (a) Breakdown of accruals

Audit fees	21,406	27,962
ITF Levy	7,591	9,240
Tax fees	-	4,449
Actuarial fees	7,440	5,900
NAICOM Levy	32,093	23,559
Productivity bonus	72,476	76,041
Staff allowances		17,749
Vendors and Suppliers	28,445	49,692
Stamp duties	-	3,570
	169,451	218,162

"Vendors and Suppliers" shown here was previously disclosed as part of sundry payables in 2017. This is aimed at providing clarity to users

31 (b) Breakdown of sundry payables

	2018 ₦'000	2017 ₦'000
Payable to Hollard Health (31(b)(i))	286,013	-
Withholding taxes	26,195	13,408
PAYE	9,683	3,503
Pension	3,213	4,199
Other sundry payables	1,261	2,518
	326,365	23,628

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

	2018	2017
Due within 12 months	495,816	241,789
Due after 12 months	-	-
	495,816	241,789

31(b)(i) This relates to the proportion of premium received on Group Health Insurance for Hollard Zigma Health which are yet to be remitted at 31 December 2018. This is based on the Service level agreement between NSIA and Hollard Zigma Health-the ultimate health insurance provider.

32 Deferred commission income

	2018 ₦'000	2017 ₦'000
Motor	477	407
Fire	29,550	31,464
Bond	4,243	1,654
General accident	26,486	46,723
Marine	16,806	25,144
Engineering	11,973	12,005
Oil & Energy	7,323	2,724
	96,858	120,121
Due within 12 months	96,858	120,121
Due after 12 months	-	-
	96,858	120,121

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

32 (a) Movement in deferred commission income:

	2018	2017
At beginning of year	120,121	101,503
Additions during the year	510,471	449,142
	630,592	550,645
Amortization during the year (note 7)	(533,734)	(430,524)
At end of year	96,858	120,121

33 Provisions

	2018 ₦'000	2017 ₦'000
Legal claims	-	44,000
	-	44,000

Movement in provision:

	2018 ₦'000	2017 ₦'000
At 1 January	44,000	44,000
Additions	-	-
Reversals	-	-
Payment/Settlement	(44,000)	-
At 31 December	-	44,000
Due within 12 months	-	-
Due after 12 months	-	44,000

Movement in provision	Legal expense ₦'000	Rent expense ₦'000	Total ₦'000
At 1 January 2017	44,000	-	44,000
Additional provision	-	-	-
Unused amount reversed during the year	-	-	-
At 31 December 2017	44,000	-	44,000
Additional provision	-	-	-
Amount utilized during the year	(44,000)	-	(44,000)
Unused amount reversed during the year	-	-	-
At 31 December 2018	-	-	-

34 Taxation

	2018	2017
	₦'000	₦'000
34.0 *Tax expense*		
Income tax	79,862	77,027
Education tax	15,684	7,927
Technology tax	9,908	8,769
(Over) / under provision in prior year	153,167	-
	258,621	93,723
Deferred tax	(36,779)	144,670
Reversal of prior years' over-provision	-	-
Charge for the year	221,842	238,393

Charge for the year is analyzed below:	2018	2017
	₦'000	₦'000
Minimum tax	79,862	77,027
Income tax	141,980	161,366
	221,842	238,393

34.1 Current tax liabilities

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

	2018	2017
	₦'000	₦'000
At 1 January	310,944	273,405
Payment (cash) during the year	(452,972)	(30,235)
Under provision for deferred tax liability		-
Withholding tax credit note utilized	-	(25,949)
Charge for the year	258,621	93,723
At 31 December	116,593	310,944

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

34.2 Effective tax reconciliation

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

	%	2018	%	2017
Profit before tax		892,299		640,752
Adjustment for NITDA levy		(9,908)		(8,769)
Profit after adjustment for NITDA levy		882,391		631,983
Tax calculated at the tax rate of 30%	30%	264,651	30%	189,595
Effect of:				
Impact of minimum tax	9%	79,862	12%	77,027
Under provision from prior year	17%	153,167	0%	-
Education tax	2%	15,684	1%	7,927
Technology tax	1%	9,908	1%	8,769
Income not subject to tax	-28%	(250,340)	-(95%)	(608,726)
Non-deductible expenses	56%	500,496	111%	709,274
Impact of industry tax law	-73%	(654,387)	-(51%)	(325,508)
Change in estimates related to prior years	-1%	(5,998)	(2%)	11,396
Effect of unrecognized deferred tax asset	12%	108,799	32%	168,638
Effective tax	25%	221,842	(37%)	238,393

35 Capital and reserves

35.0 Share capital

	2018	2017
	₦'000	₦'000
(a) Authorized:		
13,000,000,000 Ordinary shares (50 Kobo each)	6,500,000	6,500,000

(b) Issued and Paid-up:	Number of shares '000	Ordinary shares ₦'000	Share premium ₦'000	Total ₦'000
At 31 December 2018 (50 Kobo each)	9,134,721	4,567,360	1,692,703	6,260,063
At 31 December 2017 (50 Kobo each)	9,134,721	4,567,360	1,692,703	6,260,063

The total authorized number of ordinary shares at year end was 6.5 billion (2013: 6.5 billion) with a par value of 50k per share (2013: 50k per share).

35.1 Statutory contingency reserve

In accordance with the Insurance Act of Nigeria, a Contingency 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.

	2018	2017
Non life business	₦'000	₦'000
At the beginning of the year	1,270,742	1,130,270
Transfer from Retained earnings (see note 35.1(a))	164,302	140,472
At end of the year	1,435,044	1,270,742
Life business		
At the beginning of the year	147,834	140,001
Transfer from Retained earnings (see note 35.1(a))	16,740	7,833
At end of the year	164,574	147,834
Total	**1,599,618**	**1,418,576**

	Non-Life	Life (including Health)	Higher of Premium or Profit
Gross Premium written	5,240,036	1,673,970	
Rate	3%	1%	
Result	157,201	16,740	16,740
Profit Before Tax	821,510	70,788	
Rate	20%	10%	
Result	164,302	7,079	164,302
Contigency Reserve			181,042

35.2 Asset revaluation reserve

	2018	2017
	₦'000	₦'000
At the beginning of the year	1,616,256	1,033,070
Revaluation gains, gross	141,472	819,627
Deferred tax relating to asset revaluation (see note 24)	(76,515)	(236,441)
Revaluation gains, net of tax	64,957	583,186
At end of the year	1,681,213	1,616,256

Asset revaluation reserves is analyzed as follows:	2018	2017
	₦'000	₦'000
Gross amount	2,121,518	1,980,046
Related deferred tax liability	(440,305)	(363,790)
Net amount	1,681,213	1,616,256

35.3 Fair value reserve

	2018	2017
	₦'000	₦'000
At the beginning of the year	109,613	33,169
Impact of IFRS 9 on opening balance (note 2(A.1)(ii))	23,448	-
Adjusted opening balance	133,061	33,169
Additions during the year:		
- Fair value changes of available for sale financial assets	-	76,444
- ECL impairment during the year	8,737	-
- Fair value change of financial assets FVOCI	(297,481)	-
Net movement during the year	(288,744)	76,444
At end of the year	(155,683)	109,613

35.4 Retained earnings

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

	2018	2017
	₦'000	₦'000
At the beginning of the year	1,303,461	1,049,406
Impact of IFRS 9 on opening balance from assets measured at FVOCI (see note 2(A.1)(ii))	(23,448)	-
Impact of IFRS 9 on opening balance (see note 2(A.1)(ii))	(61,204)	-
Total ECL impact of IFRS 9 on opening balance adjustments(see note 2(A.1)(ii))	(84,652)	-
IFRS 9 opening balance	1,218,809	1,049,406
Dividends declared to ordinary equity shareholders during the year (see note (b) below)	(191,829)	-
Transfer from profit and loss	670,457	402,359
Transfer to contingency reserve	(181,042)	(148,304)
At end of the year	1,516,395	1,303,461

36 Dividend

During the year, a total dividend of ₦191,829,000 was paid out of the retained earnings as final dividend for 2017 financial year (2017: proposed dividend of

37 Contingencies and commitments

(a) Legal proceedings and regulations

The Company is a party to seven (2017: eight) legal actions during the year arising out of its normal business operations, out of which one case has been settled. Total estimated liability from the legal actions amount to N909.47million (2017: N889.8 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.

(b) Capital commitments

The Company had no capital commitment as at 31 December 2018 (2017: Nill).

(c) Contingent liability

There were no contigencies arising from the business transaction during the year.

38 Contravention of laws and regulations

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

	2018 ₦'000	2017 ₦'000
Penalty for exceeding limit on deposit placement	-	1,000
Penalty for late submission of report	-	500
	-	1,500

39 (a) Related party disclosures

The Company does not have any related party transactions for the year ended 31 December 2018 (2017: N147, 311)

39 (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:

	2018 ₦'000	2017 ₦'000
Salaries	177,683	134,038
Fees (see note (b)(i) below)	40,249	78,860
Other short-term employment benefits	14,341	3,967
Post-employment benefits	-	81,167
	232,273	298,032

40 Employees and directors

(a) *Employees*

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

	2018 Number	2017 Number
Executive directors	3	2
Management	9	8
Non-management	119	88
	131	98

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

	Number	Number
Less than N800,001	-	1
N800,001 - N2,000,000	4	1
N2,000,001 - N2,800,000	41	33
N2,800,001 - N3,500,000	15	22
N3,500,001 - and Above	68	39
	128	96

(b) *Directors*

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

	₦'000	₦'000
Fees and sitting allowances	4,050	78,860
Executive compensation	36,199	58,494
	40,249	137,354

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

	2018	2017
	Number	**Number**
Below N1,600,000	-	-
N1,600,000 - N2,000,000	-	-
N2,000,001 - N2,900,000	-	-
N2,900,001 - N3,400,000	-	-
N3,400,000 - and above	8	7
	8	7

41 Events after the reporting period

The company received additional capital injection to the business from its parent –Participation Holdings SA- the sum of ₦605million (£1,460,464.60) on the 19 February,2019 to further boost the Company's financial strength and capacity, outside this, there were no other significant event after the financial position date which require adjustment to, or disclosure in the financial statements.

42 Reconciliation of Statement of Cash flow

	Notes	2018	2017
42.1 Insurance premium received		**₦'000**	**₦'000**
Opening insurance receivable	19 (a)	9,193	111,885
Gross premium written	6	6,914,006	5,465,713
Closing insurance receivable	19 (a)	(26,531)	(9,193)
Write-off of insurance receivable	19 (a)(i)	-	(104,036)
		6,896,668	5,464,370
42.2 Reinsurance premium paid			
Opening reinsurance payable	30 (a)	(243,557)	(4,525)
Reinsurance expense	6.1	(3,225,156)	(2,945,419)
Changes in prepaid premium during the year	20 (a)	(7,762)	(8,433)
Changes in prepaid minimum and deposit reinsurance during the year	20 (b)	38,746	13,257
Closing reinsurance payable	30 (a)	230,503	243,557
		(3,207,226)	(2,701,563)
42.3 Reinsurance commission received			
Fee income arising on insurance contracts	6.2	533,734	430,524
Movement in deferred commission income		(23,263)	18,618
		510,471	449,142
42.4 Insurance benefits and claims paid			
Gross benefits and claims incurred	8	(2,284,763)	(3,043,299)
Movement in outstanding claims	29.1(b)	709,194	119,963
Movement in IBNR	29(a)(iii)	217,080	25,365
		(1,358,489)	(2,897,971)
42.5 Net inflow from deposit admin			
Deposits received	28	138,999	79,323
Withdrawal	28	(129,772)	(25,307)
		9,227	54,016
42.6 Reinsurance claims received			
Benefits and claims recoverable from reinsurers	9	1,204,061	2,273,895
Movement in reinsurance share of outstanding claims	20(c)	(629,839)	(148,897)
Movement in reinsurance share of IBNR	20(d)	(127,789)	(47,622)
		446,433	2,077,376
42.7 Commission paid			
Opening insurance payable	30 (b)	(77,507)	(83,038)
Maintenance expense	11	(93,174)	(83,345)
Additional acquisition expense during the year	22 (a)	(1,022,798)	(687,609)
Closing insurance payable	30 (b)	322,735	77,507
		(870,745)	(776,485)

42.8	**Cash paid to employees, intermediaries and other suppliers**			
	Other operating expenses	15	(1,965,530)	(1,992,486)
	Less non-cash items:			
	Depreciation	15	278,626	242,398
	Amortization	15	2,546	2,619
	Loss on disposal of investment property	15	4,358	
	Below market rate(BMR)interest rate adjustment on staff loan	18(f)	183,279	(101)
	Write off of prepaid staff benefit related to exited staff	18(f)	25,546	-
	Loss on sale of property and equipment	15	-	1,688
	Movement in deposit administration	7.0	-	(408)
	Movement in prepaid expenses		(109,040)	37,113
	Movement in payables		(254,078)	29,189
	Net cash flow from other debtors:			
	- Additions	21(b)	(45,054)	(309,068)
	-Reclassified Motor Vehicle loans to exited staff	21(b)	31,500	-
	- Dividend income	12 (a)	869	742
			(1,846,978)	(1,988,313)
42.9(a)	**Other income received**			
	Management fees	13(a)	18,775	13,134
	Other sundry income	13(a)	-	47,240
			18,775	60,374
43.0	**Interest income received**			
	Net Investment income	12	1,121,608	1,208,615
	Dividend income on equity securities	12 (a)	(869)	(742)
	Interest income on deposit administration	7.2	(8,412)	-
	(Gain)/loss on financial assets disposal	12 (a)	(104,798)	(14,875)
	Financial assets - Interest income	12 (a)	(766,881)	(885,882)
			240,648	307,116
43.1	**Dividend received**			
	Dividend receivable - at beginning of year	21 (b)	3,732	3,154
	Dividend income on equity securities	12 (a)	869	742
	Dividend receivable - at end of year	21 (b)	(3,732)	(3,732)
			869	164
43.2	**Proceeds on disposal of Property and Equipment**			
	Cost of property and equipment	26	16,289	75,560
	Accumulated depreciation of property and equipment	26	(13,743)	(57,108)
	Profit/ (loss) on sale of property and equipment	13(a)	4,079	(1,688)
			6,625	16,764
43.3	**Proceeds on disposal of investment property**			
	Cost of investment property	23	154,969	-
	Loss on sale of property and equipment	15	(4,358)	-
			150,611	-
43.4	**Movement in financial asset**			
43.4(a)	**Addition to financial asset**			
	Purchase of Treasury bills	18 (f)	(15,931,115)	(12,056,725)
	Staff and policy loan disbursed and long term placement purchased during th	18 (f)	(1,343,349)	(578,019)
			(17,274,463)	(12,634,744)
43.4(b)	**Proceed from disposal/redemption of financial assets**			
	Value of treasury bills disposed/matured	18 (f)	14,791,432	12,432,481
	Loan repayment/redemption	18 (f)	1,040,706	47,228
	(Gain)/loss on financial assets disposal	12 (a)	104,798	14,875
			15,936,936	12,494,584
43.5	**Net cash flow received from coinsurer on recovery of claims paid**			
	Changes in recovery of claims paid on NNPC group life from coinsurers	19(d)	201,457	173,240
	Changes in recovery of claims paid from coinsurer on Non-life businesses	19(b)	(91,844)	(152,200)
	Due from coinsurers	19(c)	(81,292)	-
	Net cash flow received		28,321	21,040
43.6	**Premium received in advance**			
	Premium received in advance	30 (b)	848,794	329,875

Presentation of 2017 Cash flow balances:

In 2018, N329million was disclosed separately as Premium received in advance in the Statement of Cash flows. This is aimed at providing further clarity for the users of the FS.

In thousands of Naira	2017 FS	Reclassification	2017 Reclassed
Insurance premium received	5,794,245	(329,875)	5,464,370
Premium Received in Advance	-	329,875	329,875
	5,794,245	-	5,794,245

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:

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 2018.

	Non life	Life	Health	Total
	₦'000	₦'000	₦'000	₦'000
Gross premium written	5,240,036	1,139,901	534,069	6,914,006
Gross premium income	4,885,415	1,062,614	442,430	6,390,459
Insurance premium ceded to reinsurers	(2,732,119)	(50,583)	(350,942)	(3,133,644)
Net insurance premium revenue	2,153,296	1,012,031	91,488	3,256,815
Fee Income	439,419	83,070	11,244	533,733
Loss on deposit administration	-	4,810	-	4,810
Interest revenue	720,642	295,299	-	1,015,941
Other investment income	73,854	31,813	-	105,667
Other operating income	190,528	68,803	-	259,331
Total Income	3,577,739	1,495,826	102,732	5,176,297
Insurance benefits and claims	1,464,154	556,885	263,724	2,284,763
Insurance claims recovered from reinsurers	(1,021,584)	(30,655)	(151,820)	(1,204,059)
Net insurance benefits and claims	442,570	526,230	111,904	1,080,704
Maintenance expenses	821,357	177,747	72,324	1,071,428
Impairment losses	110,352	47,294	-	157,646
Depreciation and amortisation	276,345	4,827	-	281,172
Other expenses	1,105,606	587,444	-	1,693,049
Net expenses	2,756,229	1,343,542	184,228	4,283,999
Reportable segment profit	821,510	152,284	(81,496)	892,298
Profit before tax	821,510	152,284	(81,496)	892,298
Income tax expenses	141,980	79,862	-	221,842
Profit after tax	679,530	72,422	(81,496)	670,457

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.

The segment information provided by Management for the financial position of the reporting segments for the year ended 31 December 2018

	Non life	Life	Total
Asset	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	31,491	1,285,017	1,316,508
Financial assets	5,922,186	1,903,654	7,825,840
Trade receivables	260,023	95,643	355,666
Reinsurance assets	1,917,783	222,426	2,140,209
Other receivables	273,223	37,121	310,344
Deferred acquisition costs	182,691	-	182,691
Investment properties	1,317,275	237,201	1,554,476
Deferred tax assets	-	-	-
Intangible assets	24,742	-	24,742
Property and equipment	3,705,478	9,711	3,715,189
Statutory deposits	300,000	200,000	500,000
Total assets	**13,934,892**	**3,990,773**	**17,925,665**
Liabilities			
Investment contract liabilities	-	105,380	105,380
Insurance contract liabilities	3,200,509	1,048,163	4,248,672
Trade payables	1,109,034	292,998	1,402,032
Other payables	770,050	(274,234)	495,816
Deferred commission income	96,858	-	96,858
Current income tax	36,731	79,862	116,593
Deferred tax liabilities	558,710	-	558,710
Total Liabilities	**5,771,892**	**1,252,169**	**7,024,061**
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	1,435,043	164,574	1,599,617
Asset revaluation reserve	1,681,214	-	1,681,214
Fair value reserve	(123,967)	(31,716)	(155,683)
Retained earnings	1,304,446	211,947	1,516,393
Total equity	**8,163,000**	**2,738,604**	**10,901,604**

45 Revenue accounts for the year ended 31 December 2018

(i) **Non-life business**

	Motor	Fire	Bond	General Accident	Marine	Engineering	Oil & Energy	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Income:								
Gross premium written	666,522	553,255	41,246	1,678,874	465,606	364,542	1,469,990	5,240,035
Changes in provision for unearned premium	(93,810)	126,100	(7,109)	16,440	(34,551)	(65,845)	(295,846)	(354,621)
Gross premium earned	572,712	679,355	34,136	1,695,313	431,055	298,697	1,174,144	4,885,414
Reinsurance outwards								
- Reinsurance	(23,389)	(406,232)	(11,575)	(441,599)	(240,868)	(217,012)	(924,477)	(2,265,152)
- Coinsurance	(4,950)	(12,495)	(1,673)	(367,062)	(15,452)	(1,587)	-	(403,219)
Increase / (decrease) in prepaid reinsurance cost.	10,031	(76,395)	5,025	(155,932)	(15,958)	(10,626)	180,107	(63,748)
Net earned premiums	554,404	184,233	25,913	730,720	158,777	69,472	429,774	2,153,296
Commission income:								
- Reinsurance	-	109,173	3,020	57,808	94,510	51,259	17,958	333,728
- Coinsurance	658	2,709	198	59,038	5,054	8,990	5,781	82,428
Deferred commission income	(70)	1,914	(2,589)	20,237	8,338	32	(4,599)	23,263
Total	554,992	298,029	26,542	867,803	266,679	129,753	448,914	2,592,712
Expenses:								
Gross claims expense	295,708	694,326	7,125	(83,710)	276,422	18,674	196,589	1,405,134
Claims handling expense	-	-	-	-	-	-	-	-
Reinsurance claims recoveries:								
- Reinsurance	(23,835)	(239,582)	(40)	(327,724)	(101,240)	4,528	(70,055)	(757,948)
- Coinsurance	(4,604)	(49,038)	(833)	(151,282)	-	-	-	(205,757)
IBNR								
- Movement in IBNR	6,447	2,565	(1,858)	(66,232)	19,993	605	97,500	59,020
- Movement in reinsurance share of IBNR	(1,587)	(15,381)	694	(1,819)	(170)	(2,025)	(37,591)	(57,879)
Net Claims incurred	272,129	392,890	5,088	(630,767)	195,005	21,782	186,443	442,570
Commission expense	69,175	71,451	5,027	266,839	97,967	60,451	213,373	784,283
Increase in Deferred Acquisition cost	3,940	26,686	(1,437)	(24,901)	(4,927)	(13,894)	(30,007)	(44,540)
Maintenance expenses	9,716	9,462	504	33,209	6,119	4,474	18,131	81,615
Underwriting expenses	82,831	107,599	4,094	275,147	99,159	51,031	201,497	821,356
Net underwriting results transferred to profit and loss account	**200,033**	**(202,459)**	**17,359**	**1,223,423**	**(27,485)**	**56,940**	**60,974**	**1,328,786**

(ii) **Life business**

	Individual Life	Group Life	Health	Total
	₦'000	₦'000	₦'000	₦'000
Income:				
Gross premium written	335,521	804,380	534,069	1,673,970
Changes in provision for unearned premium - Group life	-	(77,287)	(91,639)	(168,926)
Gross premium earned	335,521	727,093	442,430	1,505,044
Reinsurance outwards	(32,289)	(108,358)	(423,899)	(564,546)
Increase in prepaid reinsurance cost	2,492	(3,940)	72,957	71,509
Net written/earned premiums	305,724	614,795	91,488	1,012,007
Commission income	9,065	46,058	11,244	66,367
Admin fee income	-	27,947	-	27,947
Total	314,789	688,800	102,732	1,106,321
Expenses:				
Claims expense	41,758	394,507	192,515	628,780
Surrenders	1,016	-		1,016
Maturity	32,752	-		32,752
IBNR				
- Movement in IBNR / Contract liabilities	-	86,852	71,209	158,061
- Movement in reinsurance share of IBNR	-	13,143	(56,520)	(43,377)
Claims incurred	49,046	477,185	111,904	638,134
Acquisition expenses	51,031	118,846	68,638	238,515
Maintenance expenses	2,316	5,553	3,687	11,557
Management expenses	-	-	-	-
Underwriting expenses	53,347	124,399	72,325	250,072
Net underwriting results	212,396	87,215	(81,496)	218,115
Accretion/increase in life fund	91,512	-	-	91,512
Net underwriting results transferred to profit and loss account	303,908	87,215	(81,496)	309,627

Other National Disclosures

Other National Disclosures:
Value added statement

	Dec 2018		Dec 2017	
	₦'000	%	N'000	%
Net premium earned - local	3,256,817	137	2,063,727	111
Net premium earned - foreign	-	-	320,637	17
Investment Income	1,121,608	47	1,208,615	65
Other income	789,184	33	677,529	36
Claims paid and administrative overheads - local	(2,784,770)	(117)	(2,403,700)	(129)
Value added	2,382,839	100	1,866,808	100
Distribution of value added				
To government:				
Taxes	221,842	9	238,393	13
To employees:				
Salaries and benefits	1,051,722	44	896,464	48
The future:				
For replacement of property and equipment (depreciation)	278,626	12	242,398	13
Asset replacement				
Impairment losses	157,646	7	84,575	5
Amortisation of intangible assets	2,546	0	2,619	0
Transfer to contigency reserve	181,042	8	148,305	8
To pay proposed dividend	-	-	191,000	10
Retained profit for the year	489,415	21	63,054	3
	2,382,839	100	1,866,808	100

Other National Disclosures:

Financial summary

	Dec 2018	Dec 2017	Dec 2016	Dec 2015	Dec 2014
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and cash equivalents	1,290,535	1,497,452	1,833,886	3,549,335	5,592,202
Financial assets	7,851,813	6,113,024	4,887,597	4,210,253	3,081,599
Trade receivables	355,666	365,715	385,122	68,415	465,824
Reinsurance assets	2,140,210	1,370,190	1,178,495	1,462,562	1,181,094
Other receivables	310,344	387,483	225,304	124,428	45,743
Deferred acquisition costs	182,691	138,151	150,488	191,505	230,101
Investment properties	1,554,476	1,498,518	1,140,145	996,386	921,896
Intangible assets	24,741	27,286	7,856	17,256	12,659
Property and equipment	3,715,190	3,679,832	2,838,700	2,309,984	1,681,249
Statutory deposits	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	**17,925,666**	**15,577,651**	**13,147,593**	**13,430,124**	**13,712,367**
LIABILITIES					
Investment contract liabilities	105,380	92,551	35,570	20,708	6,942
Insurance contract liabilities	4,248,672	2,890,364	2,609,109	3,371,923	2,965,289
Trade payables	1,402,032	650,940	87,564	71,017	146,111
Other payables	495,816	241,789	212,600	309,144	743,990
Deferred commission income	96,858	120,121	101,503	104,680	75,570
Provision	-	44,000	44,000	44,000	44,000
Deferred tax liabilities	558,710	518,974	137,863	183,969	156,792
Employee benefit liability	-	-	0	-	-
Current tax liabilities	116,593	310,944	273,405	407,110	347,549
TOTAL LIABILITIES	**7,024,062**	**4,869,683**	**3,501,614**	**4,512,551**	**4,486,243**
NET ASSETS	**10,901,605**	**10,707,968**	**9,645,979**	**8,917,573**	**9,226,124**
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	1,599,617	1,418,576	1,270,271	1,127,260	987,108
Asset revaluation reserve	1,681,214	1,616,256	1,033,070	619,416	389,050
Fair value reserve	(155,683)	109,613	33,169	(4,565)	(5,129)
Retained earnings	1,516,395	1,303,460	1,049,406	915,399	1,595,032
SHAREHOLDER'S FUNDS	**10,901,605**	**10,707,968**	**9,645,979**	**8,917,572**	**9,226,124**

	Dec 2018	Dec 2017	Dec 2016	Dec 2015	Dec 2014
	₦'000	₦'000	₦'000	₦'000	₦'000
Gross Premium	6,914,006	5,465,713	4,516,545	5,617,227	5,509,988
Earned Premium	3,165,304	2,384,364	2,670,690	3,413,611	3,486,023
Net benefit and claims	(1,080,702)	(769,404)	(1,439,341)	(1,301,535)	(1,029,084)
Profit before tax	892,299	640,752	253,363	812,177	1,326,945
Tax	(221,842)	(238,393)	23,655	(273,862)	(217,104)
Profit after tax	670,457	402,359	277,018	538,315	1,109,841
Contingency reserve	1,599,617	1,418,576	1,270,271	1,127,260	987,108
Earnings per share (in kobo)	7k	4k	3k	6k	12k