2019 Annual Report & Accounts

Here for you now and in future

Côte d'Ivoire | Nigeria | Benin | Gabon | Senegal | Congo | Togo | Cameroon | Guinea Bissau | Mali | Ghana | Guinea

Here for you now and in future

We live in a world that's far from perfect.
As a partner, you can always count on
us to be there for you everyday.

When tomorrow comes knocking,
be sure that we would have anticipated its challenges
and made adequate preparations.

Content

Welcome to NSIA Insurance annual report and accounts for 2019.
We exist to create, protect and preserve wealth and have become the leading provider of life and non-life insurance services for our customers. We have achieved this by listening carefully to them and by understanding their specific needs. We also try to put our customers first in everything we do.

In this report

We want to do same in this annual report. It tells you what we've been busy with in the past year, where the business is today, and where we are going next. By listening to our customers and meeting their needs, we believe we will grow our business and deliver real value to our shareholders.

Overview

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www.nsiainsurance.com

Overview

“Becoming a more customer-centric organisation.”

IN THIS REPORT

HIGHLIGHTS OF OUR JOURNEY

A year of progress

We deliver both customer and profit growth during the year.

N 19.4b ↑

Total Assets

N 11.8b ↑

Total Equity

N 7.6b ↑

Total Liabilities

OUR BUSINESS AT A GLANCE

NSIA Insurance is a leading provider of diversified insurance products and services that consistently meet and exceed stakeholders' expectations.

Array of products

Home Insurance

Provides a safety net for you and your family when eventualities happen.

Life Insurance

Experience the peace of mind that comes from knowing your family would still be protected if you weren't there to care for them financially.

Motor Vehicle Insurance

Protects your investment and keeps you moving so you can get on with life.

Marine Insurance

Indemnifies you against financial loss suffered as a result of loss or damage to goods.

Business Insurance

Protects your workers and safeguards the future of their families.

Fire and Burglary

Provides financial protection to the insured as a result of loss or damage to properties.

ABOUT US

At Groupe NSIA,

We believe that providing the best risk-management for companies and individuals comes from our expert knowledge of the industries in which we operate combined with our dedication to looking out for our clients' interests, always.

Following our successful acquisition of ADIC Insurance Ltd.—one of Nigeria's leading distributors of diversified insurance products and services—NSIA has continued ADIC's tradition of providing services that consistently meet and exceed stakeholders' expectations.

Groupe NSIA holding companies currently operate throughout Africa including Cameroon, Congo, Gabon, Benin, Côte d'Ivoire, Ghana, Guinea, Guinea Bissau, Mali, Nigeria, Togo and Senegal. We are driven by our commitment to innovation, professionalism, reliability and rates that are highly competitive and matched only by the excellence of the products and services provided.

So whether you need to protect your business, the investment you have in your home or automobile, or your family in case of tragedy, NSIA is here to help you manage risk wisely and invest in peace of mind.

Call or email us today to let our professional team guide you through your options and help you decide what cover is best for your needs.

Our Mission

To create, protect and preserve wealth.

Our Vision

To distinguish NSIA as the trusted and preferred financial services partner in every home and enterprise in Nigeria.

Values

- Innovation
- Care
- Integrity
- Professionalism

NSIA Quality Objectives

- To pay claims on all classes of business within 48 hours following the receipt of the signed discharged voucher.
- To ensure zero-infraction in compliance with statutory requirements.
- To achieve customer satisfaction index of 90% and employee satisfaction index of 90%.
- To ensure improvement of the QMS in compliance with ISO 9001:2015 standard by conducting annual quality audits and ensuring all identified non-conformances are remediated within three months.

NSIA Quality Policy

We are committed to the continuous improvement of the effectiveness of our Quality Management System.

In order to achieve this, we review and monitor the validity of our strategic direction whilst assessing internal and external influencers to determine the effect on our business.

NSIA strives to operate transparently and comply with relevant regulations and statutory requirements; we review our products and services to ensure that they meet customers' requirements and encourage quality consciousness amongst all interested parties.

CONTACT INFORMATION

Corporate Head Office:

3, Elsie Femi Pearse Street,
Victoria Island, Lagos.
P. O. Box 5061, Lagos, Nigeria.
Tel: 01 – 2805378-9, 01- 2714977,
09048418896
E-mail: enquiry@nsiainsurance.com
customerservice@nsiainsurance.com

Our Branch Offices

IKEJA
161, Awolowo Road, Alausa,
Ikeja, Lagos State, Nigeria.
08023695668

ABUJA
18, Djibouti Crescent,
Off Freetown Street,
Wuse II, Abuja, Nigeria.
08032817700

IBADAN
Oxford House, Beside UBA
Regional Office,
Lebanon Street, Dugbe,
Ibadan, Oyo State, Nigeria.
08058005020

KADUNA
Suite PP10 Mazangari Investment
Building, 17F, Independence Way,
Kaduna, Nigeria.
08035969606

ONITSHA
46, Iweka Road, Onitsha,
Anambra, Nigeria.
08037103868

KANO
375, Civic Centre Road,
J.B.S Plaza,
Kano State, Nigeria.
08066111916

PORT HARCOURT
1B, Stadium Road,
Port Harcourt,
Rivers State, Nigeria.
08132118877

WARRI
57, Effurun/Sapele
Road, Effurun,
Delta State, Nigeria.
08034408109

CORPORATE INFORMATION

Board Of Directors

Mr. Ituah Ighodalo	Chairman
Mrs. Ebelechukwu Nwachukwu	Managing Director
Mr. Jean Kacou Diagou*	Director
Mrs. Janine Kacou Diagou*	Director
Mr. Bene Boevi Lawson**	Director
Mr. Chidi Ajaere	Director (Appointed July 2, 2019)
Mr. Adewale Sangowawa	Director
Mrs. Chioma Sideso	Director
Mr. Abideen Musa	Executive Director
Mr. Sunny Uwagboi	Executive Director

* - Ivorian
** - Togolese

Company's FRC No

FRC/2012/0000000000303

Company's RC number

129628

Registered office

3, Elsie Femi Pearse Street,
Off Adeola Odeku, Victoria Island, Lagos.
enquiry@nsiainsurance.com
www.nsiainsurance.com

Company Secretary

Punuka Attorneys & Solicitors
Plot 45 Oyibo Adjarho Street,
Off Admiralty Way,
Lekki Peninsula, Phase 1
Lagos, Nigeria

Reinsurers

Africa Re (NIG)
Continental Re (NIG)
Nigeria Re (NIG)
EAIPN (NIG)
ZEP Reinsurance (KENYA)
WAICA Re (SL)
Chubb European Group Limited (UK)
Chaucer (UK)
XL Catlin (UK)
Arch (UK)
WR Berkley (UK)
Emirates (UAE)

Principal bankers

Access Bank Plc
Guaranty Trust Bank Plc
First Bank Plc
Stanbic IBTC Plc
Fidelity Bank Plc
Zenith Bank Plc
Wema Bank Plc

Actuaries

Zamara Consulting Actuaries Nig. Ltd
4th Floor, Ibukun House,
Adetokunbo Ademola,
Victoria Island,
FRC/2019/00000012910

Engagement Partner:

Seth Chengo
FRC/2017/00000016912

Auditor

Ernst & Young
10th & 13th Floors, UBA House,
57 Marina,
Lagos.

Property valuers

A.C. Otegbulu & Partners
5th Floor, Western House,
8 – 10 Broad Street Lagos, Nigeria
FRC/2013/NIESV/00000001582

Governance

IN THIS REPORT

BOARD OF DIRECTORS

Ituah IGHODALO
Chairman, Board of Directors

Ebelechukwu NWACHUKWU
Managing Director/Chief Executive Officer

Jean Kacou DIAGOU
Non – Executive Director

Ituah IGHODALO attended King's College Lagos and International School, University of Ibadan. He obtained a combined Honours Degree in Economics and Accounting in 1982 from the University of Hull, England and attended a Business Certification course at Harvard Business School in 2011. He commenced his professional career in 1982 at Price Waterhouse and later founded Ighodalo & Co, a professional public Accounting firm in January 1987. In October 2004, it merged with three other firms to form SIAO, a professional accounting firm providing Audit, Tax and advisory services, leading the indigenous and arguably the 5 largest accounting practices in Nigeria today. He is a Fellow of the Institute of Chartered Accountants of Nigeria and also of the Chartered Institute of Taxation; he is a member of the Nigerian Institute of Management, American Institute of Management and the American Society of Industrial Security. Ituah sits on the Board of several companies; Elizabeth R, Trinicorp, Capital Gate, FINATRUST Microfinance Bank, HEBRON Microfinance Bank, BRASS Aviation, Trinity Leadership School, SBS Schools and CKC Schools and was appointed Chairman of the board of NSIA Insurance in July 2018.

Ebelechukwu NWACHUKWU joined NSIA Insurance Limited in January 2018. Prior to her appointment, Ebele was the Managing Director/CEO of Zenith General Insurance Company Limited; the DGM, Retail and Channel Management of UBA Insurance and the AGM, Marketing in Standard Alliance Insurance. She holds a Bachelor of Arts Degree from the University of Benin and an MBA from the ESUT Business School, Nigeria and is a member of the Chartered Insurance Institute of Nigeria, and London; a member of the Institute of Directors and a member of the Nigerian Chartered Institute of Management. Her twenty-six year career started as a Health Insurance Underwriting Officer with the International Standard Insurers (ISI). Ebele was a director of Zenith Life Assurance (now Prudential Zenith Life) and Venus Medicare. She has attended several leadership and strategy courses at the London Business School, Alliance Manchester Business School and the Lagos Business School. She is also an alumni of the Columbia Business School. She enjoys time with family, travelling, meeting people, listening to music and counseling.

Jean Kacou DIAGOU serves as the Chairman of the Board of NSIA Participations. He is a professional and an expert in the industry accumulating over forty (40) years' experience in Insurance. Before establishing NSIA, he worked with the Union Des Assureurs De Paris (UAP) and contributed actively to the restructuring of the Banking and Insurance sector particularly through his participation in the preparation of the CIMA Code, a regulation which is applicable in fourteen (14) African countries. Jean Kacou DIAGOU was the Chairman of the General Confederation of Enterprises of Côte d'Ivoire (CGECI), the Ivorian employers ' Association. He chaired the AIO (African Insurance Organization) from May 2001 to May 2002 and FANAF (Federation of African National Insurance Companies) from 1990 to 1996. He was also Chairman of the Federation of West African Business Organizations since September 2010 and was a member of the Board of Directors CICARE, Lomé, the President of the Federation of West African Business Organisations (FOPAO) and member of the Management Board CEPIC.

BOARD OF DIRECTORS

Janine Kacou DIAGOU
Non – Executive Director

Bene Boevi LAWSON
Non-Executive Director

Chioma SIDESO
Non – Executive Director

Janine Kacou DIAGOU is currently the Group Chief Executive Officer at NSIA Participations. She holds a Bachelor's Degree in Business administration (IFAM Paris) and a Master of Science in Finance from Middlesex University, London. She joined the NSIA Group in 1999 as the Director responsible for Audit and Control Management of the Ivorian subsidiary. Ms. DIAGOU was named CFO of NSIA Ivory Coast in 2004, then NSIA Participations, and in 2006, played a key role in the acquisition of BIAO Bank, the oldest bank in Ivory Coast which is now the third ranking bank in the Ivorian market. She was promoted in 2011 to the function of deploying the strategy of the business of Group NSIA. She was appointed in September 2015 as a member of the Continental Network Companies (CNB) that brings together business leaders chosen with the objective of being a 'unique consultative platform on issues of infrastructure investment, in order to produce recommendations, propose approaches and practical measures to improve the investment climate in Africa'. Janine DIAGOU is also Chairman of NSIA Banque Bénin.

Béné Boèvi LAWSON holds a Postgraduate degree in Insurance from the Ecole Nationale des Assurances de Paris and a Masters in Law from University of Rouen, France. He was previously Regional Director of the Abidjan Regional Office of African Reinsurance Corporation and Deputy Managing Director and Group CEO (Insurance), NSIA Participations Holding. His Board history spans as far back as 1994 when he was appointed as a Non-Executive Director at La Citoyenne d'Assurances in Cameroon. From then on, Mr. Lawson has gone on to serve as a Non - Executive Director in various companies including holding Chairman positions on committees. With a passion for teaching, Mr. Lawson was a visiting professor with the Institute International des Assurances (IIA Yaounde, Cameroon) and a member of the Examination Panel of IIA Yaounde from 1998 to 2008. Until 2018, Mr. Lawson was a Non-Executive Director at Africa Reinsurance and was chairman of the Human Resources and compensation Committee. Currently, he is the Chairman of the Governance and Ethics Committee on the Board of NSIA Participations Holding and sits on the Board of NSIA Insurance Nigeria and NSIA Bank Cote d'Ivoire. He is a member of the Institute of Directors of South Africa, Institute of Corporate Directors, Canada and Insitut Francais des Administrateurs, France.

Chioma SIDESO has a law degree from the University of Kent in the United Kingdom, an MBA from the University of Leicester UK, The Professional Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK and is an Associate of the Chartered Insurance Institute UK, the ACII (UK). She has held roles in major multinationals in the financial services sector in the United Kingdom such as Assicurazioni Generali, Jardine Lloyd Thompson Group, Barclays Bank and Marks & Spencer. In addition to attending several training programs in Europe, Asia, North America and the Middle East, she has also completed the Chief Executive Program at the Lagos Business School. Chioma SIDESO was the President/Chief Executive Officer of NSIA Insurance Ltd Nigeria and under her leadership, the company more than quadrupled its growth in premium income and profitability. The company also received recognition as an Employer of choice. She specializes in Change Management, in Banking & Finance and Insurance and played a major part in creating and reinforcing a culture of excellence during her tenure in the company. With her wealth of experience, drive in pursuit of change and international perspective, she was able to negotiate various partnerships, mergers and acquisitions. She is one of the few women who paved the path to success as a Chief Executive in the insurance industry in Nigeria culminating in her recognition as "an outstanding female executive under 40". Chioma resigned from the board of directors of NSIA Insurance Limited in February 2020.

BOARD OF DIRECTORS

Mansan Dominique DIAGOU Epse Ehilé
Non-Executive Director

Dominique DIAGOU serves as the Central Operating Director at NSIA Participations. She is a professional with over fifteen (15) years of experience in Finance, Business Development, Human Resources and Company Management. She joined Société Ivoirienne de Raffinage as a Treasury Assistant in 1998 before becoming the Head of Treasury in Côte d'Ivoire Telecom, in 2003. Domingue joined the NSIA Group in June 2004 as a Business Development Director at NSIA Vie Côte d'Ivoire and rose through the ranks to become the Managing Director of NSIA Vie Assurance (Côte d'Ivoire) in May 2012. She holds a Bachelor in Business Administration from the Institut Franco-Americain De Management (IFAM), France, and a Masters in Business Administration from the Bryant University, USA. Dominique enjoys reading and engaging in different sports and charitable activities. She joined the board of NSIA Insurance Limited in February 2020 and serves as a Non-Executive Director.

Apollos IKPOBE
Non-Executive Director

Apollos IKPOBE is a business minded professional with over twenty-five (25) years of experience in Accounting, Taxation, Credit Administration, General Management and Audit. He holds a Master's degree in Banking & Finance from the University of Lagos. He joined Ernst & Young & Company (Chartered Accountants) as an Audit Senior/Consultant in 1988. Apollos was the Branch Manager at Zenith Bank in 1996 where he turned around the Marina branch from a loss-making branch to the 4th most profitable branch in 7 months. He rose through the ranks during his time in Zenith Bank Plc to become an Executive Director in 2005 up until he left to join United Bank for Africa in 2013 as the Deputy Managing Director. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), the Institute of Credit Administration of Nigeria (ICA) and the Chartered Institute of Taxation of Nigeria (CITN). Apollos joined the board of NSIA Insurance Limited in February 2020 and serves as a Non-Executive Director.

Chidi AJAERE
Non – Executive Director

Chidi AJAERE is a progressive Nigerian, global entrepreneur, investor and a strong believer in the potential of Africa. He serves as the Executive Chairman of the GIG Group; an indigenous technology and intelligence-driven management company tasked with the responsibility of managing subsidiaries within the group whose respective goals are to be the best within their various industries. Under his visionary leadership, some of these subsidiaries have pioneered revolutionary technologies and caused rapid disruption in their sectors. With a combination of technological innovation, deliberate business tactics and strategies, as well as huge investment in human empowerment, he is propelling the future and evolution of a modern Africa. Chidi holds a Post Graduate degree in International Business Management from Griffith University, Australia, and a Bachelor's degree in Business Management from Niagara College, Canada. He has attended a number of high profile leadership and management programs including an Executive Leadership Development program from the Stanford Business School. Chidi sits on the board of NSIA Insurance as well as on the board of several other companies.

BOARD OF DIRECTORS

Hélène KONIAN
Non-Executive Director

Adewale SANGOWAWA
Non – Executive Director

Abideen MUSA
Executive Director, Technical

Hélène KONIAN is a seasoned professional with over thirty (30) years of experience in legal, banking and general management with a focus on Corporate Governance and promotion of an ethical culture in the corporate world. Hélène started her career as a legal officer in BIAO, a commercial bank in Abidjan, in 1983 and rose through her career ladder to become the Company Secretary/Legal Manager of Ecobank Group's Retail Bank division from 2009 to 2016. She has served on a number of boards including those of GEPEX (Association of Ivorian Coffee & Cocoa Exporters, Abidjan), OCTIDE (Financial services, Paris), and LOCAFIRQUE (Leasing, Dakar). Hélène has a Master's degree in Business Law from the University of Paris and a post graduate degree (D.E.S.S) in Banking Law & Economy from the University of Paris. Hélène joined the board of NSIA Insurance Limited in February 2020 and serves as a Non-Executive Director.

Adewale SANGOWAWA is an accomplished and highly successful banker, economist and management consultant. He studied at the University of Makerere, Uganda where he obtained a Bachelor's Degree in Political Science & Economics and a Master's Degree in Development Economics. After starting his career with the Ugandan Civil Service, Adewale Sangowawa returned to Nigeria in 1967 and worked briefly with the Central Bank of Nigeria. However, he was soon lured away by the African Development Bank (ADB) in Abidjan, Cote d'Ivoire where he spent twenty-eight (28) years (1969 - 1997) on a long and glorious career with the ADB, culminating in his appointment to the post of Vice President - a post he held for seven (7) years. He sits and has sat on the boards of many companies and parastatals. He became a director in NSIA Insurance Limited in August 2011.

Abideen MUSA is an Executive Director and he currently heads the Technical Department of General and Life Businesses at NSIA, a position to which he was appointed in March 2017. He is a seasoned insurance professional with over twenty-two (22) years' experience in underwriting different classes of Risks, Claims Management and Marketing. He started his career in NOA Insurance Brokers Limited in 1995, moving on to Equity Indemnity Insurance Company in 1999 as an Underwriter spending eight years with the organization and eventually leading the Underwriting Unit. Abideen has both a Bachelors and Master's Degree in Geography and Planning from the University of Lagos. He is also an Associate member of the Chartered Insurance Institute of Nigeria and an alumnus of Lagos Business School. He has attended diverse local and international trainings/conferences. A sports fan, Abideen enjoys table tennis, football, travelling and reading.

BOARD OF DIRECTORS

Sunny UWAGBOI
Executive Director, Marketing & Relationship Management

Sunny UWAGBOI joined NSIA Insurance to head Marketing and Relationship Management in February 2018 and was appointed Executive Director in July 2018. Prior to his engagement with NSIA Insurance, Sunny worked with Zenith General Insurance Company Limited for over thirteen (13) years and rose to the level of General Manager in charge of Business Development, Relationships Management and Marketing. Being one of the pioneer staff, his marketing and business development acumen was very instrumental in building the customer base of the company especially the brokers market. With over twenty (20) years' experience in the Insurance Industry, Sunny started his insurance career with Triumph Assurance Company Limited where he garnered experience in Marketing and Underwriting. He later joined Fortune Assurance Company Limited where he contributed immensely to the development and expansion of the Underwriting and Marketing team and rose to the level of Deputy Manager before exiting. He worked with Central Insurance Company Limited as the Head of Business Development before the merger with Linkage Assurance during the last insurance recapitalization and consolidation exercise. Sunny has attended several courses both local and international that cut across Marketing, Oil & Gas, Relationship Management, and Effective & Dynamic Leadership amongst others. A graduate of the Institute of Management and Technology, (IMT), Enugu, Sunny holds an MBA in Marketing from Lagos State University, is an Alumnus of the prestigious Lagos Business School, and an Associate Member of the Chartered Insurance Institute of Nigeria. He likes reading, meeting people and travelling.


NSIA
INSURANCE

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2019

In thousands of Naira	2019	2018	%
STATEMENT OF PROFIT OR LOSS			
Gross premium written	9,192,293	6,914,006	33
Gross premium income	8,947,554	6,390,460	40
Net premium income	5,063,071	3,165,305	60
Net underwriting income	5,702,761	3,699,039	54
Underwriting profit	1,801,106	1,638,419	10
Profit before income tax	849,037	892,300	(5)
Profit after income tax	781,872	670,458	17
Basic and diluted earnings per share (kobo)	9	7	
STATEMENT OF FINANCIAL POSITION			
Total assets	19,436,671	17,925,667	8
Insurance contract liabilities	5,053,183	4,248,672	19
Investment contract liabilities	101,549	105,380	(4)
Shareholders' funds	11,840,697	10,901,606	9

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 2019.

(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	2019	2018
Net underwriting income	5,702,761	3,699,039
Net investment income	1,302,963	1,121,608
Total revenue	7,005,724	4,820,647
Profit before Income Tax	849,037	892,300
Income Tax	(67,165)	(221,842)
Profit after Income Tax	781,872	670,458
Appropriations:		
Transfer to contingency reserve	(242,663)	(181,041)
Transfer to Retained earnings	539,209	489,416
Retained earnings, beginning of the year	1,516,395	1,303,460
IFRS 9 Adjustment	-	(84,652)
Dividend paid during the year	(132,452)	(191,829)
Retained earnings, end of the year	1,923,152	1,516,395

(d) Dividend

During the year, a total dividend of ₦132,453,449 was paid out of the retained earnings as final dividend for 2018 financial year (2018: total dividend of ₦191,829,000 was paid as final dividend for 2017 financial year)

(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 compliance.

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

DIRECTORS' REPORT

For the year ended December 31, 2019

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

(f) Board of Directors

The following board members served during the year

Mr. 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
Mr. Chidi Ajaere	Director (Appointed July 2, 2019)
Mr. Sunny Uwagboi	Executive Director
Mr. Abideen Musa	Executive Director

* - Ivorian
** - Togolese

(g) Directors and their interests

The Directors who served during the year and their direct and indirect interests in the issued share capital of the Company as recorded in the Register of Directors shareholding and/or as notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act, CAP. C20, Laws of the Federation of Nigeria 2004.

Directors	Direct Shareholding	
	Number of 50k Ordinary Shares Held 2019	Number of 50k Ordinary Shares Held 2018
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) Acquisition of own shares

The Company did not purchase its own share in 2019 (2018: Nil).

(i) 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.

(j) Shareholding analysis

The shareholding pattern of the Company as at 31 December 2019 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 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

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 2019:

	31 December 2019		31 December 2018	
	shareholding	% shareholding	shareholding	% shareholding
NSIA Participations Holding SA	8,782,887,009	96.15%	8,782,887,009	96.15%

(k) 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.

(l) Donations and charitable gifts

The Company donated the total sum of ₦3,975,000 (31 December 2018: ₦4,930,000) to the following organizations during the year.

	2019 ₦'000	2018 ₦'000
Eko Club Project Fund	100	-
Down Syndrome Foundation	3,750	3,500
Assocaition of National Accountants of Nigeria	100	-
National Insurance Association	25	-
Rotary Club	-	1,000
Business outlook	-	150
Investiture Ceremony	-	250
Federal Fire Services	-	30
	3,975	4,930

(m) 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.

DIRECTORS' REPORT
For the year ended December 31, 2019

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.

(n) 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 2019	Male (Number)	Female (Number)	Total (Number)	Male (Percentage)	Female (Percentage)
Employees	54	74	128	42%	58%
Gender analysis of the Board and top management is as follows:					
Board	7	3	10	70%	30%
Top management	-	4	4	-	100%

Detailed analysis of the Board and top management is as follows:					
Assistant General Manager	-	3	3	-	100%
General Manager	-	1	1	-	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	5	2	7	67%	29%
Total	7	7	14		

31 December 2018	Male (Number)	Female (Number)	Total (Number)	Male (Percentage)	Female (Percentage)
Employees	57	75	132	48%	52%
Gender analysis of the Board and top management is as follows:					
Board	6	3	9	71%	29%
Top management	-	3	3	38%	63%

Detailed analysis of the Board and top management is as follows:					
Assistant General Manager	-	2	2	-	100%
General Manager	-	1	1	-	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	4	2	6	67%	33%
Total	6	6	12		

(o) Events after the reporting date

As disclosed in Note 41 to the financial statements, there are no significant events after the reporting date which could have had material effect on the state of affairs of the Company as at 31 December, 2019 and on its profit or loss and other comprehensive income for the year then ended.

(p) Auditor

Messrs Ernst & Young , 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

Mrs. Elizabeth Idigbe
FRC/2013/NBA/00000002878
For: PUNUKA Attorneys & Solicitors
Company Secretary
27 March, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

d) The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and of its profit or loss and other comprehensive income. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Mr. Ituah Ighodalo (Director)
FRC/2013/ICAN/00000003919
27 March 2020

Mrs. Ebelechukwu Nwachukwu (Managing Director)
FRC/2013/IODN/00000002768
27 March 2020

CORPORATE GOVERNANCE REPORT

Introduction:

NSIA Insurance Limited ("NSIA", Our, or "the Company") believes firmly that the implementation of the provisions of the National Insurance Commission ("NAICOM") Code of Corporate Governance for the Insurance Industry in Nigeria 2009 ("Code") will protect the interest of the shareholders and other stakeholders whilst also enabling the Board and Management to direct and manage the affairs of the Company in a sustainable manner. The Company is therefore committed to implementing the best practice standards of corporate governance and the provision of the NAICOM Code.

Our Core Values:

- Integrity,
- Care,
- Innovation, and
- Professionalism

are the bedrock upon which we continue to build our Corporate Culture.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice in alignment with the various applicable Codes of Corporate Governance with reference to compliance, disclosures and structure.

Corporate Governance Structure:

The governance of the Company resides with the Board of Directors who is accountable to shareholders for creating and delivering sustainable value through the management of the Company's business. The Board of Directors is responsible for the efficient operation of the Company and to ensure that the Company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews Corporate Performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to Management. These oversight functions of the Board of Directors are exercised through its various Committees.

In the course of the year under review, the Board had three (3) Committees to ensure the proper management and direction of the Company via interactive dialogue on a regular basis. The Board membership comprises Nine (9) members, including the Chairman, Four (4) Non- Executive Directors, One (1) Independent Director and three (3) Executive Directors.

Board Responsibilities:

The Board performs the following functions

1. Sets the overall direction of the business
2. Designs and maintains good internal control
3. Approves the Company's strategic plans
4. Approves the appropriation and distribution of profits
5. Approves top management's terms of employment
6. Monitors and takes decisions on major risks facing the Company
7. Reviews and considers matters reserved for the general Board

Separation of the role of Chairman from the role of the Chief Executive Officer:

The positions of the Chairman of the Board and the position of the Chief Executive Officer are separate and held by different persons. This is done in accordance with the provisions of the NAICOM Code.

The Chairman:

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company.

The Chairman also facilitates the contribution of Non-Executive Directors to promote effective relationships and open communications, both inside and outside the Boardroom, between Executive and Non-Executive Directors.

Chief Executive Officer:

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer ("CEO"). The Chief Executive Officer is responsible for leading management and for making and implementing operational decisions. The CEO is responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities.

The CEO ensures that optimization of the Company's resources is always achieved and has the overall responsibility for the Company's financial performance.

Board Committees:

The Board carries out its oversight function through its standing Committees. Through these Committees, the Board can more effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Company.

The Committees make recommendations to the Board, which retains responsibility for final decision making.

The Board's Three (3) standing Committees are;

- The Board Audit and Compliance Committee,
- The Finance, Investment & General Purposes Committee and,
- The Enterprise Risk Management & Governance Committee.

A summary of the roles, responsibilities, composition as well as frequency of meetings of the Board and each of the Committees are as stated hereunder:

a. Enterprise Risk Management and Governance Committee:

This Committee monitors risk, risk responses and activities as well as general governance of NSIA Insurance. It monitors the quality, integrity and reliability of the Risk Management process in NSIA Insurance. It is made up of four (4) Directors, three (3) of which are Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

The Chairperson of the Committee is a Non-Executive Director. The Committee held Four (4) meetings in 2019, as follows;

- March 2, 2019
- July 12 , 2019
- October 19, 2019 and
- December 21, 2019.

b. Finance, Investment and General-Purpose Committee:
This Committee assists the Board in its financial oversight functions. It helps in conducting periodic reviews of management accounts, corporate finance, investment portfolio performance assessment, budgeting and budgetary control, capital investment appraisal and compliance with relevant accounting standards. The Committee is made up of Five (5) Directors, three (3) of whom are Non-Executive Directors, the Chairman being one of those. The Committee held Four (4) meetings in 2019, as follows;

- March 2, 2019
- July 12 , 2019
- October 19, 2019 and
- December 21, 2019.

c. Audit and Compliance Committee:
This Committee has an oversight responsibility on behalf of the Board in respect of the integrity of financial statements and reporting process, independence and activities of the external and internal audit functions, effectiveness of the system of internal controls, accounting and operating procedures, and ensuring compliance with legal and regulatory requirements.

The Committee consists Three (3) Directors all of whom are Non-Executive Directors. The Committee held Four (4) meetings in 2019, as follows;

- March 2, 2019
- July 12 , 2019
- October 19, 2019 and
- December 21, 2019.

CORPORATE GOVERNANCE REPORT

Key:

** Committee Member

* Non-Committee Member

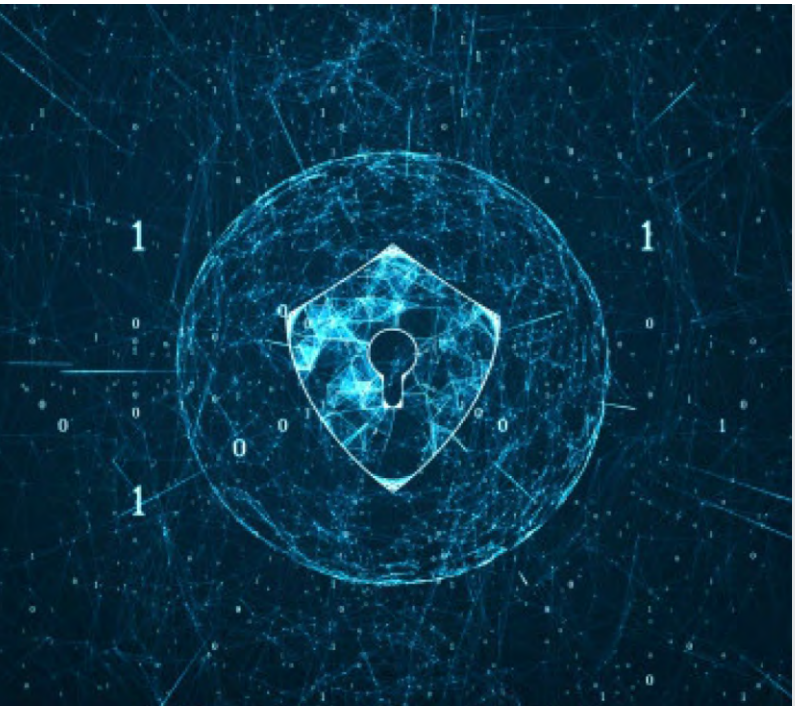
Relationship with Shareholders:
The Company has developed an efficient communication system with its Shareholders, and this has reinvigorated the confidence the shareholders have in the Company. The Company deals on a timely basis with all enquiries from shareholders which are communicated to the Board.

Name of Director	Role	Finance Investment & General-Purpose Committee	Audit & Compliance Committee	Establishment, Risk Management & Governance Committee
Mr. Ituah Ighodalo	Chairman			
Mrs. Ebelechukwu Nwachukwu	Chief Executive Officer / Managing Director	**		
Mr. Jean Kacou Diagou	Non-Executive Director	**		
Madame Janine Kacou Diagou	Non-Executive Director	**	**	
Mrs. Chioma Sideso	Non-Executive Director		**	
Mr. Sunny Uwagboi	Executive Director		**	
Mr. Adewale Sangowawa	Independent Director			**
Mr. Bene Boevi Lawson	Non-Executive Director			**
Mr. Abideen Musa	Executive Director			**

Conflict of interest:
To maintain high ethical standards for the conduct of its business, NSIA Insurance ensures that each Director and employee discloses to the Board his or her interest in any other company within the Insurance industry and in position where their self-interest conflicts with their duty to act in the best interest of the Company.

Social Responsibility:
The Company has impacted on the lives of the less privileged in the society through its support for the Down Syndrome Foundation of Nigeria (DSFN) amongst others.

Financial Statement



"Strategic and financial delivery leading to enhanced Shareholder returns."

IN THIS REPORT

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS 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 statements of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of NSIA Insurance Limited. 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 judgement, were of most significance in our audit of the financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NSIA INSURANCE LIMITED - Continued

Key Audit Matter - continued

Key Audit Matter	How the matter was addressed in the audit
Adequacy of valuation of Insurance Contract Liabilities The Company has insurance contract liabilities of ₦5.1 billion (2018: ₦4.2billion), out of which included outstanding claims of ₦3.0 billion (2018: ₦2.5 billion) as at 31 December 2019 representing 40% (2018: 36%) of the Company's total liabilities. This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit. Consistent with the insurance industry practice, the Company engaged an independent actuary to test the adequacy of the insurance contract valuation as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions. Insurance contract liabilities are disclosed in Note 29 to the financial statements.	We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Client's Independent Actuary's reports on general and life business which included among others: i. the appropriateness of assumptions used in the valuation of the insurance contracts by reference to Company and industry data and expectations. ii. the appropriateness of non-economic assumptions used in the valuation of the Insurance contracts in relation to lapse or extension assumptions by reference to company specific and industry data. **Other Key audit procedures included:** i. We reviewed and documented management's process for estimating insurance contracts ii. Performed file review of specific underwriting contracts in order to maximize our understanding of the book business and validate initial loss estimates. iii. Performed subsequent year claim payments to confirm the reasonableness of initial loss estimates.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The other information was obtained prior to the date of this report, and the Annual Report is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, if 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NSIA INSURANCE LIMITED - Continued

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM), and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of financial statements that are free from material misstatements, 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 judgement 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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.

INDEPENDENT AUDITOR'S REPORT

Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NSIA INSURANCE LIMITED - Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued
We communicate with the Directors 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.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Section 28(2) of the Insurance Act 2003, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
iii) 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;
iv) in accordance with the provisions of section 28(2) of the Insurance Act 2003, the statement of financial position, statement of profit or loss and statement of other comprehensive income gives a true and fair view of financial position and financial performance of the Company.

Sayo Elumaro, FCA
FRC/2012/ICAN/00000000139

For: Ernst & Young
Lagos, Nigeria

Date: 15 May 2020

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 General information

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

The Company is organized into two main divisions; short-term business (non-life/ general and group life) and long-term business (individual life). It provides insurance risk management and investment services to both private and corporate individuals. The long-term business relates to the underwriting of risks relating to death of an insured person, and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. Short-term business relates to all other categories of annual insurance business accepted by the Company such as those associated with loss or damage of property, loss of life, health, disability and liability insurance; these are 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 of the Company were authorized for issue by the board of directors on 28 February, 2020

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. The Company has assessed the impact of COVID-19 on its business with details reported under Events after balance sheet date in Note 41.

1.2 Summary of significant accounting policies

1.2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.2.2 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.

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

(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.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

(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 second 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2 New and amended standards

A 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 and applicable 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

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life 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 main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17.

The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(ii) The Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

(iii) Amendments to IAS 1 and IAS 8. Definition of materiality

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, 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 those financial statements, which provide financial information about a specific reporting entity.

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 revised definition of "material" which is quoted below from the 16 final amendments; "information is material if omitting, 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.

The amendments to the definition of material is not expected to have an impact on the financial statements of the Company.

(iv) Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

(v) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The amendments are not expected to have an impact on the financial statements of the Company.

(vi) Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). The amendments to IFRS 9 include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. The fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship. To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value. The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items. The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments to IAS 39:

The corresponding amendments are consistent with those for IFRS 9, but with the following differences: • For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. • For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform. • For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge. The Company would adopt the amendments when they become effective.

B New and amended standards and interpretations

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor. The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note (x) for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

- Leases previously classified as finance leases: The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

- Leases previously accounted for as operating leases: The Company applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application. The Company does not have leases with lease term that is more than 12 months. Therefore, the Company will continue to recognise lease payments on short-term leases and leases of low value assets as expense on a straight-line basis over the lease term.

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, Except for the effect of the changes in accounting policies as disclosed in Note 2B,

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 on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively) are presented in the Statement of profit or loss . Foreign currency differences arising from the translation of investment in equity securities designated as at FVOCI 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

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

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets at initial recognition is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics (i.e. solely payments of principal and interest- SPPI test). With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company classified its financial assets 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 Company classifies its financial liabilities at amortized cost.

Management determines the classification of the financial instruments at initial recognition.

(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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 assets 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.

iii Subsequent measurement

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:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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 debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal or derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as realized gain or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as investment income. The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortized cost. The expected credit loss model is described further in Note 3(ii)

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.

iv Reclassifications

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.

v Impairment of financial assets
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.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For trade receivables, the Company applies a regulatory no premium no cover impairment approach. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

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.

The calculation of ECLs
The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.
The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Company allocates its assets subject to ELC calculations into one of these categories, determined as follows:

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Forward looking information
Based on the above process, the Company categorizes its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1(12mECL): The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2(LTECL): When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3/impairment(LTECL): For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Company would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Company also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI 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;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is 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.

An asset that has been renegotiated due to a deterioration in 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. For POCI financial assets, the Company only recognizes the cumulative changes in LT ECL since initial recognition in the loss allowance.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms: staff gratuity or guarantors for staff loans, in-house pension fee for agency loan, policy document/cash value for policy loans, etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

Presentation of allowance for ECL 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;
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognized in the fair value reserve in equity (through OCI).

Write-off

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):
- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

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 credit loss expense. All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee.
There were no writeoffs over the periods reported in these financial statements.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the

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financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 4 in the financial statements.

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) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal 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, such that sufficient data are not available to measure fair value, then the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market observable inputs and minimising the use of unobservable 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


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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.

The Company measures financial instruments and non-financial assets such as investment properties at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are further disclosed. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability, or
* In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is
* directly or indirectly observable
* Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. The management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs. For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values in an active market. For other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values. The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

(vii) Amortized cost concept

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

(viii) Derecognition of financial assets

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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ix) Write off

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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

(x) 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.

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as trade payables and other payables as appropriate.

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade payables, other accrual and payables

Subsequent Measurement

Subsequent measurement of financial liabilities depends on their classification.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

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 shortterm deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

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.

Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Prepaid reinsurance

Prepaid reinsurance are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date and is reported under reinsurance assets in the statement of financial position. Prepaid reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

h Other receivables

Other receivables are made up of amounts receivable from third parties which are not directly related to insurance or investment contracts, except prepayment and other receivables that are not financial assets, these are measured at amortised costs. Discounting is omitted where the effect of discounting is immaterial. 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. The deferred acquisition cost asset for life insurance is amortised over the expected life of the contracts as a constant percentage of expected premiums. The deferred acquisition costs for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit or loss. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognized when the related contracts are either settled or disposed of.

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. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite

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
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period (five years) and the amortisation method (straight line) for an intangible asset(computer software) with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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 equipment	5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years
Work-in-progress	Not depreciated
Land	Not depreciated

Work in progress relates to assets that have been paid for or that are still under construction but not yet readily available for use at the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwiill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets: Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

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. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned

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
Investment contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, the investment contract liabilities are measured at fair value through profit or loss.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement ofFinancial position and are not recognised as gross premium in the statement of profit or loss.The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

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). These are computed in compliance with the provisions of Sections 20, 21, and 22 of the Insurance Act 2003 . 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.

Life insurance contracts insure events associated with human life (for example, death or survival). These are divided into the individual life, group life and annuity contracts. Individual life contracts are usually long-term insurance contracts and span over one year while the group life insurance contracts usually cover a period of 12 months and as such are categorised as shorterm insurance contracts. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(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.These contracts are accident and casualty and property insurance contracts. Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use. the insured properties in their business activities (business interruption cover): 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.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

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 (including gain or loss on buying reinsurance) are presented in the Statement of profit or loss and other comprehensive income and Statement of financial position separately from the gross amounts.

Prepaid reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Reinsurance Comission
This relates to commissions receivable on outwards reinsurance contracts which are deferred and amortized on a straight-line basis over the term of the expected premiums payable.

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.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

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

Wages, salaries, annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses in the statement of profit or loss and paid in arrears when the associated services are rendered by the employees of the Company.

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.

Retirement obligation & Post-employment benefits

- *Defined contribution plans*

The Company operates a defined contributory pension scheme for eligible employees. Company contributes 10% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- *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 Deposit for shares

This relates to amount of or assets received in advance for the acquisition and subsequent allotment of the company's equity share capital. Where the shareholders deposited for the equity of the entity and the necessary allotment of shares or share certificates have not been issued by the company due to authorization and approval from regulatory bodies, such deposit shall remain a liability until the allotment is done, when the obligation is converted into equity.

u 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*

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. Current income tax tax payable or receivable also include adjustments for tax expected to be payable or recoverable on the taxable income or loss for the year and any adjustment to the taxable payable or receivable in respect of previous

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate on the basis of amounts expected to be paid to the tax authorities . Tax/back duty assessments are recognized when assessed and agreed to by the Company with the Tax authorities, or when appealed, upon receipt of the results of the appeal.Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except: * When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.* In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 tax 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 except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. 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 tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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.

v Equity

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. 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, net of tax as a deduction from the proceeds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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
Revaluation reserve represents the fair value differences on the revaluation of items of property, plant and equipment as at the statement of financial position date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an assets carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property, plant and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed. The amount of the surplus transfered is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss

Fair value reserve
Fair value reserve represents increases or decreases in fair value of debt and equity instruments measured at FVOCI reported directly in other comprehensive income. Gains and losses on the equity instruments are never recycled to profit or loss. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised. Gains and losses on the debt instrument are recycled to profit or loss when the relevant debt securities are derecognised.

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.

w Revenue Recognition

Insurance Premium Revenue
Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Gross premium income include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Fees and Commission Income
Reinsurance commission income represents commission received on direct business and transactions ceded to re-insurance during the year. It is recognized over the cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

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,

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

x Expense recognition

Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including: internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. General insurance claims include all claims occurring during the year, whether reported or not, related internal nd external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract

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 accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of origination. They are expenses other than claims, investments and underwriting expenses and include employee benefits, Professional fees, depreciation charges and other operating expenses.

y Leases (Policy applicable beginning 1 January 2019)

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee The Company applies a single recognition and measurement approach for all leases, except for shortterm leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

I) Right-of-use assets The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-ofuse assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities; At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets:
The Company applies the short-term lease recognition exemption to its short-term leases of buildings and space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of buildings that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor:
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases (policy applicable prior to 1 January 2019):
The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement. Company as a lessee: Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred. All other leases are considered finance leases.

Company as a lessor :
Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recognised as revenue in the statement of profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating leaseare added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. All other leases are considered finance leases.

z 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.

aa 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 2019

In thousands of Naira	Notes	2019	2018
Gross premium written	6	9,192,293	6,914,006
Change in unearned premium	6.1	(244,739)	(523,546)
Gross premium income		8,947,554	6,390,460
Reinsurance expenses	6.1	(3,884,483)	(3,225,155)
Net premium income	6.1	5,063,071	3,165,305
Fees and commission income on insurance	6.2	639,690	533,734
Net underwriting income		5,702,761	3,699,039
Claims expenses:			
Gross benefits and claims incurred	8	(2,868,239)	(2,284,763)
Movement in life fund	29 (b)(iii)	(111,516)	91,513
Benefits and claims recoverable from reinsurers	9	512,002	1,204,061
		(2,467,753)	(989,189)
Underwriting expenses:			
Acquisition expenses	10	(1,286,016)	(978,258)
Maintenance expenses	11	(147,887)	(93,174)
		(1,433,903)	(1,071,432)
Underwriting profit		**1,801,106**	**1,638,419**
Profit on deposit administration	7	4,158	4,810
Net investment income	12	1,302,963	1,121,608
Other income	13(a)	29,081	220,651
Fair value gain on investment property	13(b)	200,096	29,988
Impairment gain/(loss) on financial assets (Net)	14	7,554	(157,646)
Other operating expenses	15	(2,495,921)	(1,965,530)
Profit before income tax		**849,037**	**892,300**
Income tax	34	(67,165)	(221,842)
Profit after income tax		**781,872**	**670,458**
Other comprehensive income			
Items within OCI that may be reclassified to the profit or loss:			
Net fair value gain or loss on financial assets at FVOCI	18(b)	269,570	(314,780)
Changes in allowance for expected credit losses on debt instruments at FVOCI		(24,509)	8,737
Items within OCI that will not be reclassified to the profit or loss:			
Property and equipment revaluation gains (net of tax)	35.3	39,138	64,957
Equity instrument at FVOCI - net change in fair value	18(b)	5,472	17,299
Total other comprehensive income		**289,671**	**(223,787)**
Total comprehensive income for the year		**1,071,543**	**446,670**
Earnings per share			
Basic and diluted earnings per share (kobo)	16	9	7

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

In thousands of Naira	Notes	2019	2018
Assets			
Cash and cash equivalents	17	1,312,235	1,290,535
Financial assets	18	9,642,047	7,851,813
Trade receivables	19	162,804	355,667
Reinsurance assets	20	1,848,077	2,140,210
Other receivable and prepayments	21	299,035	310,344
Deferred acquisition costs	22	287,912	182,691
Investment property	23	1,646,040	1,554,476
Intangible assets	25	17,640	24,741
Property and equipment	26	3,720,880	3,715,190
Statutory deposits	27	500,000	500,000
Total assets		**19,436,671**	**17,925,667**
Liabilities			
Investment contract liabilities	28	101,549	105,380
Insurance contract liabilities	29	5,053,183	4,248,672
Trade payables	30	457,919	1,402,032
Other payables and accruals	31	495,370	495,816
Deferred commission income	32	110,028	96,858
Deposit for Shares	33	698,081	-
Deferred tax liabilities	24	583,069	558,710
Current tax liabilities	34.2	96,776	116,593
Total Liabilities		**7,595,974**	7,024,061
Equity			
Share capital	35.1	4,567,360	4,567,360
Share premium	35.1	1,692,703	1,692,703
Statutory contingency reserve	35.2	1,842,280	1,599,617
Asset revaluation reserve	35.3	1,720,352	1,681,214
Fair value reserve	35.4	94,850	(155,683)
Retained earnings	35.5	1,923,152	1,516,396
Total equity		**11,840,697**	10,901,606
Total liabilities and equity		**19,436,671**	17,925,667

These financial statements were approved by the Board of Directors on 27 Mar 2020 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 accompanying significant accounting policies and notes to the financial statements form an intergral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

In thousands of Naira	Share capital	Share premium	Statutory contingency reserve	Asset revaluation reserve	Retained earnings	Fair value reserve	Total
As at 1 January 2018	4,567,360	1,692,703	1,418,576	1,616,256	1,303,461	109,613	10,707,969
For the year ended 31 December 2019							
IFRS 9 transition adjustments (see note 35.3 and note 35.4)	-	-	-	-	(84,652)	23,448	(61,204)
Opening balance under IFRS 9 (1 Jan 2018)	**4,567,360**	**1,692,703**	**1,418,576**	**1,616,256**	**1,218,809**	**133,061**	**10,646,765**
Total comprehensive income for the year							
Profit for the year	-	-	-	-	670,457	-	670,457
Other comprehensive income							
- Fair value changes of FVOCI financial assets (see note 35.3)	-	-	-	-	-	(288,744)	(288,744)
- Property and equipment revaluation gains (net of tax)	-	-	-	64,957	-	-	64,957
Total comprehensive income for the year	-	-	-	**64,957**	**670,457**	**(288,744)**	**446,670**
Transactions with owners, recorded directly in equity							
Transfer to contingency reserve	-	-	181,041	-	(181,041)	-	-
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	(191,829)	-	(191,829)
Total contribution by and distribution to equity holders	-	-	**181,041**	-	**(372,870)**	-	**(191,829)**
As at 31 December 2018	**4,567,360**	**1,692,703**	**1,599,617**	**1,681,214**	**1,516,396**	**(155,683)**	**10,901,606**
As at 1 January 2019	4,567,360	1,692,703	1,599,617	1,681,214	1,516,396	(155,683)	10,901,606
Total comprehensive income for the year							
Profit for the year	-	-	-	-	781,872	-	781,872
Additional tax liability	-	-	-	-		-	-
Other comprehensive income							
- Fair value changes of FVOCI financial assets (see note 35.4)	-	-	-	-	-	250,533	250,533
- Property and equipment revaluation gains (net of tax)	-	-	-	39,138	-	-	39,138
Total comprehensive income for the year	-	-	-	**39,138**	**781,872**	**250,533**	**1,071,543**
Transactions with owners, recorded directly in equity							
Transfer to contingency reserve	-	-	242,663	-	(242,663)	-	-
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	(132,452)	-	(132,452)
Total contribution by and distribution to equity holders	-	-	**242,663**	-	**(375,115)**	-	**(132,452)**
As at 31 December 2019	**4,567,360**	**1,692,703**	**1,842,280**	**1,720,352**	**1,923,152**	**94,850**	**11,840,697**

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

In thousands of Naira	Note	2019	2018
Insurance premium received	42.1	8,356,220	6,896,668
Premium received in advance	43.6	-	848,794
Reinsurance premium paid	42.2	(3,715,680)	(3,165,981)
Prepaid minimum and deposit reinsurance at year end	20(b)	(41,006)	(41,244)
Reinsurance commission received	42.3	652,860	510,471
Insurance benefits and claims paid	42.4	(2,419,983)	(1,358,491)
Deposit received from deposit admin	42.5	117,158	138,999
Withdrawal claims from deposit admin	42.5	(128,478)	(129,772)
Reinsurance claims received	42.6	786,307	446,433
Commission paid	42.7	(1,744,276)	(870,745)
Cash paid to employees, intermediaries and other suppliers	42.8	(2,210,226)	(1,846,977)
Other income received	42.9(a)	1,414	18,775
Legal claims paid/settled		-	(44,000)
Net cash flow received from coinsurer on recovery of claims paid	43.5	180,140	28,321
		(165,549)	1,431,251
Tax paid during the year	34	(66,971)	(452,972)
Net cash used in operating activities		(232,520)	978,280
Cash flows from investing activities:			
Interest income received	43.0	259,307	240,648
Investment property purchases	23	-	(125)
Dividend received	43.1	1,345	869
Proceeds from disposal of property and equipment	43.2	3,590	6,625
Proceeds from disposal of investment property	43.3	83,000	150,611
Purchase of financial assets	43.4(a)	(9,626,884)	(17,274,463)
Proceeds from sale/redemption of financial assets	43.4(b)	9,167,433	15,936,936
Purchase of property and equipment	26	(186,042)	(206,254)
Net cash used by investing activities		(298,250)	(1,145,153)
Cash flows from financing activities:			
Deposit for share received	33	698,081	-
Dividend paid		(132,452)	(191,829)
Net cash used in financing activities		565,629	(191,829)
Net decrease in cash and cash equivalents		34,850	(358,704)
Effect of exchange rate fluctuations on cash held	43.7	(18,217)	158,762
Cash and cash equivalents at beginning of year		1,297,512	1,497,453
Cash and cash equivalents at end of year	17(a)	**1,314,145**	**1,297,512**

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

4 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 ₦422 million (2018: ₦332.4 million) (see note 29 for details) and of investment contract liabilities is ₦101 million (2018: ₦105.4million) (See note 28 for details). Sensitivity analysis has been included in note 5.4.1.

Short term insurance contract liabilities

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

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

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further

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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 Zamara Consulting Actuaries Nig Ltd. The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Assumptions used in the valuation are as follows:	2019	2018
Inflation rate	11.0%	11.0%
Discount rate	15.0%	14.5%

-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 N4.631 billion (2018: N3.916 billion). See note 29 for details.

Sensitivity analysis has been included in note 5.4.2.

Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss in 'Gross change in contract liabilities'. Profits originated from margins for adverse deviations on run-off contracts are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or cancelled.

Non-life insurance contract liabilities

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., 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.

4.2 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.

4.3 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 ₦583 million (2018: ₦558.71 million).

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

4.5 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:

- Adjusted 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

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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 valuation of investment properties is based on the price for which comparable land and properties are being exchanged hands or are being marketed for sale. Therefore, the market-approach Method of Valuation. By nature, detailed information on concluded transactions is difficult to come by. The past transactions and recent adverts are being relied upon in deriving the value of the subject properties. At least, three properties will be analysed and compared with the subject property.

The Company's investment property was revalued by an external, independent valuer on 31 December 2019 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2019. Fair value gains have been recognized in the statement of profit or loss and other comprehensive income in line with the fair value model of IAS 40.

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 counter parties) 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

The Company has had no significant changes in its policies and processes to its capital structure during the past year from previous years

Compliance with statutory solvency margin requirement

The Company at the end of the 2019 financial year maintained total admissible assets of ₦17.28billion (2018: ₦14.46billion) which exceeded the total liabilities of ₦7.01billion (2018: ₦6.47billion) by ₦10.26billion (2018: ₦7.99billion). 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 205% (2018: 160%) of the minimum requirement which is the higher of 15% of net premium (₦760million) (2018: ₦475million) or the minimum capital base of N5billion 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.

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For the year ended 31 December 2019

The Solvency Margin for the company as at 31 December 2019 is as follows:

	Total	Admissible	Inadmissible
In thousands of Naira			
Assets			
Cash and cash equivalents	1,312,235	1,312,235	-
Financial assets	9,642,047	9,642,047	-
Trade receivables	162,804	162,804	-
Reinsurance assets	1,848,077	1,848,077	-
Other receivable and prepayments	299,035	-	299,035
Deferred acquisition costs	287,912	287,912	-
Investment property	1,646,040	-	1,646,040
Intangible assets	17,640	17,640	-
Property and equipment	3,720,880	3,510,714	210,166
Statutory deposits	500,000	500,000	-
Total assets (A)	**19,436,671**	**17,281,428**	**2,155,242**
Liabilities			
Investment contract liabilities	101,549	101,549	-
Insurance contract liabilities	5,053,183	5,053,183	-
Trade payables	457,919	457,919	-
Other payables and accruals	495,370	495,370	-
Deferred commission income	110,028	110,028	-
Deposit for Shares	698,081	698,081	
Deferred tax liabilities	583,069	-	583,069
Current tax liabilities	96,776	96,776	-
Total Liabilities (B)	**7,595,975**	**7,012,905**	**583,069**
Solvency Margin (A-B)= C		**10,268,523**	
Check To:			
Minimum to be maintained:			
The higher of 15% of net premium	759,461		
and			
Minimum paid-up capital (D)	5,000,000	(5,000,000)	
Solvency Margin(Surplus/Deficit) (C- D)		**5,268,523**	
Solvency level (%)		**205%**	

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

	Total	Admissible	Inadmissible
In thousands of Naira			
Assets			
Cash and cash equivalents	1,290,535	1,290,535	-
Financial assets	7,851,813	7,851,813	-
Trade receivables	355,667	355,667	-
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)	**17,925,669**	**14,456,998**	**3,468,669**

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)	**7,024,061**	**6,465,350**	**558,710**
Solvency Margin (A-B)= C		7,991,648	
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)		2,991,648	
Solvency level (%)		160%	

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. 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 2019

	Life insurance N'000	Non- life insurance N'000	Total N'000
Total shareholders' funds per financial statements	3,238,934	8,601,763	11,840,697
Available capital resources	3,238,934	8,601,763	11,840,697

Available capital resources at 31 December 2018

	Life insurance N'000	Non- life insurance N'000	Total N'000
Total shareholders' funds per financial statements	3,270,482	7,631,124	10,901,606
Available capital resources	3,270,482	7,631,124	10,901,606

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- Compliance with statutory minimum capital base requirement

The Company at the end of the 2019 financial year had shareholders' funds of N11.84billion (2018: N10.91billion) which was 237% (2018: 221%) of the statutory minimum capital base of N5billion for composite insurance business. As at the reporting date, the Company complied with the regulatory required minimum capitalization for composite insurance businesses.

5.3 Asset liability management (ALM) framework

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

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

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 2019 In thousand of naira"	Non Life Business			Life Business					
	Share-holders' fund	Insurance contract liabilities' fund	Others	Share-holders' fund	Insurance contract liabilities' fund	Investment contract liabilities' fund	Annuity	Others	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
1. Properties:									
Real Estate	3,522,707	908,971	-		496,055	-	-	-	4,927,733
Equipment	65,945	-	-	3,942	-	-	-	-	69,887
Motor Vehicles	194,435	-	-	-	-	-	-	-	194,435
Furniture	92,674	-	-	3,307	-	-	-	-	95,982
Others (a)	78,881	-	-	-	-	-	-	-	78,882
	3,954,642	**908,971**	-	**7,249**	**496,055**	-	-	-	**5,366,920**
2. Investments:									
Loans to Policyholders	-	-	-		6,984	-	-	-	6,984
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Financial assets:									
- Amortised cost	2,145,840			-	1,182,492	101,549	-	-	3,429,881
- FVOCI	4,650,748	-	-	1,554,434	-	-	-	-	6,205,182
Cash and cash equivalents		1,312,235	-		-	-	-	-	1,312,235
	7,096,588	**1,312,235**	-	**1,754,434**	**1,189,476**	**101,549**	-	-	**11,454,281**
3. Reinsurance and Other assets									
Reinsurance assets	-	1,441,328	-	-	406,749	-	-	-	1,848,077
Other assets	742,782	-	-	24,610	-	-	-	-	767,392
	742,782	**1,441,328**	-	**24,610**	**406,749**	-	-	-	2,615,469
Total	**11,794,014**	**3,662,534**	-	**1,786,294**	**2,092,280**	**101,549**	-	-	**19,436,671**
Funds for the Asset	-	3,635,885	-	-	1,417,298	101,549	-	-	5,154,732
Surplus/(Deficit)	**11,794,014**	**26,649**	-	**1,786,294**	**674,982**	-	-	-	**14,281,939**

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31 December 2018 In thousand of naira"	Non Life Business			Life Business					
	Share-holders' fund	Insurance contract liabilities' fund	Others	Share-holders' fund	Insurance contract liabilities' fund	Investment contract liabilities' fund	Annuity	Others	TOTAL
TOTAL	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'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:		-	-				-		-
- Held to Maturity	-	-		-	-	-	-	-	-
- Amortised cost	-		-	1,171,591	-	-	-	-	1,171,591
- FVOCI	2,806,486	1,689,080	1,154,275	-	891,949	105,380	-	-	6,647,171
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**	-	-	**17,925,666**
Funds for the Asset	-	**3,200,508**	-	-	**1,048,163**	**105,380**	-	-	**4,354,051**
Surplus/(Deficit)	**9,384,375**	**333,604**	**2,002,975**	**1,711,700**	**138,964**	-	-	-	**13,571,615**

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Asset and Liability Management

in thousands of Nigerian Naira	Carrying amount	Insurance contract Non-life	Insurance contract Group Life	Investment Contract	Assets cover	Shareholders fund	31 Dec 2019 Total
Assets							
Cash and cash equivalents	1,312,235	1,312,235		-	**1,312,235**	-	1,312,235
Financial assets	9,642,047	-	1,189,476	101,549	**1,291,025**	8,351,022	9,642,047
Trade receivables	162,804	-	-	-	-	162,804	162,804
Reinsurance assets	1,848,077	1,441,328	406,749	-	**1,848,077**	-	1,848,077
Other receivable and prepayments	299,035	-	-	-	-	299,035	299,035
Deferred acquisition costs	287,912	-	-	-	-	287,912	287,912
Investment property	1,646,040	-	-	-	-	1,646,040	1,646,040
Intangible assets	17,640	-	-	-	-	17,640	17,640
Property and equipment	3,720,880	908,971	496,055	-	**1,405,026**	2,315,854	3,720,880
Statutory deposits	500,000	-	-	-	-	500,000	500,000
Total assets	**19,436,670**	**3,662,534**	**2,092,280**	**101,549**	**5,856,362**	**13,580,307**	**19,436,671**
Liabilities							
Investment contract liabilities	101,549	-	-	101,549	**101,549**	-	101,549
Insurance contract liabilities	5,053,183	3,635,885	1,417,298	-	**5,053,183**	-	5,053,183
Trade payables	457,919	-	-	-	-	457,919	457,919
Other payables and accruals	495,370	-	-	-	-	495,370	495,370
Deferred commission income	110,028	-	-	-	-	110,028	110,028
Deposit for Shares	698,081	-	-	-	-	698,081	698,081
Deferred tax liabilities	583,069	-	-	-	-	583,069	583,069
Current tax liabilities	96,776	-	-	-	-	96,776	96,776
Total liabilities	**7,595,975**	**3,635,885**	**1,417,298**	**101,549**	**5,154,732**	**2,441,243**	**7,595,974**
GAP	**11,840,695**	**26,649**	**674,982**	-	**701,631**	**11,139,065**	**11,840,697**

in thousands of Nigerian Naira	Carrying amount	Insurance contract Non-life	Insurance contract Group Life	Investment Contract	Assets cover	Shareholders fund	31 Dec 2018 Total
Assets							
Cash and cash equivalents	1,290,535	-	-	-	-	1,290,535	1,290,535
Financial assets	7,851,813	1,689,080	891,949	105,380	2,686,409	5,165,404	7,851,813
Trade receivables	355,667	-	-	-	-	355,667	355,667
Reinsurance assets	2,140,210	1,845,032	295,178	-	2,140,210	-	2,140,210
Other receivable and prepayments	310,344	-	-	-	-	310,344	310,344
Deferred acquisition costs	182,691	-	-	-	-	182,691	182,691
Investment property	1,554,476	-	-	-	-	1,554,476	1,554,476
Intangible assets	24,741	-	-	-	-	24,741	24,741
Property and equipment	3,715,190	-	-	-	-	3,715,190	3,715,190
Statutory deposits	500,000	-	-	-	-	500,000	500,000
Total assets	**17,925,668**	**3,534,112**	**1,187,127**	**105,380**	**4,826,619**	**13,099,049**	**17,925,667**
Liabilities							
Investment contract liabilities	105,380	-	-	105,380	105,380	-	105,380
Insurance contract liabilities	4,248,672	3,200,509	1,048,163		4,248,672	-	4,248,672
Trade payables	1,402,032	-	-	-	-	1,402,032	1,402,032
Other payables and accruals	495,816	-	-	-	-	495,816	495,816
Deferred commission income	96,858	-	-	-	-	96,858	96,858
Deposit for Shares	-	-	-	-	-	-	-
Deferred tax liabilities	558,710	-	-	-	-	558,710	558,710
Total liabilities	**6,907,469**	**3,200,509**	**1,048,163**	**105,380**	**4,354,052**	**2,553,416**	**6,907,469**
GAP	**11,018,199**	**333,603**	**138,964**	-	**472,567**	**10,545,633**	**11,018,198**

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5.4 Insurance risk

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

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

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

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The Company's retention limit is presently N15,000,000 on any one life (subject to change from time to time).
Underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgment of the board and senior management.

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

5.4.1 Life insurance contracts

Life insurance contracts offered by the Company include: whole life and term assurance; Whole life and term assurance are conventional regular premium products 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.

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected;
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected;
- Longevity risk – risk of loss arising due to the annuitant living longer than expected;
- Investment return risk – risk of loss arising from actual returns being different than expected;
- Expense risk – risk of loss arising from expense experience being different than expected, 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 N15,000,000 on any single life insured are in place.
The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to variability from contract holder.

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

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

- Mortality and morbidity rates
  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by underwriting class and contract type.
  An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

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

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

- Expenses
  Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.
  An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

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

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

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For the year ended 31 December 2019

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 rate	
	2019	2018	2019	2018	2019	2018	2019	2018
Individual life	A6770	A6770	N8000 per policy	N16,800 per policy	11.00%	11.00%	15.00%	14.50%

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.

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 2019		Interest rate		Expense		Expense inflation		Mortality	
	Base	1%	-1%	10%	-10%	2%	-2%	5%	-5%
in thousands									
Individual life	407,736	4,077	(4,077)	40,774	(40,774)	8,155	(8,155)	20,387	(20,387)
Group life	499,911	4,999	(4,999)	49,991	(49,991)	9,998	(9,998)	24,996	(24,996)
Health	84,470	845	(845)	8,447	(8,447)	1,689	(1,689)	4,224	(4,224)
Total liability	**992,117**	**9,921**	**(9,921)**	**99,212**	**(99,212)**	**19,842**	**(19,842)**	**49,606**	**(49,606)**
% change in liability	0%	-99.00%	-101.00%	-90.0%	-110.00%	-98.00%	-102.00%	-95.00%	-105.00%

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 2018		Interest rate		Expense		Expense inflation		Mortality	
	Base	1%	-1%	-10%	-10%	2%	-2%	5%	-5%
Individual life	296,220	2,962	(2,962)	(29,622)	(29,622)	5,924	(5,924)	14,811	(14,811)
Group life	406,754	4,068	(4,068)	(40,675)	(40,675)	8,135	(8,135)	20,338	(20,338)
Health	71,209	712	(712)	(7,121)	(7,121)	1,424	(1,424)	3,560	(3,560)
Total liability	**774,183**	**7,742**	**(7,742)**	**(77,418)**	**(77,418)**	**15,484**	**(15,484)**	**38,709**	**(38,709)**
% change in liability	0.0%	-2.1%	2.2%	2.1%	-2.1%	0.6%	-0.6%	0.1%	-0.1%

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-19			31-Dec-18		
	Gross liabilities ₦'000	Reinsurance on liabilities ₦'000	Net liabilities ₦'000	Gross liabilities ₦'000	Reinsurance on liabilities ₦'000	Net liabilities ₦'000
Motor	185,147	16,815	168,332	101,987	(2,547)	97,713
Fire	374,971	289,843	85,128	685,553	220,141	(34,205)
Bond	4,878	1,951	2,927	10,384	1,663	9,080
General accident	628,939	300,354	328,584	251,331	654,499	168,665
Marine and aviation	188,697	98,379	90,318	169,602	83,286	17,762
Engineering	43,293	21,420	21,873	23,325	100,258	6,386
Oil and energy	625,896	201,435	424,461	467,802	202,420	181,979
Subtotal	**2,051,820**	**930,197**	**1,121,623**	**1,709,984**	**1,259,720**	**447,380**
Health insurance	84,470	164,636	(80,166)	152,044	129,271	22,773
Group life	485,568	50,141	435,427	289,707	23,566	266,141
Total	**2,621,858**	**1,144,974**	**1,476,884**	**2,151,735**	**1,412,557**	**736,294**

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.

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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.

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

31 December 2019

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Discount Rate	(-1)% Discount Rate
General Accident	197,401	7,317	2,439	197,401	197,401
Engineering	8,053	15,597	508	8,053	8,053
Fire	90,017	113,563	66,470	90,017	90,017
Marine	23,583	23,584	23,582	23,583	23,583
Motor	68,052	429,062	248,322	68,052	68,052
Bond*	4,878	111,301	24,804	4,878	4,878
Oil & Gas*	338,692	282,895	111,908	338,692	338,692
IBNR	**730,676**	**983,319**	**478,033**	**730,676**	**730,676**
Gross OCR	1,321,144	1,321,144	1,321,144	1,321,144	1,321,144
Total	**2,051,820**	**2,304,463**	**1,799,177**	**2,051,820**	**2,051,820**
Percentage Change		**26%**	**53%**	**0.00%**	**0.00%**

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 2018

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Discount Rate	(-1)% Discount Rate
General Accident	3,260	4,475	2,044	3,259	3,261
Engineering	10,598	20,264	2,675	10,594	10,602
Fire	57,873	69,033	46,713	57,838	57,908
Marine	147,399	210,353	86,356	147,084	147,719
Motor	34,925	46,985	22,865	34,815	35,037
Bond*	38,406	46,644	30,169	38,369	38,444
Oil & Gas*	338,772	452,675	224,869	338,381	339,167
IBNR	**631,234**	**850,430**	**415,692**	**630,341**	**632,139**
Gross OCR	1,078,753	1,078,753	1,078,753	1,078,753	1,078,753
Total	**1,709,986**	**1,929,183**	**1,494,445**	**1,709,093**	**1,710,891**
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.

5.5 Claims development table_NonLife

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

	2015 N'000	2016 N'000	2017 N'000	2018 N'000	2019 N'000	Total N'000
Estimate of ultimates:						
End of accident year	651,446	551,014	400,428	429,013	702,685	2,734,586
1 year later	417,155	1,915,421	184,277	209,776	-	2,726,630
2 years later	80,244	57,354	284,923	-	-	422,521
3 years later	5,076	153,991	-	-	-	159,067
4 years later	7,320	-	-	-	-	7,320
Cumulative Payment	1,161,241	2,677,780	869,628	638,789	702,685	6,050,123
Current estimate of ultimate claims	1,190,488	2,724,236	1,251,903	1,137,418	1,758,856	8,062,901
Current outstanding claims reserve	22,045	36,053	373,927	400,245	449,832	1,282,102
Liability in Statement of Financial Position						**730,676**

Analysis of claims development – Reinsurance

	2015 N'000	2016 N'000	2017 N'000	2018 N'000	2019 N'000	Total N'000
Estimate of ultimates:						
End of accident year	364,810	308,568	224,240	240,247	393,504	1,531,368
1 year later	233,607	1,072,636	103,195	117,475	-	1,526,913
2 years later	44,936	32,118	159,557	-	-	236,612
3 years later	2,843	86,235	-	-	-	89,077
4 years later	4,099	-	-	-	-	4,099
Cumulative Recoveries	650,295	1,499,557	486,992	357,722	393,504	3,388,069
Current estimate of ultimate Recoveries	666,673	1,525,572	701,066	636,954	984,959	4,515,224
Current outstanding claims recoveries	12,345	20,189	209,399	224,137	255,513	721,585
Asset in Statement of Financial Position						**405,571**

Analysis of claims development – Net

	2015 N'000	2016 N'000	2017 N'000	2018 N'000	2019 N'000	Total N'000
Estimate of ultimates:						
End of accident year	286,636	242,446	176,188	188,766	309,182	1,203,218
1 year later	183,548	842,785	81,082	92,302	-	1,199,717
2 years later	35,307	25,236	125,366	-	-	185,909
3 years later	2,233	67,756	-	-	-	69,989
4 years later	3,221	-	-	-	-	3,221
Cumulative Net Payment	510,946	1,178,223	382,636	281,067	309,182	2,662,054
Current estimate of net ultimate claims	523,815	1,198,664	550,837	500,464	773,897	3,547,676
Current net outstanding claims reserve	9,700	15,863	164,528	176,108	194,318	560,517
Net Liability in Statement of Financial Position						**325,105**

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5.6 Financial risk management

5.6.1 *Introduction and Overview*

The company is exposed to a range of financial risks through its financial instruments,insurance assets and Insurance Liabilities.The key financial risk is that in the long termits investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts.The most important components of the financial risks are :

(a) Credit Risk
(b) Liquidity risk
(c) Market 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.

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	2019 N'000	2018 N'000
Financial instruments			
Cash and cash equivalents	17	1,312,041	1,290,408
Financial asset at FVOCI	18	6,205,182	6,398,818
Financial assets at amortised cost	18	3,436,865	1,204,643
Trade receivables	19	162,804	355,666
Other receivables *	21	299,035	310,344
Total credit risk exposure		11,415,927	9,559,880

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

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

	2019 N'000	2018 N'000
ECL impairment		
Impairment on other receivables (see note 21(c))	22,734	121,787
Impairment of financial assets at amortised cost (see note 14)	(712)	(1,389)
Impairment on cash and cash equivalent (see note 14)	(5,067)	(2,964)
Impairment on debt instrument at FVOCI (see note 14)	(24,509)	8,712
Impairment of motor vehicle loans to exited staff	-	31,500
	(7,554)	157,646

5.6.1 **Concentration of credit risk by sector**

	2019 N'000	2018 N'000
Banking and other financial sector	10,954,088	8,377,221
Insurance sector	162,804	355,666
Others	299,035	1,003,149
	11,415,927	9,736,036

Analysis of financial assets by portfolio distribution

31 December 2019

	Notes	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Cash and cash equivalents		1,312,235	-	-	1,312,235
Trade receivables		-	162,804	-	162,804
Other receivables	21(b)	-	299,035	-	299,035
Debt instruments at FVOCI		5,894,707	-	-	5,894,707
Long term deposit		1,174,033	-	-	1,174,033
Statutory deposit		500,000	-	-	500,000
Allowance for impairment	21(c)	86,538	-	-	86,538
		8,967,512	461,839	-	9,429,352

31 December 2018

	Notes	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Cash and cash equivalents		1,290,535	-	-	1,290,535
Trade receivables		-	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)
		10,378,364	433,136	-	10,811,501

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).

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, Moody and S&P 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 history 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.

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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 2019		N'000	N'000
Cash and cash equivalents	0%	1,314,144	1,909
Financial assets at amortised cost	0%	2,264,333	(1,502)
Trade receivables	0%	13,809	-
Other receivables*	49%	585,861	(286,826)
		4,178,148	(286,419)

* 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.

31 December 2019	12 month ECL	Life time ECL non credit impaired	Life time ECL credit impaired	Total
Cash and cash equivalents	1,909	-	-	1,909
Financial assets at amortised cost	(1,502)	-	-	(1,502)
Trade receivables	-	-	-	-
Other receivables*	-	(513,785)	226,959	(286,826)
	407	(513,785)	226,959	(286,419)

31 December 2018	12 month ECL	Life time 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)

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 counterparty. 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.

	Credit rating	FVOCI 12-months ECL N'000	Amortised cost 12-months ECL N'000	FVOCI 12-months ECL N'000	Amortised cost 12-months ECL N'000
Treasury bills	B	-	-	(8,737)	-
		-	-	(8,737)	-

Cash and Cash equivalents
The company held cash and cash equivalent of N1.38billion as at 31 December 2019 (2018:N1.29b). 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 2019 in the amount to N9.9m. There was however a reversal of N2.9m during the period recognised in the profit or loss statement, giving a closing impairment balance of N7.0m as at 31 December 2019.

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

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

The Company's strategy for managing liquidity risks are as follows:
· Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs

· Ensure strict credit control and an effective management of receivables
· Ensure unrestricted access to financial markets to raise funds
· Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans
· Adhere to the liquidity risk control limits
· The Company's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

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

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

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

The following early warning indicators are used to promptly identify liquidity risks:
· Negative trends in cash forecast
· Volume of outstanding premium
· 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

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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.

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 2019

	Notes	Carrying amount	Gross nominal value	1-3 months	3-6 months	6-12 months	> 1 year
		N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Cash and cash equivalents	17	1,312,235	1,438,630		-	-	-
Financial asset at amortised cost	18	3,436,865	3,905,447	115,996	150,241	1,290,979	2,348,231
Fair value through OCI	18	6,205,182	7,251,103	427,024	1,955,860	4,868,219	-
Trade receivables	19	162,804	162,803	162,803	-	-	-
Other receivables(excluding prepayment)	21	86,537	86,537	86,537	-	-	-
Statutory deposit	27	500,000	500,000	-	-	-	500,000
		11,703,623	13,344,520	792,360	2,106,101	6,159,198	2,848,231
Financial liabilities							
Trade payables	30	457,919	528,982	528,982	-	-	-
Other payables	31	495,370	495,370	495,371	-	-	-
		953,289	1,024,352	1,024,353	-	-	-
Net financial assets		**10,750,333**	**12,320,168**	**(231,993)**	**2,106,101**	**6,159,198**	**2,848,231**

31 December 2018

	Notes	Carrying amount	Gross nominal value	1-3 months	3-6 months	6-12 months	1–5 years
		N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Cash and cash equivalents	17	1,290,535	1,419,589	1,419,589	-	-	-
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	-
Trade receivables	19	355,666	355,666	355,666	-	-	-
Other receivables(excluding prepayment)	21	76,395	76,395	76,395	-	-	-
Statutory deposit	27	500,000	500,000	-	-	-	500,000
		10,074,409	11,108,160	2,276,838	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		**8,176,560**	**9,210,311**	**378,989**	**51,446**	**7,921,463**	**858,414**

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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 2019	**USD N'000**	**EUR N'000**	**GBP N'000**	**Total N'000**
Cash and bank balances	343,878	1,750	-	345,629
Long term deposits	959,475	-	-	959,475
Unquoted equities	45,289	-	-	45,289

31 December 2018	**USD N'000**	**EUR N'000**	**GBP N'000**	**Total N'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

The following significant exchange rates have been applied:

	Average rates		Year end spot rate	
	2019	**2018**	**2019**	**2018**
US Dollars	364.35	361.77	364.51	364.18
EURO	412.49	417.30	404.9	420.08
GB Pounds	469.88	460.68	476.02	463.75

Foreign exchange sensitivity

Financial assets exposed to foreign exchange risk **31 December 2019**	Increase by 5% N'000	Increase by 10% N'000	Decrease by 5% N'000	Decrease by 10% N'000
Financial assets	345,628	345,628	345,628	345,628
Effect on profit before tax	17,281	34,562	(34,563)	(34,563)
Taxation @ 30%	(5,184)	(10,369)	10,369	10,369
Effect on profit after tax	12,096	24,193	(24,194)	(24,193)

Financial assets exposed to foreign exchange risk **31 December 2018**	**Increase by 5% N'000**	**Increase by 10% N'000**	**Decrease by 5% N'000**	**Decrease by 10% N'000**
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)

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- 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.

Interest earning assets 31 December 2019	1-3 months N'000	3-6 months N'000	> 6 months N'000	Total N'000
Cash and bank balances	1,312,235	-	-	1,312,235
Investment securities				
Fair value through other comprehensive income	-	-	6,118,008	6,118,008
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	1,312,235	-	6,618,008	7,930,243
Gap				
Increase by 100bp	13,122	-	66,180	79,302.43
Increase by 500bp	65,612	-	330,900	396,511
Decrease by 100bp	(13,122)	-	(66,180)	(79,302)
Decrease by 500bp	(65,612)	-	(330,900)	(396,511)

31 December 2018	N'000	N'000	N'000	N'000
Cash and bank balances	1,037,771	-	-	1,037,771
Investment securities				-
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)

Summary of sensitivity of investments to market prices

31 December 2019	as per mkt price N'000	at +10% of mkt price N'000	at -10% of mkt price N'000
Quoted equities			
Non-life	54,599	5,460	(5,460)
Life	89,916	8,992	(8,992)
Total	144,515	14,452	(14,452)

31 December 2018	as per mkt price N'000	at +10% of mkt price N'000	at -10% of mkt price N'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)

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- Market price risk

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

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

The Company has no significant concentration of price risk.
The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

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

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

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

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

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

The following investment risk appetite statements guide the Company:-

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

- The Company d oes 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

Investment risk exposures are mitigated by:

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

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

5.7 Measurement of fair values

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(a) Financial assets carried at fair value

31 December 2019	Carrying value	Fair value	Level 1	Level 2	Level 3
All carried at FVTOCI	N'000	N'000	N'000	N'000	N'000
Unlisted Equity	74,093	74,093	-	-	74,093
Listed Equity	149,209	149,209	149,209	-	-
Debt Instruments	5,939,049	5,939,049		5,939,049	-
Total financial assets	6,162,351	6,162,351	149,209	5,939,049	74,093

31 December 2018	Carrying value	Fair value	Level 1	Level 2	Level 3
All carried at FVTOCI	N'000	N'000	N'000	N'000	N'000
Unlisted Equity	97,465	97,465	-	-	97,465
Listed Equity	150,887	150,887	150,887	-	-
Debt Instruments	6,416,117	6,416,117	6,416,117	-	-
Total financial assets	6,664,469	6,664,469	6,567,004	-	97,465

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 2019 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 2018	97,087
Net change in fair value recognised in OCI (unrealised)	378
Balance as at 31 December 2018	97,465

	N'000
Balance at 1 January 2019	97,465
Reclassification to listed equities	(24,697)
Net change in fair value recognised in OCI (unrealised)	1,325
	74,093

* 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 2019	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
FGN bonds	2,088,984	2,088,984	-	2,088,984	-
Long term deposit with financial institutions	1,174,033	1,196,012	-	-	1,196,012
Staff loan	166,864	166,864	-	-	166,864
Loans to policy holders	6,984	6,984	-	-	6,984
Total financial assets	3,436,864	3,458,843	-	2,088,984	1,369,860

31 December 2018	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
FGN bonds	-	-	-	-	-
Long term deposit with financial institutions	1,032,038	1,032,038	-	-	1,032,038
Staff loan	165,526	165,526	-	-	165,526
Loans to policy holders	7,079	7,079	-	-	7,079
Total financial assets	1,204,643	1,204,643	-	-	1,204,643

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

6 Gross premium written and income

	2019 ₦'000	2018 ₦'000
Long-term insurance contracts (see note 6.1 below)	373,195	335,521
Short-term insurance contracts (see note 6.1 below)	8,819,097	6,578,485
Gross premium written	**9,192,293**	**6,914,006**
Change in unearned premium provision (note 29(a)(iv))	(244,739)	(523,546)
Gross premium income	8,947,554	6,390,460

6.1 Net Premium income

	2019 ₦'000	2018 ₦'000
Long-term insurance contracts with fixed and guaranteed terms:		
Gross premium written	373,195	335,521
Short-term insurance contracts:		
Gross premium written (see note 6 above)	8,819,097	6,578,485
Change in unearned premium provision (note 29(a)(iv))	(244,739)	(523,546)
Gross premium income	8,947,554	6,390,460
Reinsurance outward:		
Short-term reinsurance contract	(3,841,405)	(3,200,628)
Long-term reinsurance contracts	(25,351)	(32,289)
	(3,866,756)	(3,232,917)
Changes in prepaid reinsurance premium (see note 20(a))	(17,727)	7,762
Reinsurance expense	**(3,884,483)**	**(3,225,155)**
Net premium income	5,063,071	3,165,305

6.2 Fees and commission income on insurance

	2019 ₦'000	2018 ₦'000
Commissions (see note 32(a))	639,690	533,734
	639,690	533,734

7 Profit on deposit administration

	2019	2018
Income		
Interest income	11,647	8,412
	11,647	8,412
Expense		
Guaranteed interest (see note 28)	(7,489)	(3,602)
	(7,489)	(3,602)
Profit on deposit administration	4,158	4,810

8 Gross benefits and claims incurred

	2019 ₦'000	2018 ₦'000
Short term business	2,758,263	2,209,237
Long term business (see note 29(b)(I))	109,976	75,526
	2,868,239	2,284,763

Breakdown of gross benefits and claims incurred

	2019 Paid claims ₦'000	2019 Changes in outstanding claims and IBNR ₦'000	2019 Total claims incurred ₦'000	2018 Paid claims ₦'000	2018 Changes in outstanding claims and IBNR ₦'000	2018 Total claims incurred ₦'000
- Short term insurance contracts:						
Motor	264,928	83,159	348,087	260,877	41,278	302,155
Fire	57,677	(310,582)	(252,905)	75,669	621,222	696,891
Bond	-	(5,506)	(5,506)	801	4,466	5,267
General accident	653,699	377,608	1,031,307	105,792	(255,734)	(149,942)
Marine and aviation	153,327	19,095	172,422	150,297	146,118	296,415
Engineering	139,662	19,968	159,629	12,213	7,066	19,279
Oil and energy	116,114	158,094	274,208	67,783	226,306	294,089
Health insurance	451,765	(67,573)	384,191	111,680	152,044	263,724
Group life	450,968	195,861	646,829	487,162	(5,803)	481,359
Total benefits and claims paid on short term insurance contracts:	2,288,140	470,123	2,758,263	1,272,274	936,963	2,209,237
- Long-term insurance contracts:						
Individual life (see Note 29(b)(I))	131,843	(21,867)	109,976	86,217	(10,691)	75,526
Total benefits and claims incurred on long term insurance contracts	131,843	(21,867)	109,976	86,217	(10,691)	75,526
Total gross benefits and claims incurred	2,419,983	448,256	2,868,239	1,358,491	926,272	2,284,763

9 **Benefits and claims recoverable from reinsurers**

	2019 ₦'000	2018 ₦'000
Short term business	511,361	1,134,203
Long term business	641	69,858
	512,002	1,204,061

Breakdown of claims & benefit recoverable from reinsurers

	2019 Short term ₦'000	2019 Long term ₦'000	2019 Total ₦'000	2018 Short term ₦'000	2018 Long term ₦'000	2018 Total ₦'000
Motor	18,455	-	18,455	13,365	-	13,365
Fire	100,289	-	100,289	158,731	-	158,731
Bond	(359)	-	(359)	833	-	833
General accident	(147,332)	-	(147,332)	583,684	-	583,684
Marine and aviation	80,922	-	80,922	22,190	-	22,190
Engineering	(33,311)	-	(33,311)	26,369	-	26,369
Oil and energy -	22,762	-	22,762	88,625	-	88,625
Individual life	-	4,475	4,475	-	26,481	26,481
Group life	59,756	-	59,756	17,317	-	17,317
Health insurance	378,075	-	378,075	95,300	-	95,300
Reinsurance portion of IBNR	32,104	(3,834)	28,270	127,789	43,377	171,166
	511,361	641	512,002	1,134,203	69,858	1,204,061

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(b) Breakdown of claims and benefits recoverable from reinsurers

	2019			2018		
	Claims recovered from reinsurers N'000	Changes in reinsurance share of outstanding claims and I BNR N'000	Total claims and benefits recoverable from reinsurers N'000	Claims recovered from reinsurers N'000	Changes in reinsurance share of outstanding claims and IBNR N'000	Total claims and benefits recoverable from reinsurers N'000
- Short term insurance contracts:						
Motor	3,140	16,516	19,656	20,487	9,540	30,027
Fire	62,310	69,702	132,013	53,353	281,667	335,020
Bond	-	289	289	1,774	(1,595)	179
General accident	228,155	(354,189)	(126,033)	50,556	326,153	376,709
Marine and aviation	75,668	15,092	90,760	(33,882)	135,292	101,410
Engineering	41,726	(78,838)	(37,113)	(55,317)	52,814	(2,503)
Oil and energy	19,365	(985)	18,380	245,113	(91,242)	153,871
Group life	37,963	26,576	64,538	115,317	(84,270)	31,047
Health insurance	313,506	35,365	348,871	22,547	85,897	108,444
Total benefits and claims recovered on short term insurance contracts:	781,833	(270,472)	511,361	419,947	714,256	1,134,203
- Long-term insurance contracts:						
Individual life	4,475	(3,834)	641	26,481	43,377	69,858
Total benefits and claims recovered on long term insurance contracts	4,475	(3,834)	641	26,481	43,377	69,858
Total gross benefits and claims recovered	786,307	(274,305)	512,002	446,428	757,633	1,204,061

10 Acquisition expenses

	2019 N'000	2018 N'000
Short term business	1,250,631	913,082
Long term business	35,385	65,176
	1,286,016	978,258

Analysis of acquisition expenses:

	2019			2018		
	Short term N'000	Long term N'000	Total N'000	Short term N'000	Long term N'000	Total N'000
Motor	136,155	-	136,155	63,273	-	63,273
Fire	268,675	-	268,675	70,582	-	70,582
Bond	8,906	-	8,906	5,738	-	5,738
General accident	326,300	-	326,300	185,741	-	185,741
Marine and aviation	143,031	-	143,031	103,886	-	103,886
Engineering	105,361	-	105,361	54,897	-	54,897
Oil and energy	43,915	-	43,915	255,742	-	255,742
Travel	55	-	55	-	-	-
Individual life	-	35,385	35,385	-	65,176	65,176
Health insurance	90,820	-	90,820	45,067	-	45,067
Group life	127,411	-	127,411	128,155	-	128,155
	1,250,631	35,385	1,286,016	913,082	65,176	978,258

11 Maintenance expenses

	2019 N'000	2018 N'000
Short term business	142,441	90,858
Long term business	5,446	2,316
	147,887	93,174

Analysis of maintenance expenses:

	2019			2018		
	Short term N'000	Long term N'000	Total N'000	Short term N'000	Long term N'000	Total N'000
Motor	10,079	-	10,079	9,716	-	9,716
Fire	10,685	-	10,685	9,462	-	9,462
Bond	452	-	452	504	-	504
General accident	9,674	-	9,674	33,212	-	33,212
Marine and aviation	58,209	-	58,209	6,119	-	6,119
Engineering	4,397	-	4,397	4,474	-	4,474
Oil and energy	15,476	-	15,476	18,131	-	18,131
Individual life	-	5,446	5,446	-	2,316	2,316
Health	12,361	-	12,361	3,687	-	3,687
Group life	21,108	-	21,108	5,553	-	5,553
	142,441	5,446	147,887	90,858	2,316	93,174

12 Net Investment income

	2019 N'000	2018 N'000
12(a) Investment income:		
Dividend income on equity securities	1,345	869
Gain on financial assets disposal	9,827	104,798
Statutory deposit - Interest income	64,851	76,830
Financial assets at amortised cost -interest income (Note 18 (c) (i))	236,169	37,306
Financial assets at FVOCI- Interest income (Note 18 (c) (ii))	784,668	729,575
Cash and cash equivalents - Interest income	214,578	192,634
	1,311,439	1,142,012
12(b) Commissions and charges		
Treasury bills	(8,476)	(20,404)
	1,302,963	1,121,608

13(a) Other income

	2019 N'000	2018 N'000
Management fees	456	18,775
Profit on sale of fixed assets (See note 43.2)	1,092	4,079
Interest on staff loans (Notional interest) (note 18(c)	23,789	26,107
Provision no longer required	-	934
Other sundry income (note 13(a)(i))	958	-
Unrealized net foreign exchange gain(see note 13(a)(ii)below)	2,786	170,757
	29,081	220,651

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.

	2019	2018
13(a)(ii)Breakdown of unrealized net foreign exchange gain	N'000	N'000
Cash and cash equivalents	2,786	158,762
Financial assets - amortised cost	-	11,995
	2,786	170,757

	2019	2018
13(b) Fair value gain on investment property	N'000	N'000
Fair value gain on investment property (see note 23)	200,096	29,988
	200,096	29,988

14 Impairment reversal/(loss) on financial assets (net)

	2019 N'000	2018 N'000
Impairment on other receivables (see note 21(c))	22,734	121,787
Impairment of financial assets at amortised cost (see note 18(a))	(712)	(1,389)
Reversal of impairment on cash and cash equivalent (see note 17(b))	(5,067)	(2,964)
Impairment OCI-Debt Instrument	(24,509)	8,712
Impairment of motor vehicle loans to exited staff	-	31,500
	(7,554)	157,646


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15 Other operating expenses

	2019 N'000	2018 N'000
Employee benefits expense (see note 15 (a) below)	1,249,878	1,051,722
Depreciation (note 26)	221,340	278,626
Naicom and other regulatory fees	153,812	41,036
Direct expenses*	131,734	80,959
Repairs and maintenance	117,980	48,942
Advertisement and publicity	101,495	63,836
Professional fees	96,975	82,867
Transport and travel expenses	67,990	39,800
Electricity and diesel expenses	61,122	52,772
Marketing expenses	40,734	10,486
Directors' emoluments - Note 40 (b)	39,467	40,249
Printing and stationery	28,488	26,102
Rent and rates	27,992	20,800
Fueling	25,873	17,314
Subscription	25,500	26,661
Net foreign exchange loss**	21,003	-
Auditor's remuneration	21,000	27,500
Postage and Telephone	17,864	5,929
Board and AGM expenses	13,201	17,104
Cleaning	12,335	10,392
Amortization (note 25)	7,101	2,546
Loss on disposal of investment property	6,350	4,358
Donations and charity expenses	3,975	4,930
Security	-	4,634
Filing fees	-	1,787
Other sundry expenses	2,712	4,178
	2,495,921	1,965,530

*Direct expenses relate to expenses incurred in providing insurance services. This include actuarial fees ,bank charges, stamp duties, etc. The external auditors did not perform any non-audit services during the period ended 31 December 2019.

**This relates to volatility in exchange rates when transactions are booked at a rate which is different from applicable rate that is applied when settlement is made due to different transaction bookings and settlements date.

15(a) *Employee benefits expense*

	2019 N'000	2018 N'000
Salaries and wages	1,098,824	879,232
Medical	45,945	67,134
Staff training	51,876	36,415
Prepaid staff benefit expensed	11,287	34,060
Employer's Pension contribution	41,946	34,881
	1,249,878	1,051,722

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

16 Earning per share

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

	2019	2018
Profit attributable to equity holders (N'000)	781,872	670,457
Weighted average number of ordinary shares in issue ('000)	9,134,721	9,134,721
Basic and diluted earnings per share (kobo)	9	7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

17 Cash and cash equivalents

Cash and cash equivalents comprise:	2019	2018
	N'000	N'000
Cash in hand	194	127
Due from banks and other financial institutions (see note 17(b) below) (net)	1,312,041	1,290,408
	1,312,235	1,290,535

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

	2019	2018
	N'000	N'000
Cash in hand	194	127
Current accounts	403,891	252,637
Short term placement	910,059	1,044,747
Cash and cash equivalent per statement of cash flows.	1,314,144	1,297,511
Impairment on cash and cash equivalent (see note 17(b)	(1,909)	(6,976)
Cash and cash equivalent per statement of financial position	1,312,235	1,290,535

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

	2019	2018
17 (b) Due from banks and other financial institutions	N'000	N'000
Current accounts	403,891	252,637
Short term placements	908,150	1,037,771
	1,312,041	1,290,408

	2019	2018
Movement in impairment	N'000	N'000
At 1 January	6,976	9,940
Reversal of impairment during the year (note 14)	(5,067)	(2,964)
At 31 December	1,909	6,976

18 Financial assets

	2019	2018
	N'000	N'000
Amortized cost (note 18(a))	3,436,865	1,204,643
Fair value through other comprehensive income (note 18(b))	6,205,182	6,647,170
	9,642,047	7,851,813

18 (a)Financial asset at amortised cost

	2019	2018
	N'000	N'000
Long term deposit with financial institutions	1,174,033	1,032,038
Bonds	2,088,984	-
Staff loans	168,366	167,740
Loans to policy holders	6,984	7,079
ECL on financial asset at amortised cost	(1,502)	(2,214)
	3,436,865	1,204,643

	2019	2018
At 1 January	N'000	N'000
Reversal of impairment during the year (note 14)	2,214	3,603
At 31 December	(712)	(1,389)
	1,502	2,214

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

	2019 N'000	2018 N'000
Unlisted equities	74,093	97,465
Treasury bills	5,894,707	6,586,686
Listed equities	149,209	150,887
Fair value changes	87,174	(187,868)
	6,205,182	6,647,170

Movement in fair value	2019 N'000	2018 N'000
At 1 January	(187,868)	109,613
Net fair value changes during the year (18(b)I) & (35.4)	275,042	(297,481)
At 31 December	87,174	(187,868)

(18(b)I)Net fair value changes during the year

	2019 N'000	2018 N'000
Net fair value gain or loss on debt instruments at FVOCI	269,570	(314,780)
Net fair value gain on equity instrument at FVOCI	5,472	17,299
	275,042	(297,481)

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

	Amortized Cost N'000	FVOCI N'000	Total N'000
Balance as at 1 January 2018	1,034,029	5,075,391	6,109,420
Purchase/additions	1,343,348	15,931,115	17,274,463
Exchange gain (Note 13 (a))	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))	26,107	-	26,107
Below market rate (BMR)interest rate adjustment on staff loan	(183,279)	-	(183,279)
Fair value 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	(25,546)	-	(25,546)
Reversal of impaired during the year	1,389	-	1,389
At 31 December 2018	**1,204,646**	**6,647,169**	**7,851,812**
Purchase/additions	3,263,016	6,363,868	9,626,884
Exchange gain (Note 13 (a))	2,786	-	2,786
Repayment and disposals (sale and redemption)	(1,292,040)	(7,865,566)	(9,157,606)
Interest income earned for the year (Note 12(a))	236,169	784,668	1,020,837
Interest income (Notional) on staff loan (note 13(a))	23,789	-	23,789
Fair value gain	-	275,042	275,042
Reversal of fair value on disposed financial assets	-	-	-
Write off of prepaid staff benefit related to exited staff	-	-	-
Reversal of impaired during the year	(1,502)	-	(1,502)
At 31 December 2019	**3,436,864**	**6,205,181**	**9,642,047**

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18 (c)(I)Movement in financial assets at amortised cost may be summarised as follows;

Assets measured at amortised cost	Bonds	Other recievables	Staff loans	Loans to policy holders	Total
	N'000	N'000	N'000	N'000	N'000
Balance as 1 January 2018	-	892,897	125,874	18,861	1,037,632
Purchase/additions	-	1,003,187	338,540	1,623	1,343,350
Exchange gain	-	11,995	-	-	11,995
Repayment 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	-	-	(25,546)	-	(25,546)
Interest income (Notional) on staff loan	-	-	26,107	-	26,107
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 2018	**-**	**1,029,826**	**167,741**	**7,079**	**1,204,646**
Purchase/Additions	2,088,984	1,133,437	38,540	2,056	3,263,016
Exchange gain	-	2,786	-	-	2,786
Repayment and disposals (sale and redemption)	-	(1,228,186)	(61,704)	(2,151)	(1,292,040)
Interest income earned for the year	-	236,169	-	-	236,169
Interest income (Notional) on staff loan	-	-	23,789	-	23,789
Below market rate (BMR) interest rate adjustment on staff loan	-	-	-	-	-
	2,088,984	1,174,032	168,366	6,984	3,438,366
Impairment losses	-	(1,502)		-	(1,502)
Balance as at 31 December 2019	**2,088,984**	**1,172,530**	**168,366**	**6,984**	**3,436,864**

18 (c)(ii)Movement in financial assets at FVOCI may be summarised as follows;

FVOCI	Unlisted equities	Treasury bills	Listed equities	Total
Balance as 1 January 2018	N'000	N'000	N'000	N'000
Purchase/Additions	189,380	4,824,978	61,033	5,075,391
Repayment and disposals (sale and redemption)	-	15,841,261	89,854	15,931,115
Interest income earned for the year	(91,915)	(14,699,517)	-	(14,791,432)
Reversal of fair value on disposed financial assets	-	729,575	-	729,575
Fair value loss	-	(52,456)	-	(52,456)
	-	(245,025)	-	(245,025)
Balance as at 31 December 2018	**97,465**	**6,398,816**	**150,887**	**6,647,169**
Purchase/Additions*	-	6,363,868	-	6,363,868
Repayment and disposals (sale and redemption)	(24,697)	(7,835,043)	(5,826)	(7,865,566)
Interest income earned for the year	-	784,668	-	784,668
Fair value gain	1,325	269,570	4,147	275,042
Balance as at 31 December 2019	**74,093**	**5,981,881**	**149,208**	**6,205,182**

"*Deposit for shares of N698,081,000 (see note 33) was invested in Treasury bills and included in the purchase/addition of treasury bills totalling N6,363,868,000."

19 Trade receivables

	2019	2018
	N'000	N'000
Premium receivables (note 19(a))	13,809	26,532
Recovery of claims paid from coinsurer on Non-life businesses (see note 19(b))	111,156	233,492
Recovery of claims paid from coinsurer on Life businesses (note 19(c))	37,839	95,643
	162,804	355,667
Due within 12 months	162,804	355,667
Due after 12 months	-	-
Analysis of receivable due within 12 months:		
Within 30 days	13,809	26,532
Above 30 days	148,995	329,135

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 in some policies. It is the Company's policy to ensure prompt payment of claims to clients.

19 (a) Premium receivables

	2019	2018
Premium receivable from agents, brokers and intermediaries	**N'000**	**N'000**
Due from brokers	13,809	26,532
	13,809	26,532

19 (b Recovery of claims paid from coinsurer on non-life business

	2019	2018
	N'000	**N'000**
Due from coinsurers	111,156	233,492
Allowance for impairment	-	-
	111,156	233,492

19 (c) Recovery of claims paid from coinsurer on life business

	2019	2018
	N'000	**N'000**
Due from coinsurers	73,896	131,700
Allowance for impairment (see note 19 (c)(i) below)	(36,057)	(36,057)
	37,839	95,643

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

	2019	2018
	N'000	**N'000**
At 1 January	36,057	36,057
Allowance no longer required	-	-
Net movement during the year	-	-
At 31 December	36,057	36,057

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20 Reinsurance assets

	Life	Non-Life	2019	2018
	N'000	N'000	N'000	N'000
Prepaid reinsurance premium(including group life + health) (note 20 (a))	152,294	470,124	622,418	640,145
Prepaid minimum and deposit reinsurance (note 20 (b))	-	41,006	41,006	41,244
Reinsurance share of outstanding claims (note 20 (c))	66,166	524,628	590,794	986,315
Reinsurance share of IBNR (note 20 (d))	55,664	405,569	461,233	429,129
Reinsurance share of IBNR on individual life (note 9(a))	39,543	-	39,543	43,377
Reinsurance Recoverable on Paid claims (Health Insurance)	93,082	-	93,082	-
	406,749	1,441,328	1,848,077	2,140,210
Due within 12 months	406,749	1,441,328	1,848,077	2,140,210

20 (a) Changes in prepaid reinsurance premium

	2019	2018
	N'000	N'000
At 1 January	640,145	632,384
Additions during the year	3,866,756	3,232,917
Amortization during the year (note 6.1)	(3,884,483)	(3,225,156)
At 31 December	622,418	640,145
Net changes (see note 6.1)	(17,727)	7,762

20 (b) Prepaid minimum and deposit reinsurance

	2019	2018
	N'000	N'000
At beginning of year	41,244	79,990
Additions during the year	41,007	41,244
Amortization during the year	(41,244)	(79,990)
At 31 December	41,006	41,244

20 (c) Movement in reinsurance recoverable on outstanding claims

	2019	2018
	N'000	N'000
At beginning of year	986,315	356,476
Movement during the year	(395,521)	629,839
At end of year	590,794	986,315

20 (d) Movement in reinsurance portion of IBNR

	2019	2018
	N'000	N'000
At beginning of year	429,129	301,340
Movement during the year (see note 9)	32,104	127,789
At end of year	461,233	429,129

20 (e) Movement in reinsurance portion of IBNR_Individual life

	2019	2018
	N'000	N'000
At beginning of year	43,377	-
Movement during the year (see note 9)	(3,834)	43,377
At end of year	39,543	43,377

21 Other receivable and prepayments

	2019	2018
Non-financial asset;		
Prepaid expenses (see note 21(a) below)	₦'000	₦'000
Financial asset;	212,498	233,949
Other financial assets (see note 21(b)below)		
Total recievable and prepayments	86,537	76,395
	299,035	310,344

21 (a) *Breakdown of prepaid expenses:*

	2019	2018
Prepaid staff benefit(21(a)(i))		
Computer maintenance	190,939	213,100
Rent and rates	6,210	3,088
Professional and consultancy fees	8,770	11,695
Insurance and subscriptions	4,743	3,333
	1,838	2,733
	212,498	233,949

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

	2019	2018
	₦'000	₦'000
Staff Pre-Insurance	-	17,213
Cash advance	6,284	6,608
Staff prepaid medical advances	8,158	-
Other staff allowances	1,756	3,251
Prepaid staff loan benefit*	174,741	186,028
	190,939	213,100

*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;	2019	2018
	₦'000	₦'000
Opening balance	186,028	62,355
Below market rate(BMR)interest rate adjustment on staff loan (Note 18(c))	-	183,279
Write off of prepaid staff benefit related to exited staff (Note 18(c))	-	(25,546)
Amortization of prepaid staff benefit (Note 15(a))	(11,287)	(34,060)
	174,741	186,028

21(b) *Breakdown of other financial assets:*

	2019	2018
	₦'000	₦'000
Withholding tax receivable	70,788	58,142
Receivable from disposal of investment property (Note 21(b)(iii))	19,182	-
Dividend receivable on equities	3,732	3,732
Receivable from Resort Savings & Loans Limited (Note 21(b)(i))	84,315	84,315
Loan to exited staff (note 21(b)(ii))	142,644	142,644
Motor vehicle loans to exited staff reclassified from property and equipment (Note 21(b)(ii))	31,500	31,500
Other receivables	21,202	20,153
Allowance for impairment (note 21('c))	(286,826)	(264,092)
	86,537	76,395

21(b)(i) 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.

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21(b)(ii) 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)(iii) This represent outstanding amount yet to be received from the buyer with respect to sales of Plot 5b at Beach Resort Estate.This was sold for the sum of N29,182,000 out of which N10,000,000 has been received as at reporting date

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

	2019 ₦'000	2018 ₦'000
At 1 January	264,092	110,805
Additional impairment during the year (note 14)	22,734	121,787
Additional impairment during the year - motor vehicle loan to exited staff (note 14)	-	31,500
At 31 December	286,826	264,092

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

31 December 2019		ECL Impairment			
	Gross amount	Opening balance	Charge/ (reversal)	Closing balance	Net Amount
Withholding tax receivable	70,788	-	19,001	19,001	51,787
Receivable from disposal of investment	19,182	-	-	-	19,182
Dividend receivable on equities	3,732	885	2,847	3,732	-
Receivable from Resort Savings & Loans Limited (Note 21(b)(I))	84,315	84,315	-	84,315	-
Loan to exited staff (note 21(b)(ii))	142,644	142,644	-	142,644	-
Motor vehicle loans to exited staff	31,500	31,500	-	31,500	-
Other receivables	21,202	4,748	886	5,634	15,569
	373,363	264,092	22,734	286,826	86,538

31 December 2018		ECL Impairment			
	Gross amount	Opening balance	Charge/ (reversal)	Closing balance	Net Amount
Withholding tax receivable	58,142	-	-	-	58,142
Receivable from disposal of investment	3,732	885	-	885	2,847
Receivable from Resort Savings & Loans Limited (Note 21(b)(i))	84,315	84,315	-	84,315	-
Loan to exited staff (note 21(b)(ii))	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:

	2019 ₦'000	2018 ₦'000
Motor	45,857	25,939
Fire	49,606	17,494
Bond	3,125	745
General accident	48,373	73,559
Marine and aviation	35,388	22,457
Engineering	46,783	23,063
Oil and gas	58,764	19,434
Travel	16	-
	287,912	182,691

22 (a) Movement in deferred acquisition cost:

	2019	2018
	₦'000	₦'000
Balance as at 1 January	182,691	138,151
Acquisition cost during the year	1,391,238	1,022,798
Amortization during the year	(1,286,017)	(978,258)
Balance as at 31 December	287,912	182,691
Due within 12 months	287,912	182,691

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

	At 1 January 2018	Movement	At 31 December 2018	Movement	At 31 December 2019
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	12,754	13,185	25,939	19,918	45,857
Fire	25,652	(8,158)	17,494	32,112	49,606
Bond	1,671	(926)	745	2,380	3,125
General accident	56,430	17,129	73,559	(25,186)	48,373
Marine and aviation	10,839	11,618	22,457	12,931	35,388
Engineering	27,335	(4,272)	23,063	23,720	46,783
Oil and gas	3,470	15,963	19,434	39,330	58,764
Travel	-	-	-	16	16
	138,151	44,540	182,691	105,221	287,912

23

Investment property

(a)

Reconciliation of carrying amount

	2019	2018
	₦'000	₦'000
At 1 January	1,554,476	1,498,518
Additions	-	125
Transfer from receivable (see note 21(b)(I))	-	180,814
Disposal	(108,532)	(154,969)
Fair value gain	200,096	29,988
At 31 December	1,646,040	1,554,476

The balance in this account is analyzed below:	2019	2018
	₦'000	₦'000
Cost	1,089,869	1,198,401
Revaluation gains	556,171	356,075
At 31 December	1,646,040	1,554,476

In thousands of Naira

Location	Nature of title held	At 1 January 2019	Addition	Disposal	Revaluation surplus	At 31 December 2019
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	1,211,802	-	-	192,929	1,404,731
Beach Resort Estate, Lekki Expressway, Lagos	Deed of Assignment	105,473	-	(105,473)	-	-
Shopping complex, Lugbe, Abuja*	Debt Asset Swap Agreement	237,201	-	(3,059)	7,167	241,309
Total		1,554,476	-	(108,532)	200,096	1,646,040

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*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 receivable from ASO Saving. The amount receivable 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 2018 financial year, the Company received property of 76 shops at Lugbe market in exchange for a sum of ₦180,814,000 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. During the year 2019,one shop with a carrying amount of ₦3,059,000 was disposed for ₦3,000,000 and the the fair value for the remaining 75 shops as at year end is ₦241,309,000.

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

In thousands of Naira

Location	Nature of title held	At 1 January 2018	Addition	Disposal	Revaluation surplus	At 31 December 2018
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	1,205,936	124.95	-	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 Agreement	-	180,814	-	56,387	237,201
Total		1,498,518	180,939	(154,969)	29,988	1,554,476

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 respectively

(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.

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

(2) Disposal: The remaining 1349 square meter (about 1.5plots) possessed by the company in Beach Resort Estate was sold during the year. Initially , the company possessed 3731 square meter (4 plots) of land in The Estate and during 2018 financial year, 2382.36 square meter (2.5 plots) was sold.

(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, fair 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

Reconciliation of level 3 fair value

	2019	2018
Fair value as at 1 January 2019	356,075	326,087
Addition during the year	200,096	29,988
Fair value as at 31 December 2019	556,171	356,075

(iii) ***Sensitivity analysis***

Balance as at 31 December	2019	2018
	₦'000	₦'000
Fair Value gain	556,171	356,075
+10% movement in open market price	55,617	35,607
- 10% movement in open market price	(55,617)	(35,607)

24 Deferred tax liabilities

	2019	2018
	₦'000	₦'000
At 1 January	558,710	518,974
Credit/(charge) to profit and loss account for the year	20,010	(36,779)
Items in other comprehensive income	4,349	76,515
At 31 December	583,069	558,710

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 10% (2018: 10%) on investment properties and on the revaluation surplus of land & building and 30% (2018: 32%) on other items.

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

31 December 2019	Net balance at 1 January ₦'000	Recognized in profit or loss ₦'000	Recognized in OCI ₦'000	Net position ₦'000	Deferred tax assets ₦'000	Deferred tax liabilities ₦'000
Property and equipment	523,103	-	4,349	527,452	-	527,452
Investment properties	35,607	20,010	-	55,617	-	55,617
Total	558,710	20,010	4,348	583,069	-	583,069

31 December 2018	Net balance at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognized in OCI ₦'000	Net position ₦'000	Deferred tax assets ₦'000	Deferred tax liabilities ₦'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	(36,778)	76,515	558,710	-	558,710

25 Intangible assets

As at 31 December 2019

	Computer Software ₦'000	Software under development ₦'000	Total ₦'000
Cost			
At 1 January	207,206	22,050	229,256
Additions	-	-	-
Reclassification	22,050	(22,050)	-
Disposals	-	-	-
At 31 December	229,256	-	229,256
Accumulated amortization			
At 1 January	204,515	-	204,515
Amortization charge for the year	7,101	-	7,101
At 31 December	211,616	-	211,616
Carrying amount			
At 31 December	17,640	-	17,640

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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 2018	Computer Software	Software under development	Total
Cost	**₦'000**	**₦'000**	**₦'000**
At 1 January	207,206	22,050	229,256
Additions	-	-	-
At 31 December 2018	207,206	22,050	229,256
Accumulated amortization			
At 1 January	201,969	-	201,969
Amortization charge for the year	2,546	-	2,546
At 31 December 2018	204,515	-	204,515
Carrying amount			
At 31 December	2,691	22,050	24,741

26 Property and equipment

At December 2019	Land N'000	Buildings N'000	Leasehold improvements N'000	Office equipment N'000	Computer equipment N'000	Furniture & fittings N'000	Motor vehicles N'000	Capital Work in progress N'000	Total N'000
Cost/Revalued amount									
At 1 January 2019	1,326,192	2,032,745	49,863	255,202	162,475	293,044	622,759	-	4,742,280
Additions	-	8,438	24,680	10,206	18,874	11,732	66,035	46,077	186,042
Disposals/write-off	-	-	-	-	-	-	(20,900)	-	(20,900)
Reclassification within PPE	-	-	-	-	-	-	25,597	(25,597)	-
Revaluation surplus	3,838	39,647	-	-	-	-	-	-	43,485
At 31 December 2019	1,330,030	2,080,830	74,543	265,408	181,349	304,777	693,491	20,480	4,950,907
Accumulated depreciation									
At 1 January 2019	-	88,421	44,530	161,530	140,082	168,302	424,224	-	1,027,089
Charge for the year	-	40,746	1,234	33,991	11,642	40,493	93,234	-	221,340
Disposals/writeoff	-	-	-	-	-	-	(18,402)	-	(18,402)
At 31 December 2019	-	129,167	45,764	195,521	151,724	208,795	499,056	-	1,230,027
Net book value - 2019	**1,330,030**	**1,951,663**	**28,779**	**69,887**	**29,625**	**95,982**	**194,435**	**20,480**	**3,720,880**

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

(ii) In 2019 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 31 December 2019. The valuation method is on sale comparable and investment method. The revaluation gain of ₦43.48 million arising from the valuation of the Company's building has been recognized in other comprehensive income.

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

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At December 2018	Land	Buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost/Revalued amount	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'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	-	-	-	(12,206)	-	(4,082)	-	-	(16,289)
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
At 31 December 2018	1,326,192	2,032,745	49,863	255,201	162,475	293,042	622,759	(0)	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	-	-	-	(9,709)	-	(4,034)	-	-	(13,743)
Reclassification	-	-	-	-	-	-	(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**	**(0)**	**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 31 December, 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).

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

	December 2019		December 2018	
	Land	Building	Land	Building
	N'000	N'000	N'000	N'000
Cost	544,349	810,840	544,349	802,402
Accumulated depreciation	-	(40,746)	-	(37,947)
Net book value	544,349	770,094	544,349	764,455

*26 (b)*Breakdown of land and buildings:

	Land	Building	Total
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,190,113	1,809,050	2,999,163
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	139,917	142,613	282,530
Total	1,330,030	1,951,663	3,281,693

	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	137,836	275,009
Total	1,326,192	1,944,324	3,270,516

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

	Status of Title	1 January 2019	Addition	Depreciation	Reclassification and Transfer	Revaluation Gain	31 December 2019
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	Deed of Assignment	2,995,507	8,438	(37,064)	-	32,281	2,999,163
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	275,009	-	(3,682)	-	11,203	282,530
Total		**3,270,516**	**8,438**	**(40,746)**	-	**43,484**	**3,281,693**

	Status of Title	1 January 2018	Addition	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)	39,894	140,026	2,995,507
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	273,564	-	-	-	1,445	275,009
Total		3,116,079	11,046	(37,974)	39,894	141,471	3,270,516

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For the year ended 31 December 2019

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. Interest is earned on this deposit.

	2019	2018
	₦'000	₦'000
Due after 12 months	500,000	500,000
	500,000	500,000

28 Investment contract liability

	2019	2018
	₦'000	₦'000
At 1 January	105,380	92,551
Deposits received	117,158	138,999
Guaranteed interest (see note 7)	7,489	3,602
	230,027	235,152
Less: withdrawals	(128,479)	(129,772)
At 31 December	101,549	105,380
Due within 12 months	781,923	76,928
Due after 12 months	23,356	28,453
	101,549	105,380

The Company has a total sum of N101.5million (2018 - N105million) in deposit administered funds.

28 (a) Asset representing investment contract liabilities fund:

Breakdown:

	2019	2018
Financial Assets @ amortized cost	101,549	105,380
	101,549	105,380

29 Insurance contract liabilities

Insurance contract liabilities analyzed by Short term and Long term types	2019 ₦'000	2018 ₦'000
Short term business (see note 29 (a) below)	4,631,102	3,916,240
Long term business (see note 29 (b) below)	422,081	332,432
Total insurance liabilities	5,053,183	4,248,672
Due within 12 months	4,631,102	3,916,240
Due after 12 months	422,081	332,432
	5,053,183	4,248,672

The Company's insurance contract liabilities above was actuarially determined by Zamara Actuarial Services (FRC/2017/NAS/00000016912) as at 31 December 2019.

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

29(i) Insurance contract liabilities analyzed by category

in thousands of Nigerian Naira	Life	Non_life	31 Dec-2019	31 Dec-2018
Outstanding claims (see note 29(ii)	992,118	2,051,820	3,043,938	2,484,167
Unearned premiums ((see note 29(vi)	425,179	1,584,065	2,009,245	1,764,505
	1,417,297	3,635,885	5,053,183	4,248,672
Current	-	4,631,102	4,631,102	3,916,240
Non-current	422,081	-	422,081	332,432
	1,417,297	3,627,528	5,053,183	4,248,672

29 (ii) **Outstanding claims**

in thousands of Nigerian Naira	**Life**	**Non_life**	**31 Dec-2019**	**31 Dec-2018**
Group life and health insurance	570,037	-	570,037	441,781
Individual life	422,081	-	422,081	332,402
Non-life insurance	-	2,051,820	2,051,820	1,709,984
	992,118	2,051,820	3,043,938	2,484,167

29 (iii) Group life and health insurance

	31 Dec-2019	31 Dec-2018
	₦'000	₦'000
Outstanding claims		
Claims reported by policyholders	265,913	169,477
Claims incurred but not reported (IBNR)	304,124	272,304
	570,037	441,781
Movement in Group life and health outstanding claims		
At 1 January	441,781	342,411
Claims incurred in the current year	1,031,020	698,212
Claims paid during the year	(902,763)	(598,842)
At 31 December	570,037	441,781

The aging analysis of Group life and health outstanding claims

in thousands of Nigerian Naira	31 Dec-2019	31 Dec-2018
0 - 90	154,249	134,875
91 - 180	22,420	17,936
181 - 270	18,058	14,446
271 - 360	42,989	34,391
361 and above	28,196	22,557
No aging - IBNR	304,125	217,575
	570,037	**441,781**

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting date for 2019 and 2018.

No. of claimants for each age range of Group life and health outstanding claims

Number	31 Dec-2019	31 Dec-2018
0 - 90	619	681
91 - 180	76	74
181 - 270	31	23
271 - 360	83	41
361 and above	25	11
No aging - IBNR	-	-
	834	**831**

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29 (iv) Individual life

in thousands of Nigerian Naira		31 Dec-2019	31 Dec-2018
i Outstanding claims			
Claims incurred but not reported (IBNR)		422,081	332,431
		422,081	**332,431**
ii ***Movement in individual life outstanding claims***			
At 1 January		332,431	387,734
Changes in actuarial valuation-Individual life	Note 29(b)(i)	(21,866)	(10,691)
Changes in actuarial valuation-Life Fund	Note 29(b)(iii)	111,516	(44,612)
At 31 December		**422,081**	**332,431**
iii The aging analysis of individual life outstanding claims			
No aging - IBNR		422,081	332,431
		422,081	**332,431**

29 (v) Non-life insurance

	31 Dec-2019	31 Dec-2018
i Outstanding claims		
Claims reported by policyholders	1,321,144	1,078,751
Claims incurred but not reported (IBNR)	730,676	631,233
	2,051,820	**1,709,984**
ii ***Movement in Non-life outstanding claims***		
At 1 January	1,709,984	919,261
Claims incurred in the current year	1,727,243	1,464,153
Claims paid during the year	(1,385,407)	(673,430)
At 31 December	**2,051,820**	**1,709,984**
iii ***The aging analysis of Non-life outstanding claims***		
0 - 90	144,668	388,350
91 - 180	281,022	134,843
181 - 270	127,845	107,875
271 - 360	85,734	70,119
361 and above	681,875	377,563
No aging - IBNR	730,676	631,233
	2,051,820	**1,709,984**

29 (vi) Unearned premiums

in thousands of Nigerian Naira	31 Dec-2019	31 Dec-2018
Group life	425,179	1,490,524
Non-life	1,584,065	273,981
	2,009,244	**1,764,505**
i **The movement in unearned premium**		
At 1 January	1,764,505	1,240,959
Premiums written in the year	9,192,293	6,914,006
Premiums earned during the year	(8,947,554)	(6,390,460)
At 31 December	**2,009,244**	**1,764,505**

2019

	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))	1,584,065	425,179	-	425,179	2,009,244
Outstanding claims short term (note 29.1(b))	1,321,144	265,913	-	265,913	1,587,057
Oustanding claims long term (note 29.1 (b))	-	14,346	-	14,346	14,346
IBNR (note 29.1(c))	730,676	304,125	-	304,125	1,034,801
Individual life fund (note 29.1(d))	-	407,735	101,549	509,284	407,735
	3,635,885	1,417,299	101,549	1,518,846	5,053,184

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	4,248,672

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

		2019 ₦'000	2018 ₦'000
29.1(a)	Movement in Unearned premium during the year;		
	At the beginning of the year	1,764,505	1,240,959
	Increase during the year (Note 6.1)	244,739	523,546
	At 31 December	2,009,244	1,764,505

		2019 ₦'000	2018 ₦'000
29.1(b)	Movement in Outstanding claims during the year;		
	At the beginning of the year	1,284,409	575,215
	Increase during the year (Note 42.4)	316,993	709,194
	At 31 December	1,601,402	1,284,409

		2019 ₦'000	2018 ₦'000
29.1(c)	Movement in IBNR during the year;		
	At the beginning of the year	903,537	686,457
	Increase during the year (Note 42.4)	131,264	217,080
	At 31 December	1,034,801	903,537

		2019 ₦'000	2018 ₦'000
29.1(d)	Movement in Individual life during the year;		
	At the beginning of the year	296,220	387,733
	Increase/(decrease) during the year (Note 29(b)(iii))	111,515	(91,513)
	At 31 December	407,735	296,220

	Non-Life	Life	2019	Non-Life	LIFE	2018
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Unearned premium	1,584,065	425,179	2,009,244	1,490,524	273,981	1,764,505
Outstanding claims	1,321,144	280,257	1,601,400	1,078,751	205,658	1,284,409
IBNR	730,677	304,125	1,034,802	631,233	272,304	903,537
Individual life fund	-	407,735	407,735	-	296,220	296,220
	3,635,885	1,417,296	5,053,182	3,200,508	1,048,163	4,248,671

		2019 ₦'000	2018 ₦'000
29.1(e)	Movement in Outstanding Claims and IBNR		
	Increase during the year (Note 42.4)	316,993	709,192
	Increase during the year (Note 42.4)	131,263	217,080
	Net Movement (Note 8)	448,256	926,272

		₦'000	₦'000
29 (a)	Short term insurance business liabilities comprise:		
	Outstanding claims (see note 29(a)(i))	1,587,056	1,248,198
	Claims incurred but not reported (see note 29(a)(iii))	1,034,802	903,537
	Total short term business outstanding claims	2,621,858	2,151,735
	Provision for unearned premium (see note 29(a)(iv))	2,009,244	1,764,505
	Total short term business insurance contract liability	4,631,102	3,916,240

		2019 ₦'000	2018 ₦'000
29 (a)(i)	Outstanding claims are analyzed as follows:		
	At 1 January	1,248,198	528,314
	Claims incurred in the year	2,626,998	1,992,158
	Claims paid during the year (see note 8)	(2,288,140)	(1,272,274)
	At 31 December	1,587,056	1,248,198

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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.

Outstanding claims table

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

	2019		2018	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	203	298,917	185	289,677
91 - 180 days	92	303,442	84	459,715
181 - 270 days	58	145,903	53	36,914
271 - 365 days	46	128,723	42	364,219
above 365 days	160	710,071	145	97,673
	560	1,587,056	509	1,248,198

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 365 Days	Total
Awaiting Lost adjuster report	3,895	124,838	9,751	104	9,112	147,701
Awaiting documentation	76,974	462,211	49,780	16,058	79,310	684,333
Incomplete Documentation	99,418	41,588	9,418	15,692	588,907	755,023
Total	180,287	628,638	68,950	31,854	677,329	1,587,056

Long term

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 365 Days	Total
Awaiting documentation	500	500	1,500	1,500	2,815	6,815
Incomplete Documentation	1,484	0	2,262	500	3,283	7,529
Total	1,984	500	3,762	2,000	6,098	14,344
	182,271	**629,138**	**72,712**	**33,854**	**683,427**	**1,601,401**

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

	2019 ₦'000	2018 ₦'000
At 1 January	903,537	686,457
Movement during the year	131,265	217,080
At 31 December	1,034,802	903,537

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

	1 January 2019 ₦'000	Movement during the year ₦'000	31 December 2019 ₦'000	1 January 2018 ₦'000	Movement during the year ₦'000	31 December 2018 ₦'000
Motor	38,406	29,646	68,052	31,960	6,446	38,406
Fire	57,873	32,144	90,017	55,308	2,565	57,873
Bond	3,260	1,618	4,878	5,118	(1,858)	3,260
General accident	147,399	50,002	197,401	213,631	(66,232)	147,399
Marine and aviation	34,925	(4,814)	30,111	14,932	19,993	34,925
Engineering	10,598	(2,545)	8,053	9,993	605	10,598
Oil and energy	338,772	(6,608)	332,164	241,272	97,500	338,772
Health insurance	71,209	(35,892)	35,317	-	71,209	71,209
Group life	201,095	67,713	268,808	114,243	86,852	201,095
	903,537	131,265	1,034,802	686,457	217,080	903,537

IBNR relates to only short term insurance business.

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

	Unearned premium 2019	Movement	Unearned premium 2018	Movement	Unearned premium 2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	366,860	76,492	290,368	85,353	205,015
Fire	248,083	49,470	198,613	2,913	195,700
Bond	15,656	7,329	8,327	(4,215)	12,542
General accident	242,238	(212,106)	454,344	(16,440)	470,784
Marine and aviation	176,940	20,142	156,798	45,875	110,923
Engineering	220,812	76,835	143,977	74,302	69,675
Oil and energy	313,474	75,377	238,097	166,833	71,264
Health insurance	140,806	49,167	91,639	91,639	-
Group life	284,373	102,031	182,342	77,288	105,054
	2,009,244	244,739	1,764,505	523,547	1,240,958

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

	2019	2018
	₦'000	₦'000
Outstanding claims (see note 29 (b)(i))	14,346	36,212
Individual life business liability (see note 29 (b)(iii))	407,736	296,220
	422,081	332,432

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

	Individual life 2019	Individual life 2018
	₦'000	₦'000
At 1 January	36,212	46,903
Additional claims incurred	109,976	75,526
Claims paid	(131,842)	(86,217)
Net movement (see note 8)	(21,866)	(10,691)
At 31 December	14,346	36,212

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

	2019		2018	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	3	1,984	4	1,984
91 - 180 days	1	500	1	500
181 - 270 days	4	3,762	5	3,763
271 - 365 days	5	2,000	6	14,586
above 365 days	9	6,100	33	15,378
	22	14,346	49	36,212

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:

	2019	2018
	₦'000	₦'000
At 1 January	296,220	340,832
Increase/(Decrease) during the year	111,516	(44,612)
At 31 December	407,736	296,220

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.

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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:

	2019 Outstanding Claims ₦'000	IBNR ₦'000	Total ₦'000	2018 Outstanding Claims ₦'000	IBNR ₦'000	Total ₦'000	2019 Reinsurance on IBNR ₦'000	2018 Reinsurance on IBNR ₦'000
Motor	117,094	68,052	185,147	63,581	38,406	101,987	4,764	3,562
Fire	284,954	90,017	374,971	627,680	57,873	685,553	81,015	49,291
Bond	-	4,878	4,878	7,124	3,260	10,384	1,951	1,304
General accident	431,537	197,401	628,939	103,932	147,399	251,331	98,701	77,402
Marine and aviation	158,586	30,111	188,697	134,677	34,925	169,602	20,634	10,796
Engineering	35,240	8,053	43,293	12,727	10,598	23,325	5,687	9,488
Oil and energy	293,732	332,164	625,896	129,030	338,772	467,802	192,817	197,199
Health insurance	49,153	35,317	84,470	80,835	71,209	152,044	35,317	56,520
Group life	216,760	268,808	485,568	88,612	201,095	289,707	268,808	23,566
Individual life	14,344	-	14,344	36,211	-	36,211	-	-
	1,601,400	1,034,802	2,636,202	1,284,409	903,537	2,187,946	709,694	429,128

NOTES TO THE FINANCIAL STATEMENTS

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29 (d) **Assets representing insurance fund:**

31 December 2019	Short term insurance business ₦'000	Long term insurance business ₦'000	Total 2019 ₦'000
Real Estate	1,405,025	-	1,405,026
Financial assets- amortized cost	890,472	299,004	1,189,476
Financial assets- Cash & Cash Equivalents	1,312,235	-	1,312,235
Reinsurance asset	1,441,328	406,749	1,848,077
	5,049,060	705,753	5,754,814

31 December 2018	Short term insurance business ₦'000	Long term insurance business ₦'000	Total 2018 ₦'000
Financial assets- 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

30 Trade payables

	2019 ₦'000	2018 ₦'000
Reinsurance payables (see note 30 (a))	340,336	230,503
Insurance payables (see note 30(b))	117,583	1,171,528
	457,919	1,402,032

30 (a) Reinsurance payables

	2019 ₦'000	2018 ₦'000
Premium payable to reinsurers/coinsurers	340,336	230,503
	340,336	230,503

30 (b) Insurance payables

	2019 ₦'000	2018 ₦'000
Commission payable	117,583	322,735
Deposits for insurance premium	-	848,794
	117,583	1,171,529

31 Other payables and accruals

	2019 ₦'000	2018 ₦'000
Accruals (see note 31(a) below)	260,729	169,451
Sundry payables (see note 31(b) below)	234,641	326,365
	495,370	495,816

31 (a) Breakdown of accruals

	2019 ₦'000	2018 ₦'000
Audit fees	21,000	21,406
ITF Levy	9,000	7,591
Actuarial fees	6,500	7,440
NAICOM Levy	91,928	32,093
Productivity bonus	80,000	72,476
Staff allowances	3,000	-
Vendors and Suppliers	43,301	28,445
Investment custodian fee payable*	6,000	-
	260,729	169,451

*This relates to amount payable with respect to provision of custodian services to NSIA as all treasury instruments(Treasury Bills,Bonds etc) issued by the Government is expected to be domiciled with a registered custodian that serves as depository for such instruments.The custodian services is for Domiciliation purpose only and in this case, our custodian for this purpose is UBA Custodian Ltd.

31 (b) Breakdown of sundry payables

	2019	2018
	₦'000	₦'000
Payable to Hollard Health	208,562	287,274
Withholding taxes	21,461	26,195
PAYE	1,598	9,683
Pension	3,021	3,213
	234,641	326,365
The carrying amounts disclosed above approximate the fair value at the reporting date.		
Due within 12 months	495,370	495816
	495,370	495816

32 Deferred commission income	2019	2018
	₦'000	₦'000
Motor	426	477
Fire	32,819	29,550
Bond	1,174	4,243
General accident	5,428	26,486
Marine	26,108	16,806
Engineering	17,917	11,973
Oil & Energy	26,142	7,323
Travel	14	-
	110,028	96,858
Due within 12 months	110,028	96,858
	110,028	96,858

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

32 (a) Movement in deferred commission income:

	2019	2018
	₦'000	₦'000
At beginning of year	96,858	120,121
Additions during the year	652,860	510,471
	749,718	630,592
Amortization during the year (note 6.2)	(639,690)	(533,734)
At end of year	110,028	96,858

33 Deposit for shares

	2019	2018
	₦'000	₦'000
Received during the year*	599,214	-
Dividend capitalised**	114,617	-
Capital raise expenses***	(15,750)	-
	698,081	-

*See note 39(a) for more details

**This relates to proportion of dividend paid in 2019 that was due to NSIA Participation(the parent) which the parent have advised to be kept as part of deposit for shares. Cash payment were made to other shareholders.

Total Dividend Declared & Paid	132,452
NSIA proportion (96.15%)	127,353
Less Witholding tax	(12,735)
	114,617

***This relates to professional fees paid to our financial adviser-AFRIINVEST WEST AFRICA LTD-towards the recapitalization exercised embarked upon in line with NAICOM directives to the entire Insurance Industry in Nigeria

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

34 Taxation

34.1 *Tax expense*

	2019 ₦'000	2018 ₦'000
Income tax	33,725	79,862
Education tax	3,102	15,684
Technology tax	10,327	9,908
Under provision in prior year	-	153,167
	47,154	258,621
Deferred tax	20,010	(36,779)
Charge for the year	67,165	221,842

Charge for the year is analyzed below:	2019 ₦'000	2018 ₦'000
Minimum tax	33,725	79,862
Income tax	33,440	141,980
	67,165	221,842

34.2 Current tax liabilities

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

	2019 ₦'000	2018 ₦'000
At 1 January	116,593	310,944
Payment (cash) during the year	(66,971)	(452,971)
Charge for the year	47,154	258,621
At 31 December	96,776	116,593

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

34.3 Effective tax reconciliation

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

	%	2019	%	2018
Profit before tax		849,037		892,299
Adjustment for NITDA levy		(10,327)		(9,908)
Profit after adjustment for NITDA levy		838,710		882,391
Tax calculated at the tax rate of 30%	30%	251,613	30%	264,651
Effect of:				
Impact of minimum tax	4%	33,725	9%	79,862
Under provision from prior year	0%	-	17%	153,167
Education tax	0%	3,102	2%	15,684
Technology tax	1%	10,327	1%	9,908
Income not subject to tax	(31%)	(262,857)	(28%)	(250,340)
Non-deductible expenses	62%	525,521	56%	500,496
Impact of industry tax law	(54%)	(457,016)	(73%)	(654,387)
Change in estimates related to prior years	(1%)	(6,297)	(1%)	(5,998)
Effect of unrecognized deferred tax asset	0%	-	12%	108,799
Effective tax	12%	98,118	25%	221,842

35 Capital and reserves

35.1 Share capital

	2019 ₦'000	2018 ₦'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 (millions) ₦'000	Ordinary shares ₦'000	Share premium ₦'000	Total ₦'000
At 31 December 2019 (50 Kobo each)	9,134,721	4,567,360	1,692,703	6,260,063
At 31 December 2018 (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).

35.2 **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.

	2019	2018
This is composed of	₦'000	₦'000
Non life business	1,630,793	1,435,044
Life business	211,487	164,574
	1,842,280	1,599,618
Non life business		
At the beginning of the year	1,435,044	1,270,742
Transfer from Retained earnings (see note 35.5)	195,749	164,302
At end of the year	1,630,793	1,435,044
Life business		
At the beginning of the year	164,574	147,834
Transfer from Retained earnings (see note 35.5)	46,914	16,740
At end of the year	211,487	164,574
Total	1,842,280	1,599,618

	Non-Life	Life (including Health)	Higher of Premium or Profit
Gross Premium written	6,524,977	2,667,316	
Rate	3%	1%	
Result	195,749	26,673	195,749
Profit Before Tax	379,902	469,135	
Rate	20%	10	
Result	75,980	46,914	46,914
Contingency Reserve			242,663

35.3 Asset revaluation reserve

This is revaluation gains in respect of land and building in line with the Company's accounting policies.

	2019 ₦'000	2018 ₦'000
At the beginning of the year	1,681,214	1,616,256
Revaluation gains, gross	43,486	141,472
Deferred tax relating to asset revaluation (see note 24)	(4,349)	(76,515)
Revaluation gains, net of tax	39,138	64,957
At end of the year	1,720,352	1,681,214

Asset revaluation reserves is analyzed as follows:	2019 ₦'000	2018 ₦'000
Gross amount	2,165,005	2,121,518
Related deferred tax liability	(444,653)	(440,305)
Net amount	1,720,352	1,681,214

35.4 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired. See statement of changes in equity for movement in fair value reserve.

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For the year ended 31 December 2019

	2019 ₦'000	2018 ₦'000
At the beginning of the year	(155,683)	109,613
Impact of IFRS 9 on opening balance (note 2(a.i)(ii))	-	23,448
Adjusted opening balance	(155,683)	133,061
Additions during the year:		
- ECL impairment during the year	(24,509)	8,737
-Net fair value gain or loss on financial assets at FVOCI	275,042	(297,481)
At end of the year	94,850	(155,683)
Net movement during the year	250,533	(288,744)

35.5 Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equity for movement in retained earnings.Retained earnings consists of undistributed profits from previous years.

	2019 ₦'000	2018 ₦'000
At the beginning of the year	1,516,395	1,218,809
Dividends declared to ordinary equity shareholders during the year (see note (36)) below)	(132,453)	(191,829)
Transfer from profit and loss	781,872	(670,457)
Transfer to contingency reserve	(242,663)	(181,042)
At end of the year	1,923,152	1,516,395

36 Dividend

During the year, a total dividend of ₦132,453,449 was paid out of the retained earnings as final dividend for 2018 financial year (2018: total dividend of ₦191,829,000 was paid as final dividend for 2017 financial year)

37 Contingencies and commitments

(a) Legal proceedings and regulations

The Company is presently involved in four (2018: eight) litigations with estimated claims of ₦876.50 million (2018: ₦909.47 million). In the Directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any material effect on the financial position of the Company.

(b) Capital commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of financial affairs have been taken into account in the preparation of these financial statements. The Company had no capital commitment as at 31 December 2019 (2018: Nill).

(c) Contingent liability

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

38 Contravention of laws and regulations

The Company did not contravene any law and regulation during the year.

39 Related party disclosures

39 (a) *Transactions with Parent company*

NSIA Participations Holding SA (incorporated in Cote D'Ivoire) is the parent Company. NSIA does not have any related party transactions for the year ended 31 December 2019 (2018: Nil) other than deposit for shares of £1,460,464.60 (₦599,214,020) received from NSIA Participations Holdings SA during the year as part of share capitalisation process as mandated by National Insurance Commission (NAICOM).

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:

	2019 ₦'000	2018 ₦'000
Salaries	177,683	177,683
Fees (see note (b)(i) below)	40,249	40,249
Other short-term employment benefits	14,341	14,341
Post-employment benefits	-	-
	232,273	232,273
Loans and advances to Directors		
Balance at 1 January	288,820	-
Granted during the year	40,272	292,121
Repayments	(10,889)	(3,301)
At 31 December	**318,203**	**288,820**
Interest earned	11,553	2,921

Loans to key management personnel include mortgage loans which are given under terms that are not more favourable than those given to other staff. Mortgage loans are secured by the underlying assets.The loan is performing as they are been repaid according to the terms of the contract

No impairment allowance has been recognised in respect of loans given to key management personnel (2018:Nil).

40 **Employees and directors**

(a) *Employees*

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

	2019 Number	2018 Number
Executive directors	3	3
Management	9	9
Non-management	116	119
	128	131

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

	2019 Number	2018 Number
Less than N2,000,000	1	0
N2,000,001 - N3,500,000	26	4
N3,500,001 - N5,000,000	41	41
N5,000,001 - N7,500,000	32	18
N7,500,000 - and Above	25	65
	125	128

(b) *Directors*

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

	2019 ₦'000	2018 ₦'000
Fees and sitting allowances	13,100	4,050
Executive compensation	26,367	36,199
	39,467	40,249
The chairman	5,333	5,333
The highest paid director	38,494	38,494

in Number	2019	2018
The emoluments of all other directors fell within the following range:		
₦500,000 - ₦1,500,000	1	1
Above ₦2,000,000	-	-
	1	1

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

	2019 Number	2018 Number
₦3,400,000 - and above	10	9
	10	9

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For the year ended 31 December 2019

41 Events after the reporting period

There are no events after the balance sheet date that require adjustments in the financial statements. Management has assessed the impact of the COVID-19 on the going concern of company, especially with respect to its health insurance products, and has concluded that the use of the going concern is appropriate and that the company will be able to recover its assets and discharge its liabilities in the foreseeable future for at least the next 12 months.

Since early 2020, the Coronavirus disease (COVID-19) outbreak across China and beyond has caused significant disruption to the society, impacting the Company, its employees and customers.

In Nigeria it is an evolving situation and the Company is monitoring this closely, as any impact will depend on future developments which are highly uncertain, and the Company is still quantifying the impact.

The lockdown of the Country due to the virus since the last week of March 2020 has not affected the operational results and financial position in 2020 as the company kept working remotedly. The impact of the outbreak on key macroeconomic indicators will be taken into consideration when estimating ECL under IFRS 9 in 2020.

The Company has performed a line-by-line analysis of its balance sheet and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2019. Management has concluded however that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor situation as new information becomes available and adjustment thereof will be reflected in the appropriate reporting period."

42 Reconciliation of Statement of Cash flow

		Notes	2019	2018
42.1	**Insurance premium received**		**₦'000**	**₦'000**
	Opening insurance receivable	19 (a)	26,531	9,193
	Gross premium written	6	9,192,293	6,914,006
	Closing insurance receivable	19 (a)	(13,809)	(26,531)
	Premium receivable in advance	30 (b)	(848,794)	-
			8,356,220	6,896,668
42.2	**Reinsurance premium paid**			
	Opening reinsurance payable	30 (a)	(230,503)	(243,557)
	Reinsurance expense	6.1	(3,866,756)	(3,232,917)
	Prepaid minimum and deposit reinsurance during the year	20 (b)	41,244	79,990
	Closing reinsurance payable	30 (a)	340,336	230,503
			(3,715,680)	(3,165,981)
42.3	**Reinsurance commission received**			
	Fee income arising on insurance contracts	6.2	639,690	533,734
	Movement in deferred commission income		13,170	(23,263)
			652,860	510,471
42.4	**Insurance benefits and claims paid**			
	Short term insurance business	8	2,288,140	1,272,274
	Long term insurance business	8	131,843	86,217
			2,419,983	1,358,491
42.4(a)	**Insurance benefits and claims paid as further analysed**			
	Gross benefits and clains incurred	8	2,868,239	2,284,763
	Movement in outstanding claims	29.1(b)	(316,993)	(709,192)
	Movement in IBNR	29(a)(iii)	(131,263)	(217,080)
			2,419,983	1,358,491
42.5	**Net inflow from deposit admin**			
	Deposits received	28	117,158	138,999
	Withdrawal	28	(128,478)	(129,772)
			(11,320)	9,227
42.6	**Reinsurance claims received**			
	Short term insurance business	9	781,833	419,947
	Invididual life insurance business	9	4,475	26,486
			786,307	446,433
42.7	**Commission paid**			
	Opening insurance payable	30 (b)	(322,735)	(77,507)
	Maintenance expense	11	(147,887)	(93,174)
	Additional acquisition expense during the year	22(a)	(1,391,238)	(1,022,798)
	Closing insurance payable	30 (b)	117,583	322,735
			(1,744,276)	(870,745)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

42.8	**Cash paid to employees, intermediaries and other suppliers**			
	Other operating expenses	15	(2,495,921)	(1,965,529)
	Less non-cash items:			
	Depreciation	15	221,340	278,626
	Amortization	15	7,101	2,546
	Loss on disposal of investment property	15	6,350	4,358
	Below market rate(BMR)interest rate adjustment on staff loan		-	183,279
	Write off of prepaid staff benefit related to exited staff		-	25,546
	Movement in prepaid expenses		(21,451)	(109,040)
	Movement in payables		(446)	(254,078)
	Net cash flow from other debtors:			
	- Additions	21(b)	71,457	(45,054)
	-Reclassified Motor Vehicle loans to exited staff	21(b)	-	31,500
	- Dividend income	12 (a)	1,345	869
			(2,210,226)	(1,846,977)
42.9(a)	**Other income received**			
	Management fees	13(a)	456	18,775
	Other sundry income	13(a)	958	-
			1,414	18,775
43	**Interest income received**			
	Net Investment income	12	1,302,963	1,121,608
	Dividend income on equity securities	12 (a)	(1,345)	(869)
	Interest income on deposit administration	7.2	(11,647)	(8,412)
	(Gain)/loss on financial assets disposal	12 (a)	(9,827)	(104,798)
	Financial assets - Interest income	12 (a)	(1,020,837)	(766,881)
			259,307	240,648
43.1	**Dividend received**			
	Dividend receivable - at beginning of year	21 (b)	3,732	3,732
	Dividend income on equity securities	12 (a)	1,345	869
	Dividend receivable - at end of year	21 (b)	(3,732)	(3,732)
			1,345	869
43.2	**Proceeds from disposal of property and equipment**			
	Cost of property and equipment	26	20,900	16,289
	Accumulated depreciation of property and equipment	26	(18,402)	(13,743)
	Profit/ (loss) on sale of property and equipment	13(a)	1,092	4,079
			3,590	6,625
43.3	**Proceeds from disposal of investment property**			
	Cost of investment property	23	108,532	154,969
	Loss on sale of property and equipment	15	(6,350)	(4,358)
			102,182	150,611
	Less receivable from disposal of investment property (Note 21 (b)(iii))		(19,182)	-
			83,000	150,611
43.4	**Movement in financial asset**			
43.4(a)	**Addition to financial asset**			
	Purchase of Treasury bills		(6,363,868)	(15,931,115)
	Purchase of Federal Government Bonds		(2,088,984)	-
	Staff and policy loan disbursed and long term placement purchased during the year	18 (c)	(1,174,033)	(1,343,348)
			(9,626,884)	(17,274,463)
43.4(b)	**Proceed from disposal/redemption of financial assets**			
	Value of treasury bills disposed/matured		7,865,566	14,791,432
	Loan repayment/redemption		1,292,040	1,040,706
	(Gain)/loss on financial assets disposal	12 (a)	9,827	104,798
			9,167,433	15,936,936
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
	Changes in recovery of claims paid from coinsurer on Non-life businesses	19(b)	122,336	(91,844)
	Changes in recovery of claims paid from coinsurer on life business	19(c)	57,804	(81,292)
	Net cash flow received		180,140	28,321
43.6	**Premium received in advance**			
	Premium received in advance	30 (b)	-	848,794
43.7	**Effect of exchange rate fluctuations**			
	Cash and cash equivalents	13(a)(ii)	2,786	158,762
	Net foreign exchange loss**	15	(21,003)	-
			(18,217)	158,762

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For the year ended 31 December 2019

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 2019.

	2019				2018			
	Non life N'000	Life N'000	Health N'000	Total N'000	Non life N'000	Life N'000	Health N'000	Total N'000
Gross premium written	6,524,977	1,819,697	847,619	9,192,293	5,240,036	1,139,901	534,069	6,914,006
Gross premium income	6,431,436	1,717,666	798,452	8,947,554	4,885,415	1,062,614	442,430	6,390,459
Insurance premium ceded to reinsurers	(3,097,752)	(278,965)	(619,281)	(3,995,998)	(2,732,119)	(50,583)	(350,942)	(3,133,644)
Net insurance premium revenue	3,333,684	1,438,701	179,171	4,951,556	2,153,296	1,012,031	91,488	3,256,815
Fee Income	557,777	64,524	17,390	639,691	439,419	83,070	11,244	533,733
Profit on deposit administration	-	4,158	-	4,158	-	4,810	-	4,810
Interest revenue	987,896	236,300	78,767	1,302,963	720,642	295,299	-	1,015,941
Other investment income	192,929	5,376	1,792	200,096	73,854	31,813	-	105,667
Other operating income	26,246	2,126	709	29,081	190,528	68,803	-	259,331
Total Income	5,098,531	1,751,185	277,828	7,127,545	3,577,739	1,495,826	102,732	5,176,297
Insurance benefits and claims	1,727,243	756,805	384,192	2,868,239	1,464,154	556,885	263,724	2,284,763
Insurance claims recovered from reinsurers	(97,952)	(65,179)	(348,871)	(512,002)	(1,021,584)	(30,655)	(151,820)	(1,204,059)
Net insurance benefits and claims	1,629,291	691,626	35,320	2,356,238	442,570	526,230	111,904	1,080,704
Maintenance expenses	1,141,371	189,350	103,181	1,433,903	821,357	177,747	72,324	1,071,428
Impairment losses (gain)	(21,324)	10,328	3,443	(7,554)	110,352	47,294	-	157,646
Depreciation and amortisation	224,782	2,743	914	228,439	276,345	4,827	-	281,172
Other expenses	1,744,509	395,503	127,469	2,267,481	1,105,606	587,444	-	1,693,049
Net expenses	4,718,629	1,289,550	270,328	6,278,507	2,756,229	1,343,542	184,228	4,283,999
Reportable segment profit	379,902	461,635	7,500	849,037	821,510	152,284	(81,496)	892,298
Profit before tax	379,902	461,635	7,500	849,037	821,510	152,284	(81,496)	892,298
Income tax expenses	(57,879)	(9,286)	-	(67,165)	(141,980)	(79,862)	-	(221,842)
Profit after tax	322,023	452,349	7,500	781,873	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.

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The segment information provided by Management for the financial position of the reporting segments for the year ended 31 December 2019

	2019			2018		
	Non life	Life	Total	Non life	Life	Total
Asset	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	(60,269)	1,372,503	1,312,235	31,491	1,285,017	1,316,508
Financial assets	6,852,841	2,789,206	9,642,047	5,922,186	1,903,654	7,825,840
Trade receivables	160,648	2,155	162,803	260,023	95,643	355,666
Reinsurance assets	1,441,328	406,749	1,848,077	1,917,783	222,426	2,140,209
Other receivables	274,567	24,470	299,037	273,223	37,121	310,344
Deferred acquisition costs	287,912	-	287,912	182,691	-	182,691
Investment properties	1,404,732	241,308	1,646,040	1,317,275	237,201	1,554,476
Intangible assets	17,640	-	17,640	24,742	-	24,742
Property and equipment	3,713,630	7,250	3,720,880	3,705,478	9,711	3,715,189
Statutory deposits	300,000	200,000	500,000	300,000	200,000	500,000
Total assets	**14,393,028**	**5,043,642**	**19,436,671**	**13,934,892**	**3,990,773**	**17,925,666**
Liabilities						
Investment contract liabilities	-	101,549	101,549	-	105,380	105,380
Insurance contract liabilities	3,635,887	1,417,296	5,053,183	3,200,509	1,048,163	4,248,672
Trade payables	251,828	206,091	457,919	1,109,034	292,998	1,402,032
Other payables	472,356	23,013	495,369	770,050	(274,234)	495,816
Deferred commission income	110,028	-	110,028	96,858	-	96,858
Deposit for shares	698,081	-	698,081	-	-	-
Deferred tax liabilities	582,352	717	583,069	558,710	-	558,710
Current income tax	41,638	55,138	96,776	36,731	79,862	116,593
Total Liabilities	**5,792,169**	**1,803,805**	**7,595,974**	**5,771,892**	**1,252,169**	**7,024,061**
Equity						
Share capital	2,821,061	1,746,299	4,567,360	2,821,061	1,746,299	4,567,360
Share premium	1,045,203	647,500	1,692,703	1,045,203	647,500	1,692,703
Statutory contingency reserve	1,630,793	211,486	1,842,280	1,435,043	164,574	1,599,617
Asset revaluation reserve	1,720,352	-	1,720,352	1,681,214	-	1,681,214
Fair value reserve	88,062	6,789	94,850	(123,967)	(31,716)	(155,683)
Retained earnings	1,296,292	626,860	1,923,152	1,304,447	211,947	1,516,394
Total equity	**8,601,763**	**3,238,934**	**11,840,697**	**8,163,001**	**2,738,604**	**10,901,605**

45 Revenue accounts for the year ended 31 December 2019

(i) Non-life business

	Motor N'000	Fire N'000	Bond N'000	General Accident N'000	Marine N'000	Engineering N'000	Oil & Energy N'000	Total N'000
Income:								
Gross premium written	945,166	1,221,687	56,111	1,201,521	633,217	545,907	1,921,368	6,524,977
Changes in provision for unearned premium	(76,492)	(49,470)	(7,329)	212,105	(20,142)	(76,835)	(75,378)	(93,541)
Gross premium earned	868,674	1,172,217	48,782	1,413,626	613,074	469,072	1,845,991	6,431,436
Reinsurance outwards								
- Reinsurance_Facultative	(2,985)	(44,267)	-	(327,332)	(63,594)	(113,408)	(1,162,240)	(1,713,825)
- Reinsurance_Treaty	(20,700)	(465,388)	(13,184)	(22,687)	(281,487)	(189,640)	-	(993,085)
- Coinsurance	(2,861)	(116,332)	-	(163,883)	(15,149)	(10,736)	(10,823)	(319,785)
Increase / (decrease) in prepaid reinsurance cost.	1,433	(58,494)	11,299	(145,977)	33,243	45,265	42,176	(71,057)
Net earned premiums	843,561	487,735	46,896	753,748	286,087	200,553	715,104	3,333,687
Commission income:	1,320	172,626	6,695	86,886	91,783	76,053	122,414	557,781
Total	844,881	660,361	53,591	840,633	377,870	276,607	837,518	3,891,462
Expenses:								
Gross claims expense	318,441	(285,049)	(7,124)	981,305	177,236	162,175	280,816	1,627,800
Reinsurance claims recoveries:								
- Reinsurance	(12,506)	(123,537)	359	152,131	(76,709)	33,248	(24,846)	(51,860)
- Coinsurance	(5,949)	23,248	-	(4,799)	(4,213)	64	2,084	10,435
IBNR								
- Movement in IBNR	29,646	32,144	1,618	50,003	(4,814)	(2,545)	(6,608)	99,443
- Movement in reinsurance share of IBNR	(1,201)	(31,724)	(647)	(21,299)	(9,838)	3,801	4,382	(56,526)
Net Claims incurred	328,430	(384,918)	(5,794)	1,157,341	81,662	196,742	255,828	1,629,291
Commission expense	156,073	300,787	11,286	301,187	155,962	129,081	83,245	1,137,621
Increase in Deferred Acquisition cost	(19,918)	(32,112)	(2,380)	25,168	(12,931)	(23,719)	(39,329)	(105,220)
Maintenance expenses	10,079	10,685	452	9,674	58,209	4,397	15,476	108,972
Underwriting expenses	146,234	279,360	9,358	336,029	201,241	109,758	59,392	1,141,371
Net underwriting results transferred to profit and loss account	**370,218**	**765,920**	**50,027**	**(652,737)**	**94,967**	**(29,894)**	**522,297**	**1,120,800**

(ii)Life business

	Individual Life N'000	Group Life N'000	Health N'000	Total N'000
Income:				
Gross premium written	373,195	1,446,501	847,619	2,667,316
Changes in provision for unearned premium - Group life	-	(102,031)	(49,167)	(151,198)
Gross premium earned	373,195	1,344,470	798,452	2,516,118
Reinsurance outwards	(25,351)	(159,136)	(655,574)	(840,061)
Increase in prepaid reinsurance cost	-	17,038	36,293	53,331
Net written/earned premiums	347,845	1,202,372	179,171	1,729,387
Commission income	6,049	32,517	17,390	55,957
Admin fee income	4,158	25,956	-	30,114
Total	358,052	1,260,845	196,561	1,815,458
Expenses:				
Claims expense	7,429	579,116	420,084	1,006,628
Reinsurance Claims recoveries	(4,475)	(59,756)	(378,075)	(442,306)
Surrenders	8,257	-	-	8,257
Maturity	94,290	-	-	94,290
IBNR				-
- Movement in IBNR / Contract liabilities	-	67,713	(35,892)	31,821
- Movement in reinsurance share of IBNR	3,834	(4,782)	29,204	28,256
Claims incurred	109,336	582,291	35,320	726,947
Acquisition expenses	35,385	127,411	90,820	253,617
Maintenance expenses	5,446	21,108	12,361	38,915
Underwriting expenses	40,831	148,520	103,181	292,532
Net underwriting results	207,886	530,035	58,059	795,980
Accretion/increase in life fund	(111,516)	-	-	(111,516)
Net underwriting results transferred to profit and loss account	96,370	530,035	58,059	684,464

Other National Disclosures

"Delivering for our customers through strategic priorities."

IN THIS REPORT

Value added statement
Financial Summary
Branch Network Details

STATEMENT OF VALUE ADDED

	Dec 2019 N'000	%	Dec 2018 N'000	%
Gross premium	9,192,293	343	6,914,006	262
Net benefits and claims	(2,467,753)	(92)	(989,189)	(38)
Premiums ceded to reinsurers	(3,884,483)	(145)	(3,225,156)	(122)
Fees and commission income	639,690	24	533,734	20
Investment Income	1,302,963	49	1,121,608	43
Administrative overheads - local	(2,104,697)	(79)	(1,720,160)	(65)
Value added	2,678,013	100	2,634,843	100
Distribution of value added				
To government:				
Taxes	62,717	2	221,842	8
To employees:				
Salaries and benefits	1,249,878	47	1,051,722	40
To Shareholders:				
Dividend	132,452	5	191,829	7
The future:				
For replacement of property and equipment (depreciation)	221,340	8	278,626	11
Asset replacement				
Deferred tax	(20,010)	(1)	36,779	1
Amortisation of intangible assets	7,101	-	2,546	-
Transfer to contigency reserve	242,663	9	181,042	7
Retained profit for the year	781,872	29	670,457	25
	2,678,013	100	2,634,843	100

Value added statement represents the wealth created by the efforts of the Company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

	Dec 2019 N'000	Dec 2018 N'000	Dec 2017 N'000	Dec 2016 N'000	Dec 2015 N'000
Cash and cash equivalents	1,312,235	1,290,535	1,497,452	1,833,886	3,549,335
Financial assets	9,642,047	7,851,813	6,113,024	4,887,597	4,210,253
Trade receivables	162,804	355,666	365,715	385,122	68,415
Reinsurance assets	1,848,077	2,140,210	1,370,190	1,178,495	1,462,562
Other receivables	299,035	310,344	387,483	225,304	124,428
Deferred acquisition costs	287,912	182,691	138,151	150,488	191,505
Investment properties	1,646,040	1,554,476	1,498,518	1,140,145	996,386
Intangible assets	17,640	24,741	27,286	7,856	17,256
Property and equipment	3,720,880	3,715,190	3,679,832	2,838,700	2,309,984
Statutory deposits	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	**19,436,671**	**17,925,666**	**15,577,651**	**13,147,593**	**13,430,124**
LIABILITIES					
Investment contract liabilities	101,549	105,380	92,551	35,570	20,708
Insurance contract liabilities	5,053,183	4,248,672	2,890,364	2,609,109	3,371,923
Trade payables	457,919	1,402,032	650,940	87,564	71,017
Other payables	495,370	495,816	241,789	212,600	309,144
Deferred commission income	110,028	96,858	120,121	101,503	104,680
Provisions	-	-	44,000	44,000	44,000
Deposit for Shares	698,081	-	-	-	-
Deferred tax liabilities	583,069	558,710	518,974	137,863	183,969
Current tax liabilities	96,776	116,592	310,943	273,405	407,110
TOTAL LIABILITIES	**7,595,974**	**7,024,061**	**4,869,683**	**3,501,615**	**4,512,552**
NET ASSETS	**11,840,697**	**10,901,605**	**10,707,968**	**9,645,978**	**8,917,572**
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	1,842,280	1,599,617	1,418,576	1,270,271	1,127,260
Asset revaluation reserve	1,720,352	1,681,214	1,616,256	1,033,070	619,416
Fair value reserve	94,850	(155,683)	109,613	33,169	(4,565)
Retained earnings	1,923,152	1,516,395	1,303,460	1,049,405	915,398
SHAREHOLDER'S FUNDS	**11,840,697**	**10,901,605**	**10,707,968**	**9,645,978**	**8,917,572**

	Dec 2019 N'000	Dec 2018 N'000	Dec 2017 N'000	Dec 2016 N'000	Dec 2015 N'000
Gross Premium	9,192,293	6,914,006	5,465,713	4,516,545	5,617,227
Earned Premium	5,063,071	3,165,304	2,384,364	2,670,690	3,413,611
Net benefit and claims	(2,467,753)	(989,189)	(769,404)	(1,439,341)	(1,301,535)
Profit before tax	849,037	892,299	640,752	253,363	812,177
Tax	(67,165)	(221,842)	(238,393)	23,655	(273,862)
Profit after tax	**781,872**	**670,457**	**402,359**	**277,018**	**538,315**
Contingency reserve	1,842,280	1,599,618	1,418,576	1,270,271	1,127,260
Earnings per share (in kobo)	7k	7k	4k	3k	6k

BRANCH NETWORK DETAILS

LOCATION	PHONE NUMBER
IKEJA 161, Awolowo Road, Alausa, Ikeja, Lagos State, Nigeria.	08023695668
ABUJA 18, Djibouti Crescent, Off Freetown Street, Wuse II, Abuja, Nigeria.	08032817700
IBADAN Oxford House, Beside UBA Regional Office, Lebanon Street, Dugbe, Ibadan, Oyo State, Nigeria.	08058005020
KADUNA Suite PP10 Mazangari Investment Building, 17F, Independence Way, Kaduna, Nigeria.	08035969606
ONITSHA 46, Iweka Road, Onitsha, Anambra, Nigeria.	08037103868
KANO 375, Civic Centre Road, J.B.S Plaza, Kano State, Nigeria.	08066111916
PORT HARCOURT 1B, Stadium Road, Port Harcourt, Rivers State, Nigeria.	08132118877
WARRI 57, Effurun/Sapele Road, Effurun, Delta State, Nigeria.	08034408109
Full Name of Company	NSIA Insurance Limited
E-mail	enquiry@nsiainsurance.com customerservice@nsiainsurance.com
Address	3, Elsie Femi Pearse Street, Victoria Island, Lagos State, Nigeria.
Branches	Ikeja, Abuja, Ibadan, Kaduna, Onitsha, Kano, Port Harcourt, Warri.
Telephone Number	01-2805378-9, 01-2714977, 09048418896
Reinsurance	Africa Re (NIG) Continental Re (NIG) Nigeria Re (NIG) EAIPN (NIG) ZEP Reinsurance (KENYA) WAICA Re (SL) Chubb European Group Limited (UK) Chaucer (UK) XL Catlin (UK) Arch (UK) WR Berkley (UK) Emirates (UAE)
Website	www.nsiainsurance.com

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