



Growth in Focus

2020 Annual Report & Accounts

Creating Value through Innovative Insurance



At NSIA Insurance, 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.

Our vision

We are a purpose-driven insurance organization that exist to create, protect and preserve wealth.



Our values

We strive to create better outcomes for our stakeholders by prioritizing our values in all we do.

Our people

by providing an enabling environment for them to develop and thrive

Clients and customers

to consistently put a smile on our customers' faces at every service touch point

Suppliers and partners

by treating them fairly and encouraging them to deliver

Investors

by delivering positive return on investment

Society

by acting as a responsible business for the communities



- **Innovation**
- **Care**
- **Integrity**
- **Professionalism**

We bring these values to life through our day-to-day operations and by putting our vision at the centre of everything we do.

We are committed to being a progressive and responsible business in the way we serve our stakeholders including our people, clients, customers, suppliers, partners, investors and society.

Cautionary statement

The directors present the Annual Report for the year ended 31 December 2020, which includes the strategic report, corporate governance, and audited accounts for this year. The Annual Report comprise a report of the directors which has been drawn up and presented in accordance with English company law, and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law. Where the directors' report refers to other reports or material, such as a website address, this has been done to direct the reader to other sources of NSIA Insurance information which may be of interest. Such additional materials do not form part of this report.



To download a copy of the Annual Report 2020, go to:
<https://nsiainsurance.com/financialreport>

Company financial performance

Total assets

¥22.1b

Gross premium written

¥10.5b

Underwriting profit

¥1.8b

Profit after income tax

¥916m

Total Equity

¥13.4b

Net premium income

¥6b

Profit before income tax

¥942m

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EDUCATION ENDOWMENT ASSURANCE PLAN

Learning is a never-ending process. Don't let eventualities stop it.

Call **09048418896** or email **customerservice@nsiainsurance.com** to secure the future of your loved ones.

NSIA...the true face of insurance.

 enquiry@nsiainsurance.com  www.nsiainsurance.com



Overview



About Us
Our business at a glance
Contact Information
Corporate Information



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 Insurance 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.

Whether you need to protect your business, the investment you have in your home/automobile or your family in case of eventualities, NSIA Insurance is here to help you manage your risks and give you 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.

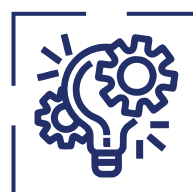
Our Mission

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.



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.



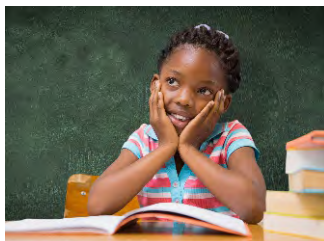
Our business at a glance

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

Array of products

Education Endowment Assurance

Secure the future of your loved ones with a sound education.



Motor Insurance

Go places with peace of mind.



Term Assurance

Leave a lasting impression to secure the future of your loved ones.



Marine Cargo Insurance

Get financial protection against eventualities while at sea.



NSIA Savings Plan

Save today to stay in control tomorrow.



Travel Insurance

Say yes to new adventures with a stress-free cover.



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.
01-2714977
09048418896

Abuja

18, Djibouti Crescent,
Off Freetown Street,
Wuse II, Abuja, Nigeria.
01-2714977
09048418896

Ibadan

Oxford House, Beside UBA
Regional Office,
Lebanon Street, Dugbe,
Ibadan, Oyo State, Nigeria.
01-2714977
09048418896

Kaduna

Suite PP10 Mazangari Investment
Building, 17F, Independence Way,
Kaduna, Nigeria.
01-2714977
09048418896

Onitsha

46, Iweka Road, Onitsha,
Anambra, Nigeria.
01-2714977
09048418896

Kano

375, Civic Centre Road,
J.B.S Plaza,
Kano State, Nigeria.
01-2714977
09048418896

Port Harcourt

1B, Stadium Road,
Port Harcourt,
Rivers State, Nigeria.
01-2714977
09048418896

Warri

57, Effurun/Sapele
Road, Effurun,
Delta State, Nigeria.
01-2714977
09048418896

Corporate information

Board Of Directors

Mr. Ituah Ighodalo	Chairman
Mrs. Ebelechukwu Nwachukwu	Managing Director
Mrs. Janine Diagou*	Director (Retired June 30, 2020)
Mr. Jean Kacou Diagou*	Director (Retired June 30, 2020)
Mr. Bene Boevi Lawson**	Director (Retired June 30, 2020)
Mr. Adewale Sangowawa	Director (Retired June 30, 2020)
Mrs. Chioma Sideso	Director (Resigned February 12, 2020)
Mr. Chidi Ajaere	Director
Mrs. Mansan Dominique Diagou Epse Ehile*	Director (Appointed February 4, 2020)
Mrs. Hélène Konian*	Director (Appointed February 4, 2020)
Mr. Apollos Ikpobe	Director (Appointed February 4, 2020)
Mr. Sunny Uwagboi	Executive Director
Mr. Abideen Musa	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

Actuary

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

Engagement Partner:

Seth Chengo
FRC/2017/NAS/00000016912

Company Secretary

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

Auditor

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

Principal Reinsurers

African Reinsurance Corporation
Continental Reinsurance Plc
WAICA Reinsurance Corporation
Arab Insurance Group (Arig Re.)

Property Valuers

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

Principal Bankers

Access Bank Plc
Guaranty Trust Bank Plc
First Bank of Nigeria Limited
Stanbic IBTC Plc
Fidelity Bank Plc
Zenith Bank Plc
Wema Bank Plc
Unity Bank Plc

Corporate
information



Governance



Board Of Directors
Directors' Report
Statement of Directors'
Responsibilities
Corporate Governance Report



Board of directors



Ituah IGHODALO

Chairman, Board of Directors

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

Managing Director/Chief Executive Officer

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

Non – Executive Director

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

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.



Bene Boevi LAWSON

Non-Executive Director

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 Institut Francais des Administrateurs, France.



Chioma SIDESO

Non – Executive Director

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. Dominique 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-Américain 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

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

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

Executive Director, Technical

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.



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policy today
on our **NEW**
retail portal:

NSIA...the true face of insurance.

✉ enquiry@nsiainsurance.com

🌐 www.nsiainsurance.com



Financial highlights

For the year ended December 31, 2020

<i>In thousands of Naira</i>	2020	2019	%
STATEMENT OF PROFIT OR LOSS			
Gross premium written	10,465,971	9,192,293	14
Gross premium income	10,156,424	8,947,554	14
Net premium income	6,062,040	5,063,071	20
Net underwriting income	6,738,748	5,702,761	18
Underwriting profit	1,821,092	1,801,107	1
Profit before income tax	942,186	849,039	11
Profit after income tax	916,008	781,874	17
Basic and diluted earnings per share (kobo)	8	9	(11)
STATEMENT OF FINANCIAL POSITION			
Total assets	22,119,688	19,436,670	14
Insurance contract liabilities	6,287,268	5,053,184	24
Investment contract liabilities	192,615	101,549	90
Total liabilities	8,727,034	7,595,974	15
Shareholders' funds/total equity	13,392,654	11,840,696	13

Directors' report

For the year ended December 31, 2020

The Directors present their annual report on the affairs of NSIA Insurance Limited ("the Company") together with the financial statements and the Independent Auditor's Report for the year ended 31 December 2020.

(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 December 1989. It is a subsidiary of NSIA Participations Holding SA established in 1995.

(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:

<i>In thousands of Naira</i>	2020	2019
Net underwriting income	6,738,748	5,702,761
Net investment income	1,431,493	1,302,963
Total revenue	8,170,241	7,005,724
Profit before income tax	942,186	849,039
Income tax	(26,178)	(67,165)
Profit after income tax	916,008	781,874
<i>Appropriations:</i>		
Transfer to statutory contingency reserve	(226,765)	(242,663)
Transfer to Retained earnings	689,243	539,211
Retained earnings, beginning of the year	1,923,151	1,516,393
Retained earnings capitalized	(1,923,151)	-
Dividend paid during the year	(132,513)	(132,453)
Retained earnings, end of the year	556,730	1,923,151

(d) Dividend

During the year, a total dividend of ₦132,513,499 (1.45k per share) was paid in 2020 out of the retained earnings as final dividend for 2019 financial year (2019: total dividend of ₦132,453,449 (1.45k per share) was paid as final dividend for 2018 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, 2020

- 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 (Retired June 30, 2020)
Mr. Jean Kacou Diagou*	Director (Retired June 30, 2020)
Mr. Bene Boevi Lawson**	Director (Retired June 30, 2020)
Mr. Adewale Sangowawa	Director (Retired June 30, 2020)
Mrs. Chioma Sideso	Director (Resigned February 12, 2020)
Mr. Chidi Ajaere	Director
Mrs. Mansan Dominique Diagou Epse Ehile*	Director (Appointed February 4, 2020)
Mrs. Hélène Konian*	Director (Appointed February 4, 2020)
Mr. Apollos Ikpobe	Director (Appointed February 4, 2020)
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 301 of the Companies and Allied Matters Act, 2020 ("CAMA 2020")

Directors	Direct Shareholding	
	Number of Ordinary Shares Held 31 Dec 2020	Number of Ordinary Shares Held 31 Dec 2019
Mrs. Chioma Sideso (Resigned February 12, 2020)	5,438,326	2,918,382
Mr. Ituah Ighodalo	Nil	Nil
Mrs. Ebelechukwu Nwachukwu	Nil	Nil
Mrs. Janine Diagou (Retired June 30, 2020)	Nil	Nil
Mr. Jean Kacou Diagou (Retired June 30, 2020)	Nil	Nil
Mr. Bene Boevi Lawson (Retired June 30, 2020)	Nil	Nil
Mr. Adewale Sangowawa (Retired June 30, 2020)	Nil	Nil
Mr. Chidi Ajaere	Nil	Nil
Mrs. Mansan Dominique Diagou Epse Ehile (Appointed February 4, 2020)	Nil	Nil
Mrs. Hélène Konian (Appointed February 4, 2020)	Nil	Nil
Mr. Apollos Ikpobe (Appointed February 4, 2020)	Nil	Nil
Mr. Sunny Uwagboi	Nil	Nil
Mr. Abideen Musa	Nil	Nil

(h) Acquisition of own shares

The Company did not purchase its own share in the 2020 (2019: 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.

Directors' report

For the year ended December 31, 2020

(j) Shareholding analysis

The shareholding composition of the Company as at 31 December 2020 is as stated below:

Share range	No. of shareholders	Percentage of shareholders (%)	No. of shares	%
100,000,001-5,000,000,000	1	10	17,344,367,262	96.36
0 – 100,000,000	9	90	655,632,738	3.64
	10	100	18,000,000,000	100

During the year, the share capital was increased in preparation for the new capital requirements for insurance business operators as stipulated by National Insurance Commission (NAICOM). The increase in authorised capital was approved by Corporate Affairs Commission (CAC) on the 21st October, 2020.

The shareholding composition 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

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 2020:

	31 December 2020		31 December 2019	
	No of shareholding	% shareholding	No of shareholding	% shareholding
NSIA Participations Holding SA	17,344,367,262	96.36%	8,782,887,009	96.15%

(k) Directors' interest in contracts

For the purposes of Section 303 of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), none of the existing Directors has 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 ₦7,970,000 (2019: ₦3,975,000) to the following organizations during the year.

	N'000	N'000
Down Syndrome Foundation	3,770	3,750
National Insurance Association	2,000	25
Professionals Insurance Ladies Association	2,000	-
Motherless Children of Agnus Dei Of Little Francis	200	-
Association of National Accountants of Nigeria	-	100
Eko Club Project Fund	-	100
	7,970	3,975

(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, 2020

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 2020	Male (Number)	Female (Number)	Total (Number)	Male (Percentage)	Female (Percentage)
Employees	49	69	118	42%	58%
Gender analysis of the Board and top management:					
Board	5	3	8	62%	38%
Top management	-	4	4	-	100%
Detailed analysis of the Board and top management:					
Assistant General Manager	-	3	3	0%	100%
General Manager	-	1	1	0%	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	3	2	5	60%	40%
Total	5	7	12		

31 December 2019	Male (Number)	Female (Number)	Total (Number)	Male (Percentage)	Female (Percentage)
Employees	52	74	126	48%	52%
Gender analysis of the Board and top management is as follows:					
Board	7	3	10	70%	30%
Top management	-	4	4	0%	100%
Detailed analysis of the Board and top management is as follows:					
Assistant General Manager	-	2	2	0%	100%
General Manager	-	1	1	0%	100%
Executive Directors	2	1	3	67%	33%
Non-executive Directors	5	2	7	71%	29%
Total	7	6	13		

Directors' report

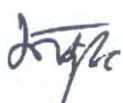
(o) Events after the reporting date

As disclosed in Note 41 to the financial statements, there are no other significant events after the reporting date which could have had material effect on the state of affairs of the Company as at 31 December 2020 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 401 of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), 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



Elizabeth Idigbe

FRC/2013/NBA/00000002878

For: PUNUKA Attorneys & Solicitors

Company Secretary

5 March, 2021

Statement of directors' responsibilities in relation to the preparation of the financial statements

For the year ended 31 December 2020


The Companies and Allied Matters Act, 2020 ("CAMA 2020") 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 and the relevant provisions of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), 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.

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 and the relevant provisions of the Companies and Allied Matters Act, 2020 ("CAMA 2020"), 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
Chairman
FRC/2013/ICAN/00000003919
5 March, 2021



Mrs. Ebelechukwu Nwachukwu
Managing Director
FRC/2013/IODN/00000002768
5 March, 2021

Corporate governance report

For the year ended 31 December 2020

Introduction

NSIA Insurance Limited ("NSIA" 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.

NSIA's core values of integrity, care, innovation, and professionalism are the bedrock upon which it continues to build its corporate culture.

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 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 eight (8) 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 Chief Executive Officer

The positions of the Chairman of the Board and 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. He 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), who 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.

Corporate governance report

For the year ended 31 December 2020

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 standing committees are the Board Audit and Compliance Committee, 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. Establishment, 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 directors, three of which are non-executive directors. The Chair of the committee is a non-executive director. The Committee held Four (4) meetings in 2020.

- 13th February 2020
- 19th May 2020
- 17th August 2020
- 20th November 2020

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 Four (4) directors, three (3) of whom are non-executive directors, the Chairman being one of those. The Committee held Four (4) meetings in 2020.

- 13th February 2020
- 19th May 2020
- 5th August 2020
- 20 November 2020

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 four (4) directors all of whom are non-executive directors. The Committee held Four (4) meetings in 2020.

- 13th February 2020
- 19 May 2020
- 5th August 2020
- 20th November 2020

Corporate governance report

For the year ended 31 December 2020

Board Committee Composition

The Board Committee composition is as follows:

Name of Director	Role	Finance Investment & General-Purpose Committee	Audit & Compliance Committee	Establishment, Risk Management & Governance Committee	Total Number of Committee
Mr. Ituah Ighodalo	Chairman Independent Director				0
Mr. Abideen Musa	Executive Director				1
Mr. Sunny Uwagboi	Executive Director				1
Mrs. Mansan Ehile	Non-Executive Director				2
Mrs. Helene Konian	Non-Executive Director				2
Mr Apollos O. Ikpobe	Non-Executive Director				1
Mr Chidi Ajaere	Non-Executive Director				2
Mrs. Ebelechukwu Nwachukwu	Managing Director				1

Key

	Non - Member
	Member

Relationship with Shareholders

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

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, abandoned and stigmatized in the society through its support for the DownSyndrome Organization of Nigeria amongst others.

Financial Statement



Independent Auditor's Report
Summary of Significant Accounting Policies
Statement of Profit or Loss and
Other Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statement

Independent auditor's 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") set out on Pages 59 - 62, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement 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 give a true and fair view of the financial position of NSIA Insurance Ltd as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, 2020, 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 Auditors' 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 the Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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



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

Key Audit Matters- continued

Key Audit Matters	How the matter was addressed in the audit
<p><u>Adequacy of valuation of Insurance Contract Liabilities</u></p> <p>This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit.</p> <p>The Company has insurance contract liabilities of ₦6.29 billion (Dec 2019: ₦5.05billion), out of which included outstanding claims of ₦3.97 billion (Dec 2019: ₦3.04 billion) as at 31 December 2020 representing 45% (Dec 2019: 40%) of the Company's total liabilities.</p> <p>The Company engaged an independent actuary to ensure the adequacy of the estimated outstanding claims and unearned premium which comprised the insurance contract liabilities by performing an actuarial 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 year are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions.</p> <p>Insurance contract liabilities are disclosed in Note 29 to the financial statements.</p>	<p>With the assistance of our actuarial specialist, we reviewed the Company's Independent Actuary's reports by reperforming the calculations, verifying the parameters used in the models such as interest rates, inflation rates, mortality, and assessing the reasonability and appropriateness of the following:</p> <ol style="list-style-type: none"> Assumptions used in the valuation of the insurance contracts by reference to Company and industry data and expectations. 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. <p>Other Key audit procedures included:</p> <ol style="list-style-type: none"> We reviewed and documented management's process for estimating insurance contract liabilities We performed an evaluation of key outstanding contracts to ensure the appropriateness of unearned premium income and outstanding claims at year end We assessed claims paid subsequent to year end to ensure there was no understatement of claims.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the 19-page document titled 'NSIA Insurance Limited Annual Financial Statements for the year ended 31 December 2020 which includes the Report of the Directors and other National Disclosures. The other information does not include the financial statements and our auditor's report thereon.

Independent auditor's report



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

Other information - Continued

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.

Responsibilities of the Directors' 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), and the provisions of the Companies and Allied Matters Act, 2020, 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.

Independent auditor's report



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

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- 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.

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 Fifth schedule of the Companies and Allied Matters Act, 2020 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 our opinion, the financial statements 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.

Oluwasayo Elumaro, FCA
FRC/2012/ICAN/00000000139

For: Ernst & Young
Lagos, Nigeria

Date: 22 March 2021



Summary of significant accounting policies

1 General information

NSIA Insurance Limited ("the Company"), formerly known as ADIC Insurance Limited 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 96.36% 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 5th March, 2021

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 reporting 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). The financial statements comply with the relevant provisions of Companies and Allied Matters Act, 2020 ("CAMA 2020"), 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 changes in equity, the Statement of cash flows and related notes to the financial statements including summary of significant accounting policies.

(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 (not 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

(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 - cont'd

2 New and amended standards

A New and amended standards and interpretations

(i) 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.

The application of the revised conceptual framework does not have a significant impact on the financial statements for the period under review.

(ii) 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 does not have an impact on the financial statements of the Company.

(iii) 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. The amendment has been considered in the preparation of this financial statement and it does not significantly affect the Company in term of our financial position or profitability.

(iv) 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 The amendments 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 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

Summary of significant accounting policies - cont'd

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 have been considered in the preparation of this financial statement and it does not significantly affect the Company in term of our financial position or profitability.

(v) Covid-19 Related Rent Concessions-Amendment to IFRS 16

The decisions by governments in many countries to curtail the spread of the Coronavirus, otherwise known as COVID-19, has had far reaching effects on the global economy. Many businesses have had to stop operations or adopt the approach of virtual working. As a result, business activities and resulting cash flows have been significantly interrupted which is already resulting in some major economic downturn.

To respond to this situation, many governments have offered certain reliefs to businesses. In addition, parties to contracts are beginning to renegotiate contract terms for reliefs and concessions. One of such reliefs or concessions is providing some relief regarding rent holidays and temporary rent reductions.

The grant of reliefs and concessions has therefore triggered some accounting issues to which the International Accounting Standard Board (IASB) has provided certain responses. In May 2020, the IASB issued amendments to IFRS 16 on Leases to address the accounting and reporting issues arising from the rent concessions provided to lessees as a response to the COVID-19 Pandemic.

The amendments have been considered in the preparation of this financial statement and it does not significantly affect the company in term of our financial position or profitability.

B New and amended standards that are not yet effective

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not applied the following new or amended standards in preparing this 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 we considered 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.

Summary of significant accounting policies - cont'd

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 2023, 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.

(ii) 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.

(iii) Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The objective of the second phase of the Board's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the following key areas: changes in the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. The amendments are not expected to have an impact on the financial statements of the Company.

(iv) Reference to the Conceptual Framework – Amendments to IFRS 3

On May 14, 2020, the IASB published Reference to the Conceptual Framework (Amendments to IFRS 3) with amendments to IFRS 3, Business Combinations that update an outdated reference in IFRS 3 without significantly changing its requirements. IFRS 3, Business Combinations specifies how an entity should account for the assets and liabilities it acquires when it obtains control of a business. IFRS 3 requires an entity to refer to the Conceptual Framework for Financial Reporting (Conceptual Framework) to determine what constitutes an asset or a liability.

Originally, IFRS 3 required an entity to refer to the version of the Conceptual Framework that existed when IFRS 3 was developed. The purpose of this project was to update IFRS 3 to require an entity to refer instead to a later version issued in March 2018. The amendments are not expected to have an impact on the financial statements of the Company.

(v) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition

Summary of significant accounting policies - cont'd

necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are not expected to have an impact on the financial statements of the Company.

(vi) Onerous Contracts – Costs of Fulfilling a Contract – Amendment to IAS 37

IAS 37, Provisions, Contingent Liabilities and Contingent Assets did not specify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. Research conducted by the IFRS Interpretations Committee indicated that differing views on which costs to include could lead to material differences in the financial statements of entities that enter into some types of contracts.

In this project, the International Accounting Standards Board (Board) developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Board issued the amendments in May 2020. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after January 1, 2022 with earlier application being permitted. However, this has been critically evaluated and the Company has come to a conclusion that this does not in any way impact on the financial statement of the entity.

(vii) First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

The amendments are not expected to have an impact on the financial statements of the Company.

(viii) IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are not expected to have an impact on the financial statements of the Company.

(ix) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements (the amendments) to clarify the requirements for classifying

liabilities as current or non-current. More specifically:

(1) The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.

(2) Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.

(3) The amendments clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after 1 January 2023. This does not in any way impact on the financial statements of the entity.

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 charged to 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 profit or loss).

Summary of significant accounting policies - cont'd

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 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

Summary of significant accounting policies - cont'd

- 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.

Fair value through other comprehensive income (FVOCI)

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.

Summary of significant accounting policies - cont'd

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 equivalents
- Trade receivables
- Other receivables
- Debt instrument at FVOCI
- Financial assets at amortised cost

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 is 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). 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 reporting 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

Summary of significant accounting policies - cont'd

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

Summary of significant accounting policies - cont'd

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. 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 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.

Summary of significant accounting policies - cont'd

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 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.

Summary of significant accounting policies - cont'd

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 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/control 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

Summary of significant accounting policies - cont'd

subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

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 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 short term 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

Summary of significant accounting policies - cont'd

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 commission 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.



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Summary of significant accounting policies - cont'd

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.

I. 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. 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 reserve, 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.

Summary of significant accounting policies - cont'd

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
Capital work-in-progress	Not depreciated
Land	Not depreciated

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

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

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) charged to profit or loss 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 goodwill, 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 NAICOM 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 charged to 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

Summary of significant accounting policies - cont'd

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 of financial position and are not recognised as gross premium in 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 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 profit or loss. The insurance risk, related to the investment contract, is measured as an insurance contract liability and is 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 short-term 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

Summary of significant accounting policies - cont'd

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.

(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.

Summary of significant accounting policies - cont'd

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

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 Commission

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

Summary of significant accounting policies - cont'd

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.

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 and its employees contributes 10% and 8% respectively 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 money 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

Summary of significant accounting policies - cont'd

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 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 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.

Police Fund Levy: The Nigerian Police Trust Fund Act was passed by the National Assembly in April 2019, and signed into law by the President on 24 June 2019. This Act establishes the Nigeria Police Trust Fund (Trust Fund) to provide funds for, inter alia, the training and welfare of personnel of the Nigeria Police Force. The Act imposes a levy of 0.005% of the "net profit" of companies 'operating business' in Nigeria.

(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 new Finance Act 2020, which was signed into law on 13 January 2020 and contains various tax changes with effect from 13 January 2020. Under the new tax regime, Minimum tax is pegged at a flat rate of 0.5% of turnover, which would be applicable to companies with no total profit or whose computed tax is less than the minimum tax. Franked investment income will be excluded for the purpose of the minimum tax computation. 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.

However, the outbreak of Covid-19 pandemic during the year 2020 resulted in global production shutdown and supply chain disruptions. This had an adverse impact on various businesses in different sectors of the economy. Consequently, governments all over the world offered palliatives in the form of tax breaks and incentives to taxpayers at various levels.

In a bid to grant similar palliatives to taxpayers, the Federal Government of Nigeria (FGN) via the Finance Act 2020 introduced a 50% reduction in minimum tax rate from 0.5% of gross turnover less franked investment income to 0.25%. The reduced minimum tax rate is however applicable for the Years of Assessment (YOA) due from 1 January 2020 to 31 December 2021. 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.

Summary of significant accounting policies - cont'd

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.

Share premium

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

Statutory contingency reserve

The Company maintains contingency reserve for the non-life business in accordance with the provisions of Section 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 tax; 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 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 asset's 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 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 transferred 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.

Summary of significant accounting policies - cont'd

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, 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 and 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 charged to 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

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.

Summary of significant accounting policies - cont'd

Company as a lessee: The Company applies a single recognition and measurement approach for all leases, except for short-term 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-of-use 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.

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 period 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.



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Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Notes	2020	2019
<i>In thousands of Naira</i>			
Gross premium written	6	10,465,971	9,192,293
Change in unearned premium	6.1	(309,547)	(244,739)
Gross premium income		10,156,424	8,947,554
Reinsurance expenses	6.1	(4,094,384)	(3,884,483)
Net premium income	6.1	6,062,040	5,063,071
Fees and commission income on insurance	6.2	676,708	639,690
Net underwriting income		6,738,748	5,702,761
Claims expenses:			
Gross benefits and claims incurred	8	(4,029,869)	(2,868,238)
Movement in life fund	29 (b)(iii)	(234,824)	(111,516)
Benefits and claims recoverable from reinsurers	9	1,323,617	512,001
		(2,941,076)	(2,467,753)
Underwriting expenses:			
Acquisition expenses	10	(1,643,897)	(1,286,014)
Maintenance expenses	11	(332,683)	(147,888)
		(1,976,580)	(1,433,902)
Underwriting profit		1,821,092	1,801,107
Profit on deposit administration	7	6,781	4,158
Net investment income	12	1,431,493	1,302,963
Other income	13(a)	380,042	29,081
Fair value gain on investment property	13(b)	7,906	200,096
Loss on disposal of investment property	13(b)	(188,732)	(6,350)
Credit loss (expense)/ write back on financial assets	14	(19,963)	7,554
Personnel expenses	15(a)	(1,274,468)	(1,249,877)
Other operating expenses	15(b)	(1,221,965)	(1,239,692)
Profit before income tax		942,186	849,039
Income tax expense	34	(26,178)	(67,165)
Profit after income tax		916,008	781,874
Other comprehensive income			
Items within OCI that may be reclassified to the profit or loss:			
Net fair value (loss) or gain on debt instruments at FVOCI	18(b)	(98,945)	269,570
Fair value gain on matured Financial instrument measured at FVOCI	18(b)	23,797	-
Changes in allowance for expected credit losses on debt instruments at FVOCI	14	(30,492)	(24,509)
Items within OCI that will not be reclassified to the profit or loss:			
Property and equipment revaluation gains (net of tax)	35.3	37,822	39,138
Net fair value gain on equity instrument at FVOCI	18(b)	19,495	5,472
Total other comprehensive (loss)/income net of tax		(48,323)	289,671
Total comprehensive income for the year		867,685	1,071,545
Earnings per share			
Basic and diluted earnings per share (kobo)	16	8	9


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

Statement of financial position

As at 31 December 2020

<i>In thousands of Naira</i>	Notes	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	17	2,073,477	1,312,235
Financial assets	18	12,494,045	9,642,047
Trade receivables	19	230,459	162,804
Reinsurance assets	20	1,954,191	1,848,076
Other receivables and prepayments	21	281,646	299,036
Deferred acquisition costs	22	304,995	287,912
Investment property	23	249,215	1,646,040
Intangible assets	25	13,230	17,640
Property and equipment	26	3,618,030	3,720,880
Statutory deposits	27	900,400	500,000
Total assets		22,119,688	19,436,670
Liabilities			
Investment contract liabilities	28	192,615	101,549
Insurance contract liabilities	29	6,287,268	5,053,184
Trade payables	30	707,298	666,479
Other payables and accruals	31	607,578	286,808
Deferred commission income	32	124,489	110,028
Current tax liabilities	34.2	100,111	96,776
Deferred tax liabilities	24	588,063	583,069
Deposit for shares	33	119,612	698,081
Total liabilities		8,727,034	7,595,974
Equity			
Share capital	35.1	9,000,000	4,567,360
Share premium	35.1	-	1,692,703
Statutory contingency reserve	35.2	2,069,045	1,842,280
Asset revaluation reserve	35.3	1,758,174	1,720,352
Fair value reserve	35.4	8,705	94,850
Retained earnings	35.5	556,730	1,923,151
Total equity		13,392,654	11,840,696
Total liabilities and equity		22,119,688	19,436,670

These financial statements were approved by the Board of Directors on 5 March 2021 and signed on its behalf by:



Mr. Ituah Ighodalo
Chairman
FRC/2013/ICAN/00000003919



Mrs. Ebelechukwu Nwachukwu
MD/CEO
FRC/2013/IODN/00000002768



Mrs. Njum Onyemenam
Chief Financial Officer
FRC/2013/ICAN/00000001188

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

Statement of changes in equity

For the year ended 31 December 2020

<i>In thousands of Naira</i>	Share capital	Share premium	Statutory contingency reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
As at 1 January 2019	4,567,360	1,692,703	1,599,617	1,681,214	(155,683)	1,516,393	10,901,604
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	781,874	781,874
Other comprehensive income							
Fair value changes of FVOCI financial assets (see note 35.3)	-	-	-	-	250,533	-	250,533
Property and equipment revaluation gains (net of tax)				39,138			39,138
Total comprehensive income for the year	4,567,360	1,692,703	1,599,617	1,720,352	94,850	2,298,267	11,973,149
Transactions with owners, recorded directly in equity							
Transfer between reserves	-	-	242,663	-	-	(242,663)	-
Dividends paid to ordinary equity shareholders during the year.	-	-	-	-	-	(132,453)	(132,453)
Total contribution by and distribution to equity holders	-	-	242,663	-	-	(375,116)	(132,453)
As at 31 December 2019	4,567,360	1,692,703	1,842,280	1,720,352	94,850	1,923,151	11,840,696
As at 1 January 2020	4,567,360	1,692,703	1,842,280	1,720,352	94,850	1,923,151	11,840,696
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	916,008	916,008
Other comprehensive income							
Fair value changes of FVOCI financial assets (see note 35.4)	-	-	-	-	(109,942)	-	(109,942)
Fair value gain on matured Financial instrument measured at FVOCI	-	-	-	-	23,797	-	23,797
Property and equipment revaluation gains (net of tax)				37,822			37,822
Total comprehensive income for the year	-	-	-	37,822	(86,145)	916,008	867,685
Transactions with owners, recorded directly in equity							
Transfer between reserves	-	-	226,765	-	-	(226,765)	-
Transfer to share capital	3,615,854	(1,692,703)	-	-	-	(1,923,151)	-
Issuance of shares (see note 33)	816,786	-	-	-	-		816,786
Dividends paid to ordinary equity shareholders during the year	-	-	-	-	-	(132,513)	(132,513)
Total contribution by and distribution to equity holders	4,432,640	(1,692,703)	226,765	-	-	(2,282,429)	684,273
As at 31 December 2020	9,000,000	-	2,069,045	1,758,174	8,705	556,730	13,392,654

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

Statement of cash flows

For the year ended 31 December 2020

<i>In thousands of Naira</i>	Note	2020	2019
For the year ended 31 December 2020			
Cash flows from operating activities:			
Insurance premium received	42.1	10,361,292	8,356,221
Reinsurance premium paid	42.2	(4,000,209)	(3,507,119)
Prepaid minimum and deposit reinsurance at year end	20(b)	(53,657)	(41,006)
Reinsurance commission received	42.3	691,169	652,860
Insurance benefits and claims paid	42.4	(3,340,153)	(2,419,981)
Deposit received from deposit admin	42.5	178,573	117,158
Withdrawal claims from deposit admin	42.5	(93,902)	(128,478)
Reinsurance claims received	42.6	1,208,287	786,308
Received from reinsurance recoverable on paid claims (Health Insurance)	20	93,082	-
Commission paid	42.7	(2,078,733)	(1,744,278)
Direct bank deposit	31(b)	243,972	-
Cash paid to employees, intermediaries and other suppliers	42.8	(2,257,317)	(2,430,439)
Other income received	42.9(a)	21,952	1,414
Net cash received from co-insurers on claims paid	43.5	37,024	180,140
		1,011,380	(177,201)
Tax paid during the year	34	(22,053)	(66,971)
Net cash flows from/(used in) operating activities		989,327	(244,172)
Cash flows from investing activities:			
Interest income received	43.0	163,599	270,954
Dividend received	43.1	1,079	1,345
Proceeds from disposal of property and equipment	43.2	-	3,590
Proceeds from disposal of investment property	43.3	1,215,999	83,000
Purchase of financial assets	43.4(a)	(12,898,369)	(9,626,884)
Proceeds from sale/redemption of financial assets	43.4(b)	11,625,936	9,167,433
Additions to statutory deposit	27	(400,400)	-
Purchase of property and equipment	26	(79,207)	(186,042)
Net cash flows used in investing activities		(371,363)	(286,604)
Cash flows from financing activities:			
Deposits for shares received	33	238,317	698,081
Dividend paid		(132,513)	(132,452)
Net cash flows from financing activities		105,804	565,629
Net increase in cash and cash equivalents		723,769	34,846
Effect of exchange rate differences on cash and cash equivalent	43.7	47,467	(18,217)
Cash and cash equivalents at beginning of year		1,314,144	1,297,515
Cash and cash equivalents at end of year	17(a)	2,085,381	1,314,144

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

Notes to the financial statements

For the year ended 31 December 2020

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 N688 million (2019: N442 million) (see note 29 for details) and of investment contract liabilities is N193 million (2019: N101million) (See note 28 for details).

Sensitivity analysis has been included in note 5.4.1.

4. Critical accounting estimates and judgments-continued

Short term insurance contract liabilities

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

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

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are

Notes to the financial statements

For the year ended 31 December 2020

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. Loss Ratio Method was used for this purpose. The Loss Ratio method results in the estimation of ultimate claims by allowing for the incorporation of expected experience to date and the average assumed Ultimate Loss Ratio.

The estimate of ultimate claims is then calculated as:
Average ultimate loss ratio assumed Multiplied by: earned premium for the accident years

The IBNR is arrived at by subtracting the claims paid to date and the outstanding claims as well.

Assumptions underlying the Loss Ratio method

An estimate of the average ultimate loss ratio needs to be assumed. Zamara used the average incurred and paid to date loss ratios that have been experienced to date in previous accident years.

Although Zamara did conduct a reasonability check on the loss ratios by comparing the loss ratios to industry figures, if the loss ratio is not indicative of future experience, the calculated outstanding claims may be under-/over-estimated.

It is worth noting that claim amounts have not been adjusted for inflation explicitly. However, owing to the methodology used, inflation is implicitly included in the analysis. Further, no allowance has been made for discounting as the claims run-off is generally assumed to be relatively short-tailed. This is a prudent assumption which may be revised in the future with the introduction of IFRS 17, formerly IFRS 4 Phase II, which will lead to some fundamental differences in current accounting practices in both liability measurement and recognition of profits.

The nature of the claims in the Oil and Gas class (low frequency and high severity) meant that an exposure-based method i.e. the Loss Ratio method was more appropriate than triangulation.

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. The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time. Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models. The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

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

Notes to the financial statements

For the year ended 31 December 2020

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 limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes -

- (a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;
- (b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

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

4.3 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 ₦588 million (2019: ₦583 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 Fairvalue measurement

4.5.1 Financial assets

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 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.

Notes to the financial statements

For the year ended 31 December 2020

- 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.

4.5.2 Non-financial assets

- 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 2020 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2020. 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 counterparties) would have in a business. Hence, the Company ensures that adequate capital exists to buffer the following:

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

Risk appetite is expressed quantitatively using the following metrics:

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

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

The capital management process involves establishing the methodology for determining and maintaining an appropriate

Notes to the financial statements

For the year ended 31 December 2020

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 31 December 2020 financial year maintained total admissible assets of ₦19.97billion (31 Dec 2019: ₦17.28billion) which exceeded the total liabilities of ₦8.1billion (31 Dec 2019: ₦7.01billion) by ₦11.8billion (31 Dec 2019: ₦10.27billion). 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 237% (2019: 205%) of the minimum requirement which is the higher of 15% of net premium (₦909million) (2019: ₦759million) or the minimum capital base of ₦5billion for Life and Non-life insurance businesses. Thus, the Company's solvency margin as above met adequately the regulatory minimum solvency requirement.

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



Notes to the financial statements

For the year ended 31 December 2020

The Solvency Margin for the Company as at 31 December 2020 is as follows:

	Total	Admissible	Inadmissible
In thousands of Naira			
Assets			
Cash and cash equivalents	2,073,477	2,073,477	-
Financial assets	12,494,045	12,494,045	-
Trade receivables	230,459	230,459	-
Reinsurance assets	1,954,191	1,954,191	-
Other receivables and prepayments	281,646	-	281,646
Deferred acquisition costs	304,995	304,995	-
Investment property	249,215	-	249,215
Intangible assets	13,230	13,230	-
Property and equipment	3,618,030	1,999,224	1,618,806
Statutory deposits	900,400	900,400	-
Total assets (A)	22,119,688	19,970,021	2,149,667
Liabilities			
Investment contract liabilities	192,615	192,615	-
Insurance contract liabilities	6,287,268	6,287,268	-
Trade payables	707,298	707,298	-
Other payables and accruals	607,578	607,578	-
Deferred commission income	124,489	124,489	-
Current tax liabilities	100,111	100,111	-
Deferred tax liabilities	588,063	-	588,063
Deposit for shares	119,612	119,612	-
Total liabilities (B)	8,727,034	8,138,971	588,063
Solvency Margin (A-B)= C		11,831,050	
Check To:			
Minimum to be maintained:			
The higher of 15% of net premium and	909,306		
Minimum paid-up capital (D)	5,000,000	(5,000,000)	
Solvency Margin (Surplus/Deficit) (C- D)		6,831,050	
Solvency level (%)		237%	

Notes to the financial statements

For the year ended 31 December 2020

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

<i>In thousands of Naira</i>	Total	Admissible	Inadmissible
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	1,848,076	1,848,076	-
Other receivable and prepayments	299,036	-	299,036
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)	19,436,670	17,281,428	2,155,242
Liabilities			
Investment contract liabilities	101,549	101,549	-
Insurance contract liabilities	5,053,184	5,053,184	-
Trade payables	666,479	666,479	-
Other payables and accruals	286,808	286,808	-
Deferred commission income	110,028	110,028	-
Deferred tax liabilities	583,069	-	583,069
Current tax liabilities	96,776	96,776	-
Deposit for shares	698,081	698,081	-
Total Liabilities (B)	7,595,974	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 capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/political landscape, and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

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

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

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

Individual Capital Assessment (ICA)

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

The Company instituted these policies and processes to its capital structure during the year.

Available capital resources at 31 December 2020

	Life insurance N'000	Non- life insurance N'000	Total N'000
Total shareholders' funds per financial statements	4,404,521	8,988,133	13,392,654
Available capital resources	4,404,521	8,988,133	13,392,654

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

Compliance with statutory minimum capital base requirement

The Company at the end of the 2020 financial year had shareholders' funds of ₦13.39billion (31 Dec 2019: ₦11.84billion) which was 268% (2019: 235%) of the statutory minimum capital base of ₦5billion 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.

Notes to the financial statements

For the year ended 31 December 2020

5.3 Asset liability management (ALM) framework - continued

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 2020 In thousand of naira	Non Life Business			Life Business					
	Shareholders' fund	Insurance contract liabilities' fund	Others	Shareholders' 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	3,285,471	-	-	249,215	-	-	-	-	3,534,686
Equipment	56,981	-	-	1,897	-	-	-	-	58,878
Motor Vehicles	141,764	-	-	-	-	-	-	-	141,764
Furniture	54,397	-	-	1,695	-	-	-	-	56,092
Others (a)	75,825	-	-	-	-	-	-	-	75,825
	3,614,438	-	-	252,807	-	-	-	-	3,867,245
2. Investments:									
Loans to Policyholders	-	-	-	-	7,183	-	-	-	7,183
Statutory Deposit	500,400	-	-	400,000	-	-	-	-	900,400
Financial assets:									
- Amortised cost	5,268,450	2,684,218	-	1,466,733	2,160,717	192,615	-	-	11,772,733
- FVOCI	258,535	-	-	455,595	-	-	-	-	714,130
Cash and cash equivalents	(625,837)	-	-	2,699,314	-	-	-	-	2,073,477
	5,401,548	2,684,218	-	5,021,642	2,167,900	192,615	-	-	15,467,923
3. Reinsurance and Other assets									
Reinsurance assets	-	1,373,577	-	-	580,614	-	-	-	1,954,191
Other assets	739,808	-	-	90,521	-	-	-	-	830,329
	739,808	1,373,577	-	90,521	580,614	-	-	-	2,784,520
Total	9,755,794	4,057,795	-	5,364,970	2,748,514	192,615	-	-	22,119,688
Funds for the Asset	-	3,778,393	-	-	2,508,875	192,615	-	-	6,479,883
Surplus/(Deficit)	9,755,794	279,402	-	5,364,970	239,639	-	-	-	15,639,805

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
TOTAL									
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
	3,954,643	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:									
- Held to Maturity	-	-	-	-	-	-	-	-	-
- 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	11,794,013	3,662,534	-	1,786,294	2,092,280	101,549	-	-	19,436,671
Funds for the Asset	-	3,635,885	-	-	1,417,297	101,549	-	-	5,154,731
Surplus/(Deficit)	11,794,013	26,649	-	1,786,294	674,983	-	-	-	14,281,940

Notes to the financial statements

For the year ended 31 December 2020

5.3 Asset liability management (ALM) framework - continued Asset and Liability Management

<i>in thousands of Nigerian Naira</i>	Carrying amount	Insurance contract Non-life	Insurance contract Group Life	Investment Contract	Assets cover	Shareholders fund	31 Dec 2020 Total
Assets							
Cash and cash equivalents	2,073,477	-	-	-	-	2,073,477	2,073,477
Financial assets	12,494,045	2,684,218	2,167,900	192,615	5,044,733	8,485,903	12,494,045
Trade receivables	230,459	-	-	-	-	230,459	230,459
Reinsurance assets	1,954,191	1,373,577	580,614	-	1,954,191	-	1,954,191
Other receivables and prepayments	281,646	-	-	-	-	281,646	281,646
Deferred acquisition costs	304,995	-	-	-	-	304,995	304,995
Investment property	249,215	-	-	-	-	249,215	249,215
Intangible assets	13,230	-	-	-	-	13,230	13,230
Property and equipment	3,618,030	-	-	-	-	2,673,432	3,618,030
Statutory deposits	900,400	-	-	-	-	900,400	900,400
Total assets	22,119,688	4,057,795	2,748,514	192,615	6,998,924	15,120,764	22,119,688
Liabilities							
Investment contract liabilities	192,615	-	-	192,615	192,615	-	192,615
Insurance contract liabilities	6,287,268	3,778,393	2,508,875	-	6,287,268	-	6,287,268
Trade payables	707,298	-	-	-	-	707,298	707,298
Other payables and accruals	607,578	-	-	-	-	607,578	607,578
Deferred commission income	124,489	-	-	-	-	124,489	124,489
Deferred tax liabilities	588,063	-	-	-	-	588,063	588,063
Current tax liabilities	100,111	-	-	-	-	100,111	100,111
Deposit for shares	119,612	-	-	-	-	119,612	119,612
Total liabilities	8,727,034	3,778,393	2,508,875	192,615	6,479,883	2,127,538	8,727,034
GAP	13,392,654	279,402	239,639	-	519,041	12,993,226	13,392,654

<i>in thousands of Nigerian Naira</i>	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	0.21	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	1,848,076	1,441,328	406,749	-	1,848,076	-	1,848,076
Other receivables and prepayments	299,036	-	-	-	-	299,036	299,036
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	3,662,533	2,092,280	101,549	5,856,362	13,580,308	19,436,670
Liabilities							
Investment contract liabilities	101,549	-	-	101,549	101,549	0	101,549
Insurance contract liabilities	5,053,184	3,635,885	1,417,298	-	5,053,183	0.63	5,053,184
Trade payables	666,479	-	-	-	-	666,479	666,479
Other payables and accruals	286,808	-	-	-	-	286,808	286,808
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	7,595,974	3,635,885	1,417,298	101,549	5,154,732	2,441,242	7,595,974
GAP	11,840,696	26,648	674,982	-	701,630	11,139,066	11,840,696

Notes to the financial statements

For the year ended 31 December 2020

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 N 25,000,000 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.

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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.

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· Expenses

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

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

· Lapse and surrender rates

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

· Discount rate

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

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Portfolio assumptions by type of business impacting net liabilities

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

Type of life contracts	Mortality rates		Expenses		Expense inflation rate		Valuation interest rate	
	2020	2019	2020	2019	2020	2019	2020	2019
Individual life	A6770	A6770	N8,257 per policy	N8,000 per policy	13.50%	11.00%	15.00%	15.00%

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

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

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Sensitivities

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

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

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

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

31 December 2020		Interest rate		Expense		Expense inflation		Mortality	
	Base	1%	-1%	10%	-10%	2%	-2%	5%	-5%
in thousands									
Individual life	642,560	6,426	(6,426)	64,256	64,256	12,851	(12,851)	32,128	(32,128)
Group life	899,524	8,995	(8,995)	89,952	89,952	17,990	(17,990)	44,976	(44,976)
Health	279,499	2,795	(2,795)	27,950	27,950	5,590	(5,590)	13,975	(13,975)
Total liability	1,821,583	18,216	(18,216)	182,157	(182,157)	36,431	(36,431)	91,079	(91,079)
% 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.

		Interest rate		Expense		Expense inflation		Mortality	
31 December 2019	Base	1%	-1%	10%	-10%	2%	-2%	5%	-5%
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	0.0%	-99.0%	-101.0%	-90.0%	-110.0%	-98.0%	-102.0%	-95.0%	-105.0%

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5.4.2 Non-life insurance contracts (which comprise general insurance)

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

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

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

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

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

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

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

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

	31-Dec-20			31-Dec-19		
	Gross liabilities	Reinsurance on liabilities	Net liabilities	Gross liabilities	Reinsurance on liabilities	Net liabilities
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	281,262	33,891	247,371	185,147	16,815	168,332
Fire	493,069	457,822	35,247	374,971	289,843	85,128
Bond	2,389	956	1,433	4,878	1,951	2,927
General accident	257,732	(469,041)	726,773	628,939	300,354	328,584
Marine and aviation	169,919	73,131	96,788	188,697	98,379	90,318
Engineering	74,317	39,503	34,814	43,293	21,420	21,873
Oil and energy	868,208	707,429	160,779	625,896	201,435	424,461
Subtotal	2,146,896	843,691	1,303,205	2,051,820	930,197	1,121,623
Health insurance	279,498	218,369	61,129	84,470	164,636	(80,166)
Group life	853,805	129,825	723,980	485,568	50,141	435,427
Total	3,280,199	1,191,885	2,088,314	2,621,858	1,144,975	1,476,884



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Notes to the financial statements

For the year ended 31 December 2020

Key assumptions

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

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

Sensitivities

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

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

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

31 December 2020

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Discount Rate	(-1)% Discount Rate
General Accident	118,320	5,916	(5,916)	1,183	(1,183)
Engineering	21,449	1,072	(1,072)	214	(214)
Fire	83,601	4,180	(4,180)	836	(836)
Marine	44,272	2,214	(2,214)	443	(443)
Motor	76,498	3,825	(3,825)	765	(765)
Bond*	2,389	119	(119)	24	(24)
Oil & Gas*	437,206	21,860	(21,860)	4,372	(4,372)
IBNR	783,735	39,186	(39,186)	7,837	(7,837)
Gross OCR	1,363,161	68,158	(68,158)	13,632	(13,632)
Total	2,146,896	107,344	(107,344)	21,469	(21,469)
Percentage Change		26%	53%	-99.00%	-101.00%

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%.

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For the year ended 31 December 2020

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%	-4.43%	-4.43%

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

	2016 N'000	2017 N'000	2018 N'000	2019 N'000	2020 N'000	Total N'000
Estimate of ultimates:						
End of accident year	551,014	400,428	429,013	702,685	646,493	2,729,633
1 year later	1,915,421	184,277	209,776	175,671	-	2,485,145
2 years later	57,354	284,923	52,444	-	-	394,721
3 years later	153,991	71,231	-	-	-	225,222
4 year later	38,498	-	-	-	-	38,498
Cumulative Payment	2,716,277	940,859	691,233	878,356	646,493	5,873,219
Current estimate of ultimate claims	2,724,236	1,251,903	1,137,418	1,758,856	1,758,856	8,631,269
Current outstanding claims reserve	623,142	286,361	260,173	402,321	402,321	1,974,318
Liability in Statement of Financial Position						783,732

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For the year ended 31 December 2020

Analysis of claims development – Reinsurance

	2016 N'000	2017 N'000	2018 N'000	2019 N'000	2020 N'000	Total N'000
Estimate of ultimates:						
End of accident year	308,568	224,240	240,247	393,504	529,911	1,696,470
1 year later	1,072,636	103,195	117,475	98,376	-	1,391,682
2 years later	32,118	159,557	29,369	-	-	221,044
3 years later	86,235	39,889	-	-	-	126,124
4 year later	21,559	-	-	-	-	21,559
Cumulative Recoveries	1,521,116	526,881	387,091	491,880	529,911	3,456,878
Current estimate of ultimate Recoveries	1,525,572	701,066	636,954	984,959	984,960	4,833,512
Current outstanding claims recoveries	294,740.53	135,445.85	123,059.50	190,294.11	190,294.11	933,834
Asset in Statement of Financial Position						442,799

Analysis of claims development – Net

	2016 N'000	2017 N'000	2018 N'000	2019 N'000	2020 N'000	Total N'000
Estimate of ultimates:						
End of accident year	242,446	176,188	188,766	309,181	116,582	1,033,164
1 year later	842,785	81,082	92,302	77,295	-	1,093,464
2 years later	25,236	125,366	23,075	-	-	173,677
3 years later	67,756	31,342	-	-	-	99,097
4 year later	16,939	-	-	-	-	16,939
Cumulative Net Payment	1,195,162	413,978	304,143	386,477	116,582	2,416,341
Current estimate of net ultimate claims	1,198,664	550,837	500,464	773,897	773,896	3,797,757
Current net outstanding claims reserve	328,402	150,915	137,114	212,027	212,027	1,040,484
Net Liability in Statement of Financial Position						340,932

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 term its 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.

Notes to the financial statements

For the year ended 31 December 2020

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

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

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

The Company's credit risk tolerance includes the following:

- Individual broker's indebtedness, at the end of each financial year, shall not exceed the limit set by management at the beginning of that financial year.
- Unpaid Premiums shall not remain outstanding for more than a period of 1 month, after which this would serve as an objective indicator of impairment.

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

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

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

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

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

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

- **Client/counterparty risk rating:** evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.
- **Transaction risk rating:** defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals (e.g. guarantees, and equitable and legal mortgages).

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, security management and provision for impairment.

The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.

Notes to the financial statements

For the year ended 31 December 2020

5.6 Financial risk management - continued

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	31 Dec 2020 N'000	31 Dec 2019 N'000
Financial instruments			
Cash and cash equivalents	17	2,073,477	1,312,235
Financial asset at FVOCI	18	625,622	6,205,182
Financial assets at amortised cost	18	11,868,423	3,436,865
Trade receivables	19	230,459	162,804
Other receivables *	21	47,710	86,537
Total credit risk exposure		14,845,691	11,203,623

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

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

	31 Dec 2020 N'000	31 Dec 2019 N'000
ECL impairment		
Impairment on other receivables (see note 21(c)	26,976	22,734
Impairment of financial assets at amortised cost (see note 18(a))	13,484	(712)
Impairment on cash and cash equivalent (see note 17(b))	9,995	(5,067)
Reversal of Impairment on debt instrument at FVOCI (see note 14)	(30,492)	(24,509)
	19,963	(7,554)

Notes to the financial statements

For the year ended 31 December 2020

5.6.1 Concentration of credit risk by sector

	31 Dec 2020 N'000	31 Dec 2019 N'000
Banking and other financial sector	14,567,522	10,954,088
Insurance sector	230,459	162,804
Others	47,710	86,537
	<u>14,845,691</u>	<u>11,203,429</u>

5.6 Financial risk management-continued Analysis of financial assets by portfolio distribution

31 December 2020

	Notes	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Cash and cash equivalents		2,073,477	-	-	2,073,477
Financial assets at amortized cost		11,868,423	-	-	11,868,423
Trade receivables		-	230,459	-	230,459
Other receivables	21(b)	-	47,710	-	47,710
Debt instruments at FVOCI		382,826	-	-	382,826
		<u>14,324,726</u>	<u>278,169</u>	<u>-</u>	<u>14,602,895</u>

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
Financial assets at amortized cost		3,436,865	-	-	3,436,865
Trade receivables		-	162,804	-	162,804
Other receivables	21(b)	-	86,537	-	86,537
Debt instruments at FVOCI		5,981,882	-	-	5,981,882
		<u>10,730,982</u>	<u>249,341</u>	<u>-</u>	<u>10,980,323</u>

Credit quality

Amount arising from ECL

Significant increase in credit risk

When determining whether the credit risk (i.e risk of default) on a financial instrument 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 significant increase in credit risk has occurred for an exposure by comparing the risk rating of counter parties at reporting period to the risk rating at the last reporting period. 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 existing financial asset whose terms have been modified may be derecognised and the renegotiated 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, 2020.

Notes to the financial statements

For the year ended 31 December 2020

5.6 Financial risk management-continued

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 receivables that are more than 30 days past due and other receivables 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 its 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 scenarios used as at 30 December 2020 included the forecasted GDP average growth rate of 2.3% (premised on IMF Gross Domestic Product (GDP) forecast for Nigeria).

5.6 Financial risk management-continued

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 discounting factor. The LGD ratings were obtained from S&P and calibrated using Moody ratings as at 30 December 2020.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount.

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

Notes to the financial statements

For the year ended 31 December 2020

	31 Dec 2020					31 Dec 2019				
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000		Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	
Cash & short-term deposits in banks										
in thousands of Nigerian Naira										
Internal rating grade										
Investment grade	2,085,381	-	-	2,085,381		1,314,144	-	-	1,314,144	
Individually impaired	-	-	-	-		-	-	-	-	
Total Gross Amount	2,085,381	-	-	2,085,381		1,314,144	-	-	1,314,144	
Expected credit loss	(11,904)	-	-	(11,904)		(1,909)	-	-	(1,909)	
Total Net Amount	2,073,477	-	-	2,073,477		1,312,235	-	-	1,312,235	

Cash & short-term deposits in banks

An analysis of changes in the gross amount and the corresponding ECL is as follows:

	31 Dec 2020					31 Dec 2019				
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000		Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	
Gross carrying amount										
in thousands of Nigerian Naira										
Opening balance	1,314,144	-	-	1,314,144		1,297,511	-	-	1,297,511	
New assets originated or purchased	2,085,381	-	-	2,085,381		1,314,144	-	-	1,314,144	
Assets derecognised or repaid (excluding write offs)	(1,314,144)	-	-	(1,314,144)		(1,297,511)	-	-	(1,297,511)	
At the end of the year	2,085,381	-	-	2,085,381		1,314,144	-	-	1,314,144	
ECL allowance										
Note										
Opening balance	1,909	-	-	1,909		6,976	-	-	6,976	
Assets derecognised or repaid	(1,909)	-	-	(1,909)		(6,976)	-	-	(6,976)	
New assets originated or purchased	11,904	-	-	11,904		1,909	-	-	1,909	
Impairment loss	9,995	-	-	9,995		(5,067)	-	-	(5,067)	
At the end of the year	11,904	-	-	11,904		1,909	-	-	1,909	

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For the year ended 31 December 2020

	31 Dec 2020				31 Dec 2019			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Debt Instruments at amortised cost in thousands of Nigerian Naira								
Internal rating grade								
Investment grade	11,883,409	-	-	11,883,409	3,438,367	-	-	3,438,367
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	11,883,409	-	-	11,883,409	3,438,367	-	-	3,438,367
Expected credit loss	(14,986)	-	-	(14,986)	(1,502)	-	-	(1,502)
Total Net Amount	11,868,423	-	-	11,868,423	3,436,865	-	-	3,436,865

Debt Instruments at amortised cost

An analysis of changes in the gross amount and the corresponding ECL is as follows:

	31 Dec 2020				31 Dec 2019			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount in thousands of Nigerian Naira								
Opening balance	3,438,367	-	-	3,438,367	1,202,429	-	-	1,202,429
New assets originated or purchased	11,883,409	-	-	11,883,409	3,438,367	-	-	3,438,367
Assets derecognised or repaid	-	-	-	-	-	-	-	-
(excluding write offs)	(3,438,367)	-	-	(3,438,367)	(1,202,429)	-	-	(1,202,429)
At the end of the year	11,883,409	-	-	11,883,409	3,438,367	-	-	3,438,367
ECL allowance								
Opening balance	1,502	-	-	1,502	2,214	-	-	2,214
New assets originated or purchased	14,986	-	-	14,986	1,502	-	-	1,502
Assets derecognised or repaid	(1,502)	-	-	(1,502)	(2,214)	-	-	(2,214)
14	13,484	-	-	13,484	(712)	-	-	(712)
At the end of the year	14,986	-	-	14,986	1,502	-	-	1,502

Debt instruments measured at FVOCI

	31 Dec 2020				31 Dec 2019			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
in thousands of Nigerian Naira								
Internal rating grade								
Investment grade	382,826	-	-	382,826	5,981,882	-	-	5,981,882
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	382,826	-	-	382,826	5,981,882	-	-	5,981,882
Expected credit loss	-	-	-	-	-	-	-	-
Total Net Amount	382,826	-	-	382,826	5,981,882	-	-	5,981,882

Debt instruments measured at FVOCI

An analysis of changes in the fair value and the corresponding ECL is as follows:

	31 Dec 2020				31 Dec 2019			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Fair value of debt instrument in thousands of Nigerian Naira								
Opening balance	5,981,882	-	-	5,981,882	6,647,170	-	-	6,647,170
New assets originated or purchased	481,771	-	-	481,771	5,712,312	-	-	5,712,312
Assets derecognised or repaid	-	-	-	-	-	-	-	-
(excluding write offs)	(5,981,882)	-	-	(5,981,882)	(6,647,170)	-	-	(6,647,170)
Changes in fair value	(98,945)	-	-	(98,945)	269,570	-	-	269,570
At the end of the year	382,826	-	-	382,826	5,981,882	-	-	5,981,882

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Measurement of ECL

Debt instruments measured at FVOCI

	31 Dec 2020				31 Dec 2019			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance in thousands of Nigerian Naira								
Opening balance	32,392	-	-	32,392	56,901	-	-	56,901
New assets originated or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	(30,492)	-	-	(30,492)	(24,509)	-	-	(24,509)
Changes ECL on debt instruments at FVOCI (Note 14)	(30,492)	-	-	(30,492)	(24,509)	-	-	(24,509)
At the end of the year	1,900	-	-	1,900	32,392	-	-	32,392

Other Financial Receivables

in thousands of Nigerian Naira
Internal rating grade

	31 Dec 2020				31 Dec 2019			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade (satisfactory)	298,530	-	-	298,530	302,575	-	-	302,575
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	298,530	-	-	298,530	302,575	-	-	302,575
Expected credit loss	(295,207)	-	-	(295,207)	(267,825)	-	-	(267,825)
Total Net Amount	3,323	-	-	3,323	34,750	-	-	34,750

Measurement of ECL

in thousands of Nigerian Naira

	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 Individual N'000	Total N'000
	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 Individual N'000	Total N'000
Opening balance	(267,825)	-	-	(267,825)
New assets originated or purchased	(27,382)	-	-	(27,382)
Transfers to Stage 3	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(27,382)	-	-	(27,382)
At the end of the year	(295,207)	-	-	(295,207)

Notes to the financial statements

For the year ended 31 December 2020

5.6 Financial risk management - continued

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

	Weighted average loss rate	Gross carrying amount	Expected credit loss allowance
31 December 2020		N'000	N'000
Cash and cash equivalents	1%	2,085,381	(11,904)
Financial assets at amortised cost	0%	11,883,409	(14,986)
Debt instruments measured at FVOCI	0%	382,826	(1,900)
Trade receivables	16%	230,459	(36,057)
Other receivables*	89%	351,243	(313,802)
		14,933,318	(378,649)
31 December 2019		N'000	N'000
Cash and cash equivalents	0%	1,314,144	(1,909)
Financial assets at amortised cost	0%	3,438,367	(1,502)
Debt instruments measured at FVOCI	1%	5,981,882	(32,392)
Trade receivables	22%	162,804	(36,057)
Other receivables*	79%	362,121	(286,826)
		11,259,318	(358,686)

* Excluded in other receivables is WHT receivables. 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 GDP growth rate. The table below sets out the ECL allowance based on ECL model.

31 December 2020	6 month ECL	Life time ECL non credit impaired	Life time ECL credit impaired	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	(11,904)	-	-	(11,904)
Financial assets at amortised cost	(14,986)	-	-	(14,986)
Debt instruments measured at FVOCI	-	-	(1,900)	(1,900)
Trade receivables	-	-	(36,057)	(36,057)
Other receivables*	-	(86,843)	(226,959)	(313,802)
	(26,890)	(86,843)	(264,916)	(378,649)

31 December 2019	6 month ECL	Life time ECL non credit impaired	Life time ECL credit impaired	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	(1,909)	-	-	(1,909)
Financial assets at amortised cost	(1,502)	-	-	(1,502)
Debt instruments measured at FVOCI	-	-	(32,392)	(32,392)
Trade receivables	-	-	(36,057)	(36,057)
Other receivables*	-	(59,867)	(226,959)	(286,826)
	(3,411)	(59,867)	(295,408)	(358,686)

Notes to the financial statements

For the year ended 31 December 2020

Cash and Cash equivalents

The company held cash and cash equivalent of N2.07billion as at 31 December 2020 (2019:N1.3b). 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. Additional impairment allowance of about 9.9 million naira was charged during the period bringing the balance to 11.9 million naira being the closing balance at at 31st December, 2020

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

Notes to the financial statements

For the year ended 31 December 2020

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.

Notes to the financial statements

For the year ended 31 December 2020

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 2020

	Notes	Carrying amount N'000	Gross nominal value N'000	1-3 months N'000	3-6 months N'000	6-12 months N'000	> 1 year N'000
Financial assets							
Cash and cash equivalents	17	2,073,477	2,073,477	2,073,477	-	-	-
Financial asset at amortised cost	18	11,868,423	12,621,867	1,962,806	105,024	112,091	10,441,946
Fair value through OCI	18	625,622	612,255	-	387,316	-	224,939
Trade receivables	19	230,459	230,459	230,459	-	-	-
Other receivables (excluding prepayment)	21	47,710	47,710	47,710	-	-	-
Statutory deposit	27	900,400	900,400	-	-	-	900,400
		15,746,091	16,486,168	4,314,452	492,340	112,091	11,567,285
Financial liabilities							
Trade payables	30	707,298	707,298	707,298	-	-	-
Other payables	31	275,015	275,015	275,015	-	-	-
		982,313	982,313	982,313	-	-	-
Net financial assets		14,763,778	15,503,855	3,332,139	492,340	112,091	11,567,285

31 December 2019

	Notes	Carrying amount N'000	Gross nominal value N'000	1-3 months N'000	3-6 months N'000	6-12 months N'000	1-5 years N'000
Financial assets							
Cash and cash equivalents	17	1,312,235	1,312,235	1,312,235	-	-	-
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	162,803	162,803	162,803	-	-	-
Other receivables (excluding prepayment)	21	86,537	86,537	86,537	-	-	-
Statutory deposit	27	500,000	500,000	-	-	-	500,000
		11,703,622	13,218,125	792,360	2,106,101	6,159,198	2,848,231
Financial liabilities							
Trade payables	30	666,479	666,479	666,481	-	-	-
Other payables	31	260,728	260,728	260,728	-	-	-
		927,207	927,207	927,209	-	-	-
Net financial assets		10,776,415	12,290,918	(134,849)	2,106,101	6,159,198	2,848,231

Notes to the financial statements

For the year ended 31 December 2020

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 2020	USD N'000	EUR N'000	GBP N'000	Total N'000
Cash and bank balances	237,709	923	166	238,798
Eurobonds	1,025,425	-	-	1,025,425
Unquoted equities	47,980	-	-	47,980

31 December 2019	USD N'000	EUR N'000	GBP N'000	Total N'000
Cash and bank balances	343,878	1,750	-	345,628
Long term deposits	959,475	-	-	959,475
Unquoted equities	45,289	-	-	45,289

	Average rate		Year end spot rate	
	2020	2019	2020	2019
US Dollars	386	364	410	365
EURO	450	412	467	405
GB Pounds	481	470	516	476

Foreign exchange sensitivity

	Increase by 5% N'000	Increase by 10% N'000	Decrease by 5% N'000	Decrease by 10% N'000
Financial assets exposed to foreign exchange risk				

31 December 2020

Financial assets	1,312,203	1,312,203	1,312,203	1,312,203
Effect on profit before tax	65,610	131,220	(131,220)	(131,220)
Taxation @ 30%	(19,683)	(39,366)	39,366	39,366
Effect on profit after tax	45,927	91,854	(91,854)	(91,854)

	Increase by 5% N'000	Increase by 10% N'000	Decrease by 5% N'000	Decrease by 10% N'000
Financial assets exposed to foreign exchange risk				

31 December 2019

Financial assets	345,627	345,628	345,628	345,628
Effect on profit before tax	17,281	34,563	(34,563)	(34,563)
Taxation @ 30%	(5,184)	(10,369)	10,369	10,369
Effect on profit after tax	12,096	24,193	(24,195)	(24,193)

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For the year ended 31 December 2020

- 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 2020, 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 2020	1-3 months N'000	3-6 months N'000	> 6 months N'000	Total N'000
Cash and bank balances	2,073,336	-	-	2,073,336
Financial Assets				
Amortized cost	89,876	353,847	11,205,157	11,648,880
Fair value through other comprehensive income (debt instrument)	382,826	-	-	382,826
Statutory deposit	-	-	900,400	900,400
Total interest earning assets	2,546,038	353,847	12,105,557	15,005,442
Gap				
Increase by 100bp	25,460	3,538.47	121,056	150,054.42
Increase by 500bp	127,302	17,692	605,278	750,271
Decrease by 100bp	(25,460)	(3,538)	(121,056)	(150,054)
Decrease by 500bp	(127,302)	(17,692)	(605,278)	(750,271)
31 December 2019				
	N'000	N'000	N'000	N'000
Cash and bank balances	1,312,041	-	-	1,312,041
Investment securities				-
Amortized cost	1,174,033	62,670	852,281	2,088,984
Fair value through other comprehensive income (debt instrument)	-	-	5,981,882	5,981,882
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	2,486,074	62,670	7,334,163	9,882,907
Gap				
Increase by 100bp	24,861	627	73,342	98,829
Increase by 500bp	124,304	3,133	366,708	494,144
Decrease by 100bp	(24,861)	(627)	(73,342)	(98,829)
Decrease by 500bp	(124,304)	(3,133)	(366,708)	(494,144)

Notes to the financial statements

For the year ended 31 December 2020

Summary of sensitivity of investments to market prices

	as per mkt price N'000	at +10% of mkt price N'000	at -10% of mkt price N'000
31 December 2020			
Quoted equities			
Non-life	97,455	9,746	(9,746)
Life	64,780	6,478	(6,478)
Total	162,235	16,225	(16,225)
31 December 2019			
Quoted equities			
Non-life	89,659	8,966	(8,966)
Life	59,550	5,955	(5,955)
Total	149,208	14,921	(14,921)

- Equity 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.

Notes to the financial statements

For the year ended 31 December 2020

The following investment risk appetite statements guide the Company:-

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

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

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

- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria
- Bankers acceptance and commercial papers guaranteed by issuing bank
- Quoted equities of not more than 50% of insurance fund
- Unquoted equities not more than 10% of insurance fund
- Equipment leasing not more than 5% of insurance fund
- Property for non-life insurance, not more than 25% insurance fund

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.

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

(a) Financial assets carried at fair value

31 December 2020

	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
All carried at FVTOCI					
Unlisted Equity	75,638	75,638	-	-	75,638
Listed Equity	167,158	167,158	167,158	-	-
Debt Instruments	382,826	382,826		382,826	-
Total financial assets	625,622	625,622	167,158	382,826	75,638

31 December 2019

	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
All carried at FVTOCI					
Unlisted Equity	74,093	74,093	-	-	74,093
Listed Equity	149,208	149,208	149,208	-	-
Debt Instruments	5,981,882	5,981,882		5,981,882	-
Total financial assets	6,205,183	6,205,183	149,208	5,981,882	74,093

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 recognized 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 2020 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 2019	97,465
Reclassification to listed equities	(24,697)
Net change in fair value recognised in OCI (unrealised)	1,325
Balance as at 31 December 2019	74,093
	N'000
Balance at 1 January 2020	74,093
Reclassification to listed equities	(4,924)
Net change in fair value recognised in OCI (unrealised)	6,469
Balance as at 31 December 2020	75,638

(b) Financial assets not carried at fair value

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



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Notes to the financial statements

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	Carrying value	Fair value	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000	N'000
31 December 2020	11,648,880	12,580,791	-	12,580,791	-
FGN bonds	212,361	212,361	-	-	212,361
Staff loan	7,182	7,182	-	-	7,182
Loans to policy holders	11,868,423	12,800,334	-	12,580,791	219,543
Total financial assets					
31 December 2019	2,088,984	2,088,984	-	2,088,984	-
FGN bonds	1,172,530	1,196,012	-	-	1,196,012
Long term deposit with financial institutions	168,366	168,366	-	-	168,366
Staff loan	6,983	6,983	-	-	6,983
Loans to policy holders	3,436,863	3,460,345	-	2,088,984	1,371,361
Total financial assets					

Fairvalue 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.

6 Gross premium written and income

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Long-term insurance contracts (see note 6.1 below)	379,217	373,195
Short-term insurance contracts (see note 6.1 below)	10,086,754	8,819,097
Gross premium written	10,465,971	9,192,293
Change in unearned premium provision (note 29(a)(iv))	(309,547)	(244,739)
Gross premium income	10,156,424	8,947,554

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6.1 Net Premium income

	31 Dec 2020	31 Dec 2019
	N'000	N'000
<i>Long-term insurance contracts with fixed and guaranteed terms:</i>		
Gross premium written	379,217	373,195
<i>Short-term insurance contracts:</i>		
Gross premium written (see note 6 above)	10,086,754	8,819,097
Change in unearned premium provision (note 29(a)(iv))	(309,547)	(244,739)
Gross premium income	10,156,424	8,947,554
Reinsurance outward:		
Short-term reinsurance contract	(4,122,425)	(3,841,405)
Long-term reinsurance contracts	(43,171)	(25,351)
	(4,165,596)	(3,866,756)
Changes in prepaid reinsurance premium (see note 20(a))	71,212	(17,727)
Reinsurance expense	(4,094,384)	(3,884,483)
Net premium income	6,062,040	5,063,071

6.2 Fees and commission income on insurance

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Commissions (see note 32(a))	676,708	639,690
	676,708	639,690

7 Profit on deposit administration

Income		
Interest income	13,176	11,647
	13,176	11,647
Expense		
Guaranteed interest (see note 28)	(6,395)	(7,489)
	(6,395)	(7,489)
Profit on deposit administration	6,781	4,158

8 Gross benefits and claims incurred

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Short term business	3,782,777	2,758,264
Long term business (see note 29(b)(i))	247,092	109,974
Breakdown of gross benefits and claims incurred	4,029,869	2,868,238

Notes to the financial statements

For the year ended 31 December 2020

	31 Dec 2020			31 Dec 2019		
	Changes in outstanding claims and Total claims			Changes in outstanding claims and Total claims		
	Paid claims	IBNR	incurred	Paid claims	IBNR	incurred
	N'000	N'000	N'000	N'000	N'000	N'000
- Short term insurance contracts:						
Motor	324,604	106,617	431,221	264,928	83,159	348,087
Fire	658,578	128,601	787,179	57,677	(310,582)	(252,905)
Bond	-	8,012	8,012	-	(5,506)	(5,506)
General accident	204,243	(362,718)	(158,475)	653,699	377,608	1,031,307
Marine and aviation	158,313	(6,266)	152,047	153,327	19,095	172,422
Engineering	39,534	41,524	81,058	139,662	19,968	159,630
Oil and energy	253,497	254,314	507,811	116,114	158,094	274,208
Health insurance	562,378	195,023	757,400	451,765	(67,573)	384,192
Group life	923,291	293,232	1,216,523	450,968	195,861	646,829
Total benefits and claims paid on short term insurance contracts:	3,124,438	658,339	3,782,777	2,288,140	470,124	2,758,264
- Long-term insurance contracts:						
Individual life (see Note 29(b)(l))	215,716	31,376	247,092	131,841	(21,867)	109,974
Total benefits and claims incurred on long term insurance contracts	215,716	31,376	247,092	131,841	(21,867)	109,974
Total gross benefits and claims incurred	3,340,154	689,715	4,029,869	2,419,981	448,257	2,868,238

9 Benefits and claims recoverable from reinsurers

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Short-term business	1,298,142	511,360
Long-term business	25,475	641
	1,323,617	512,001

(a) Breakdown of claims & benefit recoverable from reinsurers

	31 Dec 2020			31 Dec 2019		
	Short term	Long term	Total	Short term	Long term	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	50,744	-	50,744	18,455	-	18,455
Fire	523,630	-	523,630	100,289	-	100,289
Bond	-	-	-	(359)	-	(359)
General accident	(625,611)	-	(625,611)	(147,333)	-	(147,333)
Marine and aviation	15,474	-	15,474	80,922	-	80,922
Engineering	31,059	-	31,059	(33,311)	-	(33,311)
Oil and energy -	487,567	-	487,567	22,762	-	22,762
Individual life	-	60,470	60,470	-	4,475	4,475
Group life	165,162	-	165,162	59,756	-	59,756
Health insurance	589,783	-	589,783	378,075	-	378,075
Reinsurance portion of IBNR	60,334	(34,995)	25,339	32,104	(3,834)	28,270
	1,298,142	25,475	1,323,617	511,360	641	512,001

Notes to the financial statements

For the year ended 31 December 2020

(b) Breakdown of claims and benefits recoverable from reinsurers

	31 Dec 2020			31 Dec 2019		
	Claims recovered from reinsurers	Changes in reinsurance share of outstanding claims and IBNR	Total claims and benefits recoverable from reinsurers	Claims recovered from reinsurers	Changes in reinsurance share of outstanding claims and IBNR	Total claims and benefits recoverable from reinsurers
	N'000	N'000	N'000	N'000	N'000	N'000
- Short term insurance contracts:						
Motor	34,260	17,076	51,336	3,140	16,516	19,656
Fire	328,624	167,978	496,602	62,310	69,702	132,012
Bond	-	(995)	(995)	-	289	289
General accident	102,886	(769,395)	(666,509)	228,155	(354,189)	(126,034)
Marine and aviation	45,013	(25,247)	19,766	75,668	15,092	90,760
Engineering	21,454	18,083	39,537	41,726	(78,838)	(37,112)
Oil and energy	74,365	505,993	580,358	19,365	(985)	18,380
Group life	96,731	79,683	176,414	37,963	26,575	64,538
Health insurance	454,819	146,814	601,633	313,506	35,365	348,871
Total benefits and claims recovered on short term insurance contracts:	1,158,152	139,990	1,298,142	781,833	(270,473)	511,360
- Long-term insurance contracts:						
Individual life	50,135	(24,659)	25,475	4,475	(3,834)	641
Total benefits and claims recovered on long term insurance contracts	50,135	(24,659)	25,475	4,475	(3,834)	641
Total gross benefits and claims recovered	1,208,287	115,331	1,323,617	786,308	(274,307)	512,001

10 Acquisition expenses

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Short term business	1,615,336	1,250,629
Long term business	28,561	35,385
	1,643,897	1,286,014

Analysis of acquisition expenses:	31 Dec 2020			31 Dec 2019		
	Short term	Long term	Total	Short term	Long term	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	119,704	-	119,704	136,155	-	136,155
Fire	169,204	-	169,204	268,675	-	268,675
Bond	4,433	-	4,433	8,906	-	8,906
General accident	156,644	-	156,644	326,300	-	326,300
Marine and aviation	145,174	-	145,174	143,031	-	143,031
Engineering	68,584	-	68,584	105,361	-	105,361
Oil and energy	571,592	-	571,592	43,915	-	43,915
Travel	256	-	256	55	-	55
Individual life	-	28,561	28,561	-	35,385	35,385
Health insurance	141,411	-	141,411	90,820	-	90,820
Group life	238,334	-	238,334	127,411	-	127,411
	1,615,336	28,561	1,643,897	1,250,629	35,385	1,286,014

Notes to the financial statements

For the year ended 31 December 2020

11 Maintenance expenses

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Short term business	312,910	142,441
Long term business	19,773	5,447
	332,683	147,888

Analysis of maintenance expenses:

	Short term N'000	Long term N'000	Total N'000	Short term N'000	Long term N'000	Total N'000
Motor	12,323	-	12,323	10,079	-	10,079
Fire	10,648	-	10,648	10,685	-	10,685
Bond	171	-	171	452	-	452
General accident	9,382	-	9,382	9,674	-	9,674
Marine and aviation	49,015	-	49,015	58,209	-	58,209
Engineering	4,991	-	4,991	4,397	-	4,397
Oil and energy	18,791	-	18,791	15,476	-	15,476
Individual life	-	19,773	19,773	-	5,447	5,447
Health	69,435	-	69,435	12,361	-	12,361
Group life	138,154	-	138,154	21,108	-	21,108
	312,910	19,773	332,683	142,441	5,447	147,888

12 Net Investment income

31 Dec 2020	31 Dec 2019
N'000	N'000

12 (a) Investment income:

Interest income using the effective interest method:

Financial assets at amortised cost - interest income (Note 18 (c) (i))	625,043	236,169
Financial assets at FVOCI- Interest income (Note 18 (c) (ii))	348,411	784,668
Cash and cash equivalents - Interest income	105,256	214,578
	1,078,710	1,235,415

Other investment income

Dividend income	1,079	1,345
Gain on financial assets disposal	293,361	9,827
Statutory deposit - Interest income	65,287	64,851
	359,727	76,023
	1,438,437	1,311,438

12(b) Commissions and charges

Treasury bills	(6,944)	(8,475)
	1,431,493	1,302,963

13(a) Other income

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Unrealized net foreign exchange gain(loss)(see note 13(a)(ii)below)*	316,449	2,786
Interest on staff loans (Notional interest) (note 18 (c))	65,438	23,789
Reimbursement of excess stamp duty paid to IFRS	17,445	-
Bad debt recovery	3,901	-
Other sundry income (note 13(a)(i))	441	958
Management fees	165	456
Profit on sale of property and equipment (See note 43.2)	-	1,092
Fair value loss on matured financial instrument measured at FVOCI (P&L)(note 18b)	(23,797)	-
	380,042	29,081

*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.



Notes to the financial statements

For the year ended 31 December 2020

13(a)(i) Other 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 year.

	31 Dec 2020	31 Dec 2019
	N'000	N'000
13(a)(ii) Breakdown of unrealized net foreign exchange gain		
Cash and cash equivalents	47,467	2,786
Financial assets - amortised cost	268,982	-
	316,449	2,786
13(b)(i) Fair Value gain on investment property		
	N'000	N'000
Fair Value gain on investment property (see note 23)	7,906	200,096
	7,906	200,096
13(b)(ii) Loss on disposal of investment property		
	N'000	N'000
Loss on disposal of investment property_Awoyaya (see note 23)	(188,732)	(6,350)
	(188,732)	(6,350)

Loss on disposal of investment property relates to difference between the asset book value and proceeds from disposal including all incidental cost relating to the sales.

14	Credit loss expense /(write back) on financial assets	31 Dec 2020	31 Dec 2019
		N'000	N'000
	Credit loss expense on other receivables (see note 21(c)	26,976	22,734
	Credit loss expense/(write back) on financial assets at amortised cost (see note 18(a))	13,484	(712)
	Credit loss expense/(write back) on cash and cash equivalents (see note 17(b))	9,995	(5,067)
	Credit loss (write back)-debt instrument at FVOCI (see note 18(b)(ii))	(30,492)	(24,509)
		19,963	(7,554)
15(a)	Personnel expenses	31 Dec 2020	31 Dec 2019
		N'000	N'000
	Salaries and wages	1,115,447	1,082,496
	Medical	37,079	45,945
	Staff training	10,606	51,876
	Prepaid staff benefit expensed	53,077	11,287
	Employer's Pension contribution	44,037	41,945
	ITF & staff insurances	14,222	16,328
		1,274,468	1,249,877

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

Notes to the financial statements

For the year ended 31 December 2020

15b Other operating expenses

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Depreciation (note 26)	224,082	221,340
Board and AGM expenses**	151,486	13,201
NAICOM and other regulatory fees	113,044	153,812
Direct expenses*	140,953	131,734
Advertisement and publicity	118,277	101,495
Directors' emoluments - Note 40 (b)	79,364	39,467
Repairs and maintenance	63,834	117,980
Professional fees	62,952	96,975
Marketing expenses	49,789	40,734
Electricity and diesel expenses	31,394	61,121
Auditor's remuneration	30,575	21,000
Rent and rates***	26,356	27,992
Subscription	25,829	25,500
Printing and stationery	22,400	28,488
Unrealized net foreign exchange gain(loss)(see note 13(a))	-	21,003
Postage and Telephone	18,368	17,864
Transport and travel expenses	14,197	67,990
Fueling	13,877	25,873
Cleaning	13,498	12,335
Donations and charity expenses	7,970	3,975
Security	5,472	-
Amortization (note 25)	4,410	7,101
Filing fees	1,220	-
Other sundry expenses	2,618	2,712
	1,221,965	1,239,692

*Direct expenses relate to expenses incurred in providing insurance services. This include actuarial fees ,bank charges,stamp duties,group expenses etc. The external auditors did not perform any non-audit services during the year ended 31 December 2020.

**The significant increase is due to retirement/exit benefit paid to retired directors during the year

***This relates to expenses incurred on rent of property whose rent terms is less than 12 calender months and whose underlying item has low value.

16 Earning pershare

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.

	31 Dec 2020	31 Dec 2019
Profit attributable to equity holders (N'000)	916,008	781,874
Weighted average number of ordinary shares in issue ('000)	10,859,200	9,134,721
Basic and diluted earnings per share (kobo)	8	9

17 Cash and cash equivalents

Cash and cash equivalents comprise:

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Cash in hand	141	194
Due from banks and other financial institutions (see note 17(b) below) (net)	2,073,336	1,312,041
	2,073,477	1,312,235

Notes to the financial statements

For the year ended 31 December 2020

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Cash in hand	141	194
Current accounts	543,549	403,891
Short term placements	1,541,691	910,059
Cash and cash equivalents per statement of cash flows.	2,085,381	1,314,144
Impairment on cash and cash equivalents (see note 17(b))	(11,904)	(1,909)
Cash and cash equivalents per statement of financial position	2,073,477	1,312,235

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

17 (b) Due from banks and other financial institutions

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Current accounts	543,549	403,891
Short term placements	1,541,691	910,059
	2,085,240	1,313,950
Impairment on cash and cash equivalents (see note 17(b))	(11,904)	(1,909)
	2,073,336	1,312,041

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Movement in impairment		
At 1 January	1,909	6,976
Additional impairment/(reversal) during the year (note 14)	9,995	(5,067)
At 31 December	11,904	1,909

18 Financial assets

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Amortized cost (note 18(a))	11,868,423	3,436,865
Fair value through other comprehensive income (note 18(b))	625,622	6,205,182
	12,494,045	9,642,047

18 (a) Financial assets at amortised cost

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Long term deposit with financial institutions	-	1,174,033
Bonds	11,663,864	2,088,984
Staff loans	212,362	168,366
Loans to policy holders	7,183	6,983
	11,883,409	3,438,367
ECL on financial asset at amortised cost	(14,986)	(1,502)
	11,868,423	3,436,865

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	1,502	2,214
Impairment charge/ (reversal) during the year (note 14)	13,484	(712)
At 31 December	14,986	1,502

Notes to the financial statements

For the year ended 31 December 2020

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Unlisted equities	69,169	74,093
Treasury bills	370,800	5,894,707
Listed equities	154,132	149,208
Fair value balance on Financial asset classified at FVOCI	31,521	87,174
	625,622	6,205,182

Movement in fair value

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	87,174	(187,868)
Fair value gain on matured Financial instrument measured at FVOCI (P&L)	23,797	-
Net fair value changes during the year	(79,450)	275,042
At 31 December	31,521	87,174

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Net fair value gain or loss on debt instruments at FVOCI	(98,945)	269,570
Net fair value gain on equity instrument at FVOCI	19,495	5,472
	(79,450)	275,042

(18(b)ii) Movement in impairment (disclosure only)

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	32,392	56,901
Additional impairment/(reversal) during the year (note 14)	(30,492)	(24,509)
At 31 December	1,900	32,392

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

	Amortized Cost	FVOCI	Total
	N'000	N'000	N'000
Balance as at 1 January 2019	1,204,646	6,647,167	7,851,813
Purchase/additions	3,260,804	6,363,870	9,624,674
Exchange gain (Note 13 (a))	2,786	-	2,786
Repayment and disposals (sale and redemption)	(1,292,041)	(7,865,566)	(9,157,607)
Interest income earned for the year (Note 12(a))	236,169	784,669	1,020,838
Interest income (Notional) on staff loan (note 13(a))	23,789	-	23,789
Fair value gain	-	275,042	275,042
Reversal of impaired during the year	712	-	712
At 31 December 2019	3,436,865	6,205,182	9,642,047
Purchase/additions	12,527,369	371,000	12,898,369
Exchange gain (Note 13 (a))	316,449	-	316,449
Repayment and disposals (sale and redemption)	(5,089,258)	(6,243,318)	(11,332,576)
Interest income earned for the year (Note 12(a))	625,043	348,411	973,454
Interest income (Notional) on staff loan (note 13(a))	65,438	-	65,438
Fair value gain	-	(79,450)	(79,450)
Reversal of fair value on matured financial assets	-	23,797	23,797
Allowance for Impairment losses	(13,484)	-	(13,484)
At 31 December 2020	11,868,423	625,622	12,494,045

Notes to the financial statements

For the year ended 31 December 2020

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

Assets measured at amortised cost	Bonds	Long term deposit	Staff loans	Loans to policy holders	Total
	N'000	N'000	N'000	N'000	N'000
Balance as 1 January 2019	-	1,029,826	167,741	7,079	1,204,646
Purchase/additions	2,088,984	1,131,223	38,540	2,056	3,260,803
Exchange gain	-	2,786	-	-	2,786
Repayment and disposals (sale and redemption)	-	(1,228,186)	(61,704)	(2,151)	(1,292,041)
Interest income earned for the year	-	236,169	-	-	236,169
Interest income (Notional) on staff loan	-	-	23,789	-	23,789
Reversal of impaired during the year	-	712	-	-	712
Balance as at 31 December 2019	2,088,984	1,172,530	168,366	6,984	3,436,864
Purchase/additions	12,493,949	-	30,000	3,420	12,527,369
Exchange gain	-	316,449	-	-	316,449
Repayment and disposals (sale and redemption)	(3,545,612)	(1,488,979)	(51,443)	(3,222)	(5,089,256)
Interest income earned for the year	625,043	-	-	-	625,043
Interest income (Notional) on staff loan	-	-	65,438	-	65,438
	11,662,364	-	212,361	7,182	11,881,907
Allowance for Impairment losses	(13,484)	-	-	-	(13,484)
Balance as at 31 December 2020	11,648,880	-	212,361	7,182	11,868,423

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

FVOCI	Unlisted equities	Treasury bills	Listed equities	Total
	N'000	N'000	N'000	N'000
Balance as 1 January 2019	97,465	6,398,816	150,887	6,647,168
Purchase/additions*	-	6,363,870	-	6,363,870
Repayment and disposals (sale and redemption)	(24,697)	(7,835,043)	(5,826)	(7,865,566)
Interest income earned for the year	-	784,669	-	784,669
Fair value gain	1,325	269,570	4,147	275,042
Balance as at 31 December 2019	74,093	5,981,882	149,208	6,205,183
Purchase/additions	-	371,000	-	371,000
Repayment and disposals (sale and redemption)	-	(6,243,319)	-	(6,243,319)
Reclassification	(4,924)	-	4,924	-
Interest income earned for the year	-	348,411	-	348,411
Fair value gain	6,469	(98,945)	13,026	(79,450)
Reversal of fair value on matured financial assets	-	23,797	-	23,797
Balance as at 31 December 2020	75,638	382,826	167,158	625,622

*Deposit for shares balance of N119,611,866 (see note 33) was invested in Treasury bills and included in the purchase/addition of treasury bills totalling N371,000,000

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19 Trade receivables

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Premium receivables (note 19(a))	118,488	13,809
Recoverables from coinsurers on claims from Non-life businesses (see note 19(b))	45,015	111,156
Recoverables from coinsurers on claims from Life businesses (note 19(c))	66,956	37,839
	230,459	162,804
Due within 12 months	230,459	162,804
Due after 12 months	-	-
Analysis of receivable due within 12 months:		
Within 30 days	193,222	13,809
Above 30 days	37,237	148,995

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

19(a) Premium receivables

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Premium receivable from agents, brokers and intermediaries	118,488	13,809
Due from brokers	118,488	13,809
Total premium receivable	118,488	13,809

All premium receivables are designated as Trade receivables and their carrying values approximate fair value at the reporting date. A total amount of N118.5m (2019: N13.81m) was received after year end.

	31 Dec 2020	31 Dec 2019
	N'000	N'000
19(b) Recoverables from coinsurers on claims from Non-life businesses		
Due from coinsurers	45,015	111,156
Allowance for impairment	-	-
	45,015	111,156

	31 Dec 2020	31 Dec 2019
	N'000	N'000
19(c) Recoverables from coinsurers on claims from Life businesses		
Due from coinsurers	103,013	73,896
Allowance for impairment (see note 19(c)(i) below)	(36,057)	(36,057)
	66,956	37,839

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	36,057	36,057
Credit loss expense	-	-
At 31 December	36,057	36,057

Notes to the financial statements

For the year ended 31 December 2020

20 Reinsurance assets

	Life	Non-Life	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Prepaid reinsurance premium (including group life + health) (note 20 (a))	217,402	476,228	693,630	622,418
Prepaid minimum and deposit reinsurance (note 20 (b))	-	53,657	53,657	41,006
Reinsurance share of outstanding claims (note 20 (c))	279,897	400,892	680,789	590,794
Reinsurance share of IBNR (note 20 (d))	78,768	442,799	521,567	461,233
Reinsurance share of IBNR on individual life (note 20(e))	4,548	-	4,548	39,543
Reinsurance Recoverable on Paid claims (Health Insurance)	-	-	-	93,082
	580,615	1,373,576	1,954,191	1,848,076
Due within 12 months	580,615	1,373,576	1,954,191	1,848,076

20 (a) Changes in prepaid reinsurance premium	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	622,418	640,145
Additions during the year	4,165,596	3,866,756
Amortization during the year (note 6.1)	(4,094,384)	(3,884,483)
At end of year	693,630	622,418
Net changes (see note 6.1)	71,212	(17,727)

20 (b) Prepaid minimum and deposit reinsurance	31 Dec 2020	31 Dec 2019
	N'000	N'000
At beginning of year	41,006	41,244
Additions during the year	53,657	41,006
Amortization during the year	(41,006)	(41,244)
At end of year	53,657	41,006

20 (c) Movement in reinsurance recoverable on outstanding claims	31 Dec 2020	31 Dec 2019
	N'000	N'000
At beginning of year	590,794	986,315
Movement during the year	89,995	(395,521)
At end of year	680,789	590,794

20 (d) Movement in reinsurance portion of IBNR	31 Dec 2020	31 Dec 2019
	N'000	N'000
At beginning of year	461,233	429,129
Movement during the year (see note 9)	60,334	32,104
At end of the year		

20 (e) Movement in reinsurance portion of IBNR_Individual life	31 Dec 2020	31 Dec 2019
	N'000	N'000
At beginning of year	39,543	39,543
Movement during the year (see note 9)	(34,995)	-
At end of year	4,548	39,543

Notes to the financial statements

For the year ended 31 December 2020

21	Other receivable and prepayments	31 Dec 2020	31 Dec 2019
		N'000	N'000
	Prepaid expenses (see note 21(a) below)	233,936	212,499
	Other receivables (see note 21(b) below)	47,710	86,537
	Total receivable and prepayments	281,646	299,036

21 (a)	Breakdown of prepaid expenses:		
	Prepaid staff receivables (21(a)(i))	141,665	190,939
	Computer maintenance	11,935	6,209
	Rent and rates	11,347	8,769
	Legal, Professional and consultancy fees*	53,950	4,742
	Insurance and subscriptions	15,039	1,840
		233,936	212,499

*This relates to CAC filing fee, stamp duties, solicitors' fee and other allied cost with respect to recapitalization exercise that is currently being carried out by the company as required by NAICOM for all the players in the insurance industry. This will be fully expensed at the conclusion of the exercise.

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Cash advance	3,455	6,284
Staff prepaid medical advances	16,546	8,158
Other staff allowances	-	1,756
Prepaid staff loan benefit*	121,664	174,741
	141,665	190,939

*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;

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Opening balance	174,741	186,028
Amortization of prepaid staff benefit (Note 15(a))	(53,077)	(11,287)
	121,664	174,741

21(b)	Breakdown of other receivables	31 Dec 2020	31 Dec 2019
		N'000	N'000
	Withholding tax receivable	62,982	70,788
	Receivable from disposal of investment property (Note 21(b)(iii))	29	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	36,310	21,202
		361,512	373,363
	Allowance for impairment (note 21(c))	(313,802)	(286,826)
		47,710	86,537

Notes to the financial statements

For the year ended 31 December 2020

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.

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 before and 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 been 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 in year 2019 and N19.15million was further received in year 2020.

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	286,826	264,092
Additional impairment during the year (note 14)	26,976	22,734
At 31 December	313,802	286,826

The Gross amount of financial assets included in other receivables is N298,530 (2019: N302,575) while related impairment is N295,207 (2019: N267,825) as shown below

31 December 2020

	ECL Impairment			
	Gross amount	Gross amount	Charge/(reversal)	Net Amount
Receivable from disposal of investment	29	-	-	29
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	31,500	31,500	-	-
Other receivables	36,310	5,634	27,382	3,294
	298,530	267,825	27,382	3,323

31 December 2019

	ECL Impairment			
	Gross amount	Opening balance	Charge	Net Amount
Receivable from disposal of investment	19,182	-	-	19,182
Dividend receivable on equities	3,732	885	2,847	-
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	31,500	31,500	-	-
Other receivables	21,202	4,748	886	15,568
	302,575	264,092	3,733	34,750

Notes to the financial statements

For the year ended 31 December 2020

22 Deferred acquisition costs

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Motor	45,749	45,857
Fire	50,694	49,606
Bond	706	3,125
General accident	42,564	48,373
Marine and aviation	62,717	35,388
Engineering	51,582	46,783
Oil and gas	50,983	58,764
Travel	-	16
	304,995	287,912

22 (a) Movement in deferred acquisition cost:

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Balance as at 1 January	287,912	182,691
Acquisition cost during the year	1,660,979	1,391,238
Amortization during year	(1,643,896)	(1,286,017)
Balance as at 31 December	304,995	287,912
Due within 12 months	304,995	287,912

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

	At 1 January 2019	Movement	At 31 December 2019	Movement	At 31 December 2020
	N'000	N'000	N'000	N'000	N'000
Motor	25,939	19,918	45,857	(108)	45,749
Fire	17,494	32,112	49,606	1,088	50,694
Bond	745	2,380	3,125	(2,419)	706
General accident	73,559	(25,186)	48,373	(5,809)	42,564
Marine and aviation	22,457	12,931	35,388	27,329	62,717
Engineering	23,063	23,720	46,783	4,799	51,582
Oil and gas	19,434	39,330	58,764	(7,781)	50,983
Travel	-	16	16	(16)	-
	182,691	105,221	287,912	17,083	304,995

23 Investment property

(a) Reconciliation of carrying amount

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	1646,040	1,554,476
Disposal	(1,404,731)	(108,532)
Fair value gain	7,906	200,096
At 31 December	249,215	1,646,040

The balance in this account is analyzed below:

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Cost	183,241	1,089,869
Revaluation gains	65,974	55,617
At 31 December	249,215	1,646,040

(b) Reconciliation of Loss on Disposal

	N'000
Book value of Property disposed	1,404,731
Net Disposal Proceeds	(1,215,999)
	188,732

Notes to the financial statements

For the year ended 31 December 2020

In thousands of Naira

Location	Nature of title held	At 1 January 2020	Addition	Disposal	Revaluation surplus	At 31 December 2020
Awoyaya, Lekki Expressway, Lagos	Deed of Assignment	1,404,731	-	(1,404,731)	-	-
Shopping complex, Lugbe, Abuja*	Debt Asset Swap Agreement	241,309	-	-	7,906	249,215
Total		1,646,040	-	(1,404,731)	7,906	249,215

*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 aforementioned complex. The value of the complex was subsequently revalued and a revaluation gain of N63m was recognised till date. During 2018 financial year, the Company received property of 76 shops at Lugbe market in exchange for a sum of N180,814,000 being owed to it by ASO Savings and Loans Plc. The fair value of the property at the date of transfer was N186,300,000. During the year 2019, one shop with a carrying amount of N3,059,000 was disposed for N3,000,000 and the fair value for the remaining 75 shops as at 2020 year end is N249,215,000.

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 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

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 fair value measurement for investment property of N249 million has been categorized as a Level 3 fair value, based on the inputs into the valuation technique used.

(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.	<ul style="list-style-type: none"> - 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

Notes to the financial statements

For the year ended 31 December 2020

Reconciliation of level 3 fair value

	31 Dec 2020	31 Dec 2019
Fair value as at 1 January	556,171	356,075
Addition during the year	7,906	200,096
Disposal	(498,103)	-
Fair value as at 31 December 2020	65,974	556,171
(iii) Sensitivity analysis		
Balance as at 31 December	31 Dec 2020	31 Dec 2019
	N'000	N'000
Fair Value gain	65,974	556,171
+10% movement in open market price	659,7	55,617
- 10% movement in open market price	(65,97)	(55,617)

24 Deferred tax liabilities

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	583,069	558,710
Credit/(charge) to profit and loss account for the year	790	20,010
Items in other comprehensive income	42,04	4,349
At 31 December	588,063	583,069

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 2020	Net balance at 1 January N'000	Recognized in profit or loss N'000	Recognized in OCI N'000	Net position N'000	Deferred tax assets N'000	Deferred tax liabilities N'000
Property and equipment	527,452	-	4,204	531,656	-	531,656
Investment properties	55,617	790	-	56,407	-	56,407
Total	583,069	790	4,204	588,063	-	588,063
31 December 2019	Net balance at 1 January N'000	Recognised in profit or loss N'000	Recognized in OCI N'000	Net position N'000	Deferred tax assets N'000	Deferred tax liabilities N'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	20,011	4,349	583,069	-	583,069

25 Intangible assets

As at 31 December 2020

	Computer Software N'000	Software under development N'000	Total N'000
Cost			
At 1 January	229,256	-	229,256
Additions	-	-	-
Reclassification	-	-	-
At 31 December	229,256	-	229,256

Notes to the financial statements

For the year ended 31 December 2020

Accumulated amortization

At 1 January	211,616	-	211,616
Amortization charge for the year	4,410	-	4,410
At 31 December	216,026	-	216,026
Carrying amount			
At 31 December	13,230	-	13,230

As at 31 December 2019

	Computer Software N'000	Software under development N'000	Total N'000
Cost			
At 1 January	207,206	22,050	229,256
Additions	-	-	-
Reclassification	22,050	(22,050)	-
At 31 December 2019	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 2019	211,616	-	211,616
Carrying amount			
At 31 December 2019	17,640	-	17,640

Notes to the financial statements

For the year ended 31 December 2020

26 Property and equipment

At 31 December 2020

Cost/Revalued amount

	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	Work in progress N'000	Total N'000
At 1 January 2020	1,330,030	2,080,830	74,543	265,408	181,348	304,776	693,491	20,480	4,950,906
Additions	-	3,415	917	18,669	5,159	5087	37,400	8,560	79,207
Revaluation surplus	323	41,703	-	-	-	-	-	-	42,026
At 31 December 2020	1,330,353	2,125,948	75,460	284,077	186,507	309,863	73,0891	29,040	5,072,139

Accumulated depreciation

At 1 January 2020	-	129,167	45,764	195,521	151,724	208,795	499,056	-	1,230,027
Charge for the year	-	41,661	3,310	32,088	9,879	47,071	90,073	-	224,082
At 31 December 2020	-	170,828	49,074	227,609	161,603	255,866	589,129	-	1,454,109
Net book value - 2020	1,330,353	1,955,120	26,386	56,468	24,904	53,997	141,762	29,040	3,618,030

(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, 2020 hence the depreciation charge was not reversed. The valuation method is on comparable and investment method. The revaluation gain of ₦42 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.

Notes to the financial statements

For the year ended 31 December 2020

26. Property and equipment - continued 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	304,776	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	-	-	-	-	-	-	(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	95,981	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) 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 comparable and investment method. The revaluation gain of N43.5 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 accumulated 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 N31.5million 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.

Notes to the financial statements

For the year ended 31 December 2020

26. Property and equipment - continued

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

	31 December 2020		31 December 2019	
	Land N'000	Building N'000	Land N'000	Building N'000
Cost	544,349	814,255	544,349	810,840
Accumulated depreciation	-	(41,661)	-	(40,746)
Net book value	<u>544,349</u>	<u>772,594</u>	<u>544,349</u>	<u>770,094</u>

26 (b) Breakdown of land and buildings:

31 December 2020

	Land	Building	Total
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	1,190,117	1,809,774	2,999,891
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	140,237	145,345	285,582
Total	<u>1,330,354</u>	<u>1,955,119</u>	<u>3,285,473</u>

31 December 2019

	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	<u>1,330,030</u>	<u>1,951,663</u>	<u>3,281,693</u>

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

	Status of Title	1 January 2020	Addition	Depreciation	Reclassification and Transfer	Revaluation Gain	31 December 2020
No. 3 Elsie Femi-Pearse Street, Victoria Island, Lagos	Deed of Assignment	2,999,162	3,415	(37,980)	-	35,292	2,999,889
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	282,531	-	(3,681)	-	6,734	285,584
Total		3,281,693	3,415	(41,661)		42,026	3,285,473

		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	2,999,162
No. 18 Djibouti Crescent, Wuse II, FCT, Abuja	Deed of Assignment	275,009	-	(3,681)	-	11,203	282,531
Total		3,270,516	8,438	(40,745)		43,486	3,281,693

Notes to the financial statements

For the year ended 31 December 2020

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 separately. Interest is earned on this deposit.

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Opening	500,000	500,000
Additions*	400,400	-
Due after 12 months	900,400	500,000

*The addition is due to the increase in share capital as 10% of this is required to be deposited with CBN

28 Investment contract liabilities

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	101,549	105,380
Deposits received	178,573	117,158
Guaranteed interest (see note 7)	6,395	7,489
	286,517	230,027
Less: withdrawals	(93,902)	(128,478)
At 31 December	192,615	101,549
Due within 12 months	148,314	74,131
Due after 12 months	44,301	27,418
	192,615	101,549

The Company has a total sum of N192.6million (2019 - N101.5million) in deposit administered funds.

28 (a) Asset representing investment contract liabilities fund:

Breakdown:

Financial Assets @ amortized cost

192,615	101,549
192,615	101,549

29 Insurance contract liabilities

Insurance contract liabilities analyzed by Short term and Long term types

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Short term business (see note 29 (a) below)	5,598,988	4,631,102
Long term business (see note 29 (b) below)	688,280	422,082
Total insurance liabilities	6,287,268	5,053,184
Due within 12 months	5,598,988	4,631,102
Due after 12 months	688,280	422,082
	6,287,268	5,053,184

The Company's insurance contract liabilities above was actuarially determined by Zamara Actuarial Services (FRC/2017/NAS/00000016912) as at 31 December 2020.

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 2020	31 Dec 2019
Outstanding claims (see note 29(ii))	1,821,583	2,146,896	3,968,479	3,043,939
Unearned premiums ((see note 29(vi))	687,292	1,631,497	2,318,789	2,009,245
	2,508,875	3,778,393	6,287,268	5,053,184
Current	-	5,598,988	5,598,988	4,631,102
Non-current	688,280	-	688,280	422,082
	688,280	5,598,988	6,287,268	5,053,184






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Notes to the financial statements

For the year ended 31 December 2020

29 (ii) Outstanding claims

in thousands of Nigerian Naira	Life	Non_life	31 Dec 2020	31 Dec 2019
	N'000		N'000	N'000
Group life and health insurance	1,133,303	-	1,133,303	570,037
Individual life	688,281	-	688,281	422,081
Non-life insurance	-	2,146,896	2,146,896	2,051,820
	1,821,584	2,146,896	3,968,480	3,043,938

29 (iii) Group life and health insurance

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Outstanding claims		
Claims reported by policyholders	680,616	265,913
Claims incurred but not reported (IBNR)	452,687	304,124
	1,133,303	570,037

The aging analysis of Group life and health outstanding claims in thousands of Nigerian Naira	31 Dec 2020	31 Dec 2019
	N'000	N'000
0 - 90	789,684	154,249
91 - 180	133,947	22,420
181 - 270	83,458	18,058
271 - 360	14,390	42,989
361 and above	111,824	28,196
No aging - IBNR	-	304,125
	1,133,303	570,037

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting date for 2020 and 2019.

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

Number	31 Dec 2020	31 Dec 2019
0 - 90	130	619
91 - 180	52	76
181 - 270	19	31
271 - 360	19	83
361 and above	167	25
No aging - IBNR	-	-
	387	834

29 (iv) Individual life

in thousands of Nigerian Naira	31 Dec 2020	31 Dec 2019
	N'000	N'000
i Outstanding claims		
Claims incurred but not reported (IBNR)	688,279	422,080
	688,279	422,080

ii Movement in individual life outstanding claims

At 1 January		422,080	332,431
Changes in actuarial valuation-Individual life	Note 29 (b)(i)	31,375	(21,867)
Changes in actuarial valuation-Life Fund	Note 29 (b)(iii)	234,824	111,516
At 31 December		688,279	422,080

iii The aging analysis of individual life outstanding claims

No aging - IBNR	688,279	422,080
	688,279	422,080



Notes to the financial statements

For the year ended 31 December 2020

29 (v) Non-life insurance

I Outstanding claims

Claims reported by policyholders	1,363,161	1,321,144
Claims incurred but not reported (IBNR)	783,735	730,676
	2,146,896	2,051,820

ii Movement in Non-life outstanding claims

At 1 January	2,051,820	1,709,984
Claims incurred in the current year	1,733,850	1,727,243
Claims paid during the year	(1,638,774)	(1,385,407)
At 31 December	2,146,896	2,051,820

iii The aging analysis of Non-life outstanding claims

	31 Dec 2020	31 Dec 2019
	N'000	N'000
0 - 90	151,371	144,668
91 - 180	294,044	281,022
181 - 270	133,767	127,845
271 - 360	89,707	85,734
361 and above	713,472	681,875
No aging - IBNR	764,535	730,676
	2,146,896	2,051,820

29 (vi) Unearned premiums

in thousands of Nigerian Naira	31 Dec 2020	31 Dec 2019
	N'000	N'000
Group Life and Health	687,292	421,180
Non-life	1,631,497	1,584,065
	2,318,789	2,009,245

i The movement in unearned premium

At 1 January	2,009,245	1,764,505
Premium written in the year	10,465,971	9,192,294
Premium earned during the year	(10,156,424)	(8,947,554)
At 31 December	2,318,789	2,009,245

29. Insurance contract liabilities-continued

31 Dec 2020

	Insurance contract liabilities (non life)	Insurance contract liabilities (Life)	Investment contract liabilities (Life)	Total contract liabilities (Life)	Insurance contract liabilities (Total)
	N'000	N'000	N'000	N'000	N'000
Unearned premium (note 29.1(a))	1,631,497	687,292	-	687,292	2,318,789
Outstanding claims short term (note 29.1(b))	1,363,161	680,616	-	680,616	2,043,777
Outstanding claims long term (note 29.1 (b))	-	45,720	-	45,720	45,720
IBNR (note 29.1(c))	783,735	452,687	-	452,687	1,236,422
Individual life fund (note 29.1(d))	-	642,560	192,615	835,175	642,560
	3,778,393	2,508,875	192,615	2,701,490	6,287,268

Notes to the financial statements

For the year ended 31 December 2020

31 Dec 2019

Unearned premium (note 29.1(a))
Outstanding claims short term (note 29.1(b))
Outstanding claims long term (note 29.1 (b))
IBNR (note 29.1 (c))
Individual life fund (note 29.1(d))

Insurance contract liabilities (non life)	Insurance contract liabilities (Life)	Investment contract liabilities (Life)	Total contract liabilities (Life)	Insurance contract liabilities (Total)
N'000	N'000	N'000	N'000	N'000
1,584,065	425,179	-	425,179	2,009,244
1,321,144	265,913	-	265,913	1,587,057
-	14,345	-	14,345	14,345
730,676	304,125	-	304,125	1,034,801
-	407,735	97,718	505,453	407,735
3,635,885	1,417,297	97,718	1,515,015	5,053,182

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

29.1(a) Movement in Unearned premium during the year;

At the beginning of the year
Increase during the year (Note 6.1)
At 31 December

31 Dec 2020	31 Dec 2019
N'000	N'000
2,009,244	1,764,505
309,545	244,739
2,318,789	2,009,244

29.1(b) Movement in Outstanding claims during the year;

At the beginning of the year
Increase during the year
At 31 December

31 Dec 2020	31 Dec 2019
N'000	N'000
1,601,402	1,284,409
488,095	316,993
2,089,497	1,601,402

29.1(c) Movement in IBNR during the year;

At the beginning of the year
Increase during the year (Note 29.(a)(iii))
At 31 December

31 Dec 2020	31 Dec 2019
N'000	N'000
1,034,802	903,537
201,620	131,265
1,236,422	1,034,802

29.1(d) Movement in Individual life during the year;

At the beginning of the year
Increase during the year (Note 29(b)(iii))
At 31 December

31 Dec 2020	31 Dec 2019
N'000	N'000
407,735	296,220
234,825	111,515
642,560	407,735

	Non-Life	LIFE	31 Dec 2020	Non-Life	LIFE	31 Dec 2019
	N'000	N'000	N'000	N'000	N'000	N'000
Unearned premium	1,631,497	687,292	2,318,789	1,584,065	425,179	2,009,244
Outstanding claims	1,363,161	726,336	2,089,497	1,321,145	280,257	1,601,402
IBNR	783,735	452,687	1,236,422	730,677	304,125	1,034,802
Individual life fund	-	642,560	642,560	-	407,735	407,735
	3,778,393	2,508,875	6,287,268	3,635,887	1,417,296	5,053,183

29.1(e) Movement in Outstanding Claims and IBNR

Increase during the year (Note 29.1b)
Increase during the year (Note 29.(a)(iii))
Net Movement (Note 8)

31 Dec 2020	31 Dec 2019
N'000	N'000
488,095	316,993
201,620	131,264
689,715	448,257



Notes to the financial statements

For the year ended 31 December 2020

	31 Dec 2020	31 Dec 2019
29 (a) Short term insurance business liabilities comprise:	N'000	N'000
Outstanding claims (see note 29(a)(i))	2,043,777	1,587,056
Claims incurred but not reported (see note 29(a)(iii))	1,236,422	1,034,802
Total short term business outstanding claims	3,280,199	2,621,858
Provision for unearned premium (see note 29(a)(iv))	2,318,789	2,009,244
Total short term business insurance contract liability	5,598,988	4,631,102

	31 Dec 2020	31 Dec 2019
29 (a)(i) Outstanding claims are analyzed as follows:	N'000	N'000
At 1 January	1,587,056	1,248,198
Claims incurred in the year	3,581,159	2,626,998
Claims paid during the year (see note 8)	(3,124,438)	(2,288,140)
At 31 December	2,043,777	1,587,056

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

	31 Dec 2020		31 Dec 2019	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	204	941,051	185	298,917
91 - 180 days	92	427,991	84	303,442
181 - 270 days	58	217,225	53	145,903
271 - 365 days	46	104,097	42	128,723
above 365 days	160	353,413	145	710,071
	560	2,043,777	509	1,587,056

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

Short term

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 366 Days	Total
Awaiting loss adjuster report	4,479	143,564	11,213	125	12,237	171,618
Awaiting documentation	88,520	531,542	57,247	18,466	91,206	786,981
Incomplete Documentation	114,330	47,826	10,831	18,045	894,146	1,085,178
Total	207,329	722,932	79,291	36,636	997,589	2,043,777

Long term

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 366 Days	Total
Awaiting documentation	500	500	2,500	3,800	8,344	15,644
Incomplete Documentation	3,485	9,248	5,262	6,500	5,581	30,076
Total	3,985	9,748	7,762	10,300	13,925	45,720

211,314	732,680	87,053	46,936	1,011,514	2,089,497
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Notes to the financial statements

For the year ended 31 December 2020

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

	31 Dec 2020	31 Dec 2019
At 1 January	N'000	N'000
Movement during the year	1,034,802	903,537
At 31 December	201,620	131,265
	<u>1,236,422</u>	<u>1,034,802</u>

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

	1 January 2020	Movement during the year	31 Dec 2020	1 January 2019	Movement during the year	31 Dec 2019
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	68,052	8,446	76,498	38,406	29,646	68,052
Fire	90,017	(6,416)	83,601	57,873	32,144	90,017
Bond	4,878	(2,489)	2,389	3,260	1,618	4,878
General accident	197,401	(79,081)	118,320	147,399	50,002	197,401
Marine and aviation	30,111	14,161	44,272	34,925	(4,814)	30,111
Engineering	8,053	13,396	21,449	10,598	(2,545)	8,053
Oil and energy	332,164	105,042	437,206	338,772	(6,608)	332,164
Health insurance	35,317	20,173	55,490	71,209	(35,892)	35,317
Group life	268,809	128,388	397,197	201,095	67,714	268,809
	<u>1,034,802</u>	<u>201,620</u>	<u>1,236,422</u>	<u>903,537</u>	<u>131,265</u>	<u>1,034,802</u>

IBNR relates to only short term insurance business

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

	Unearned premium 31 Dec 2020	Movement	Unearned premium 31 Dec 2019	Movement	Unearned premium 43435
	N'000	N'000	N'000	N'000	N'000
Motor	353,539	(13,321)	366,860	76,492	290,368
Fire	277,397	29,314	248,083	49,470	198,613
Bond	6,843	(8,813)	15,656	7,329	8,327
General accident	245,153	2,915	242,238	(212,106)	454,344
Marine and aviation	315,706	138,766	176,940	20,142	156,798
Engineering	226,800	5,988	220,812	76,835	143,977
Oil and energy	206,059	(107,415)	313,474	75,377	238,097
Health insurance	170,674	29,868	140,806	49,167	91,639
Group life	516,618	232,245	284,373	102,031	182,342
	<u>2,318,789</u>	<u>309,547</u>	<u>2,009,242</u>	<u>244,737</u>	<u>1,764,505</u>

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Outstanding claims (see note 29 (b)(i))	45,720	14,346
Individual life business liability (see note 29 (b)(iii))	642,560	407,736
	<u>688,280</u>	<u>422,082</u>

Notes to the financial statements

For the year ended 31 December 2020

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

	Individual life 31 Dec 2020	Individual life 31 Dec 2019
	N'000	N'000
At 1 January	14,345	36,212
Additional claims incurred	247,092	109,974
Claims paid	(215,717)	(131,841)
Net movement (see note 8)	31,375	(21,867)
At 31 December	45,720	14,345

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

	31 Dec 2020		31 Dec 2019	
	Number of claimants	Outstanding claims	Number of claimants	Outstanding claims
0 - 90 days	3	3,985	3	1,984
91 - 180 days	1	9,748	1	500
181 - 270 days	4	7,762	4	3,761
271 - 365 days	5	10,300	5	2,000
above 365 days	9	13,925	9	6,100
	22	45,720	22	14,345

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:

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At 1 January	407,736	296,220
Increase during the year	234,824	111,516
At 31 December	642,560	407,736

Notes to the financial statements

For the year ended 31 December 2020

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

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

	31 Dec 2020 Outstanding			31 Dec 2019 Outstanding			31 Dec 2020 Reinsurance		31 Dec 2019 Reinsurance
	Claims N'000	IBNR N'000	Total N'000	Claims N'000	IBNR N'000	Total N'000	on IBNR N'000	on IBNR N'000	
Motor	204,764	76,498	281,262	117,094	68,052	185,146	5,355	4,764	
Fire	409,468	83,601	493,069	284,954	90,017	374,971	53,987	81,015	
Bond	-	2,389	2,389	-	4,878	4,878	956	1,951	
General accident	139,412	118,320	257,732	431,539	197,401	628,940	57,802	98,701	
Marine and aviation	125,647	44,272	169,919	158,586	30,112	188,698	24,925	20,634	
Engineering	52,868	21,449	74,317	35,240	8,053	43,293	14,165	5,687	
Oil and energy	431,002	437,206	868,208	293,732	332,164	625,896	285,609	192,817	
Health insurance	224,008	55,490	279,498	49,153	35,317	84,470	39,165	35,317	
Group life	456,608	397,197	853,805	216,760	268,808	485,568	44,149	268,808	
Individual life	45,720	-	45,720	14,344	-	14,344	-	-	
	2,089,497	1,236,422	3,325,919	1,601,402	1,034,802	2,636,204	526,113	709,694	

29 (d) Assets representing insurance fund:

	Short term insurance business N'000	Long term insurance business N'000	Total-31 Dec. 2020 N'000
31 December 2020 Breakdown:"			
Real Estate	-	-	944,598
Financial assets- amortized cost	4,729,148	122,970	4,852,118
Reinsurance asset	1,373,577	580,614	1,954,191
	6,102,725	703,584	6,806,309
31 December 2019 Breakdown:"			
Financial assets	-	-	-
Real Estate	1,397,372	-	1,397,372
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
	5,041,407	705,753	5,747,160

30 Trade payables

	31 Dec 2020 N'000	31 Dec 2019 N'000
Reinsurance payables (see note 30 (a))	673,277	548,896
Insurance payables (see note 30(b))	34,021	117,583
	707,298	666,479

Notes to the financial statements

For the year ended 31 December 2020

30 (a) Reinsurance payables

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Premium payable to reinsurers/coinsurers	408,970	340,334
Payable to Hollard Health*	264,307	208,562
	<u>673,277</u>	<u>548,896</u>

*This relates to proportion of premium received on the sales of health insurance product that is due to/ payable to Hollard Cigna. The product operates a sharing scheme whereby premium and associated liabilities are shared between Hollard Cigna and NSIA based on agreement consented to by both parties.

30 (b) Insurance payables

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Commission payable	32,512	117,583
Claims Payable	1,509	-
	<u>34,021</u>	<u>117,583</u>

31 Other payables and accruals

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Accruals (see note 31(a) below)	275,015	260,728
Sundry payables (see note 31(b) below)	332,563	26,080
	<u>607,578</u>	<u>286,808</u>

31 (a) Breakdown of accruals

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Audit fees	19,673	21,000
ITF levy	6,931	9,000
Actuarial fees	6,998	6,500
NAICOM levy	101,580	91,927
Productivity bonus	100,000	80,000
Staff allowances	0	3,000
Vendors and suppliers	35,022	43,301
Investment custodian fee payable*	4,811	6,000
	<u>275,015</u>	<u>260,728</u>

*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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Withholding taxes	23,739	21,461
PAYE	-	1,598
Pension	2,972	3,021
Accrued directors fees	4,458	-
Direct bank deposit*	243,972	-
VAT payable	57,426	-
	<u>332,563</u>	<u>26,080</u>

Notes to the financial statements

For the year ended 31 December 2020

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

Due within 12 months	607,578	286,808
	<u>607,578</u>	<u>286,808</u>

* This relates to deposit in our various bank accounts in which the depositors are yet to advise the nature/details of the transactions

The average age of this deposit is less than one financial year

32 Deferred commission income

	31 Dec 2020 N'000	31 Dec 2019 N'000
	<u>31 Dec 2020 N'000</u>	<u>31 Dec 2019 N'000</u>
Motor	277	426
Fire	46,456	32,819
Bond	236	1,174
General accident	7,175	5,428
Marine	42,442	26,108
Engineering	12,072	17,917
Oil & Energy	15,794	26,142
Travel	37	14
	<u>124,489</u>	<u>110,028</u>
Due within 12 months	<u>124,489</u>	<u>110,028</u>

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

32 (a) Movement in deferred commission income:

	31 Dec 2020 N'000	31 Dec 2019 N'000
At beginning of year	110,028	96,858
Additions during the year	691,169	652,860
	801,197	749,718
Amortization during the year (note 6.2)	(676,708)	(639,690)
At end of year	124,489	110,028
Movement	<u>14,461</u>	<u>13,170</u>

33 Deposit for shares

	31 Dec 2020 N'000	31 Dec 2019 N'000
At beginning of year	698,081	-
Inflow during the year*	123,647	599,214
Dividend capitalised**	114,670	114,617
Capital raise expenses***	-	(15,750)
Total Amount received(for cash flow purpose)	238,317	698,081
Amount capitalized	(816,786)	-
At end of year	<u>119,612</u>	<u>698,081</u>

* See note 39(a) for more details

**This relates to proportion of dividend paid 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.

Notes to the financial statements

For the year ended 31 December 2020

	31 Dec 2020 N'000	31 Dec 2019 N'001
Total Dividend Declared & Paid	132,513	132,452
NSIA proportion (96.15%)	127,411	127,352
Less Withholding tax	(12,741)	(12,735)
	114,670	114,617

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

34 Taxation

	31 Dec 2020 N'000	31 Dec 2019 N'000
34.1 Tax expense		
Minimum tax	16,014	33,725
Education tax	-	3,102
Technology tax	9,329	10,327
Police Protection Fund	45	-
	25,388	47,154
Deferred tax	790	20,011
Charge for the year	26,178	67,165

Charge for the year is analyzed below:

	31 Dec 2020 N'000	31 Dec 2019 N'000
Minimum tax	16,014	33,725
Income tax	9,374	47,154
	25,388	80,879

34.2 Current tax liabilities

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

	31 Dec 2020 N'000	31 Dec 2019 N'000
At 1 January	96,776	116,593
Payment during the year	(22,053)	(66,971)
Charge for the year	25,388	47,154
At 31 December	100,111	96,776

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

Notes to the financial statements

For the year ended 31 December 2020

34.3 Effective tax reconciliation

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

	%	31 Dec 2020	%	31 Dec 2019
Profit before tax		942,186		849,039
Adjustment for NITDA levy		(9,329)		(10,327)
Profit after adjustment for NITDA levy		932,857		838,712
Tax calculated at the tax rate of 30%	30%	279,857	30%	251,614
Effect of:				
Impact of minimum tax	2%	16,014	3%	33,725
Education tax	0%	-	0%	3,102
Technology tax	1%	9,329	1%	10,327
Income not subject to tax	(28%)	(262,857)	(24%)	(317,547)
Non-deductible expenses	47%	440,060	47%	313,377
Impact of deferred tax	0%	790	47%	20,011
Impact of industry tax law	(49%)	(457,015)	(41%)	(247,444)
Effective tax	3%	26,178	16%	67,165

35 Capital and reserves

35.1 Share capital

	31 Dec 2020 N'000	31 Dec 2019 N'000
(a) Authorized: 18,000,000,000 (2019:13,000,000,000) Ordinary shares (50 Kobo each)	9,000,000	6,500,000

	Number of shares '000	Ordinary shares N'000	Share premium N'000	Total N'000
At 31 December 2020 (50 Kobo each)	18,000,000	9,000,000	-	9,000,000
At 31 December 2019 (50 Kobo each)	9,134,720	4,567,360	1,692,703	6,260,063

The movement on Authorised share capital, paid-up capital and share premium are as follows:

	Authorized N'000	Issued and Paid-up N'000	Share premium N'000
At 1 January	6,500,000	4,567,360	1,692,703
Increase/reclassification	2,500,000	1,692,703	(1,692,703)
Retained earnings capitalized (Note 35.5))	-	1,923,151	-
Transfer from deposit for shares (Note 33)	-	816,786	-
At 31 December	9,000,000	9,000,000	-

The movement on Authorised share capital and paid-up capital in terms of unit are as follows:

	Authorized N'000	Issued and Paid-up N'000
At 1 January	13,000,000	9,134,720
Increase	5,000,000	8,865,280
At 31 December	18,000,000	18,000,000

The total authorized number of ordinary shares and paid-up share as at year end was 18 billion and 18 billion respectively (2019: 13 billion/9.1 billion) with a par value of 50k per share (2019: 50k per share). These are increased in preparation for the new capital requirements for insurance business operators as stipulated by NAICOM. The increased in authorised capital was approved by CAC on the 21st October, 2020 and same issued on the same date

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.



Notes to the financial statements

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This is composed of	31 Dec 2020	31 Dec 2019
	N'000	N'000
Non life business	1,813,949	1,,630,792
Life business	255,095	211488
	2,069,045	1,842,280
Non life business		
At the beginning of the year	1,630,792	1,435,043
Transfer from Retained earnings (see note 35.5)	183,157	195,749
At end of the year	1,813,949	1,630,792
Life business		
At the beginning of the year	211,488	164,574
Transfer from Retained earnings (see note 35.5)	43,607	46,914
At end of the year	255,095	211,488
Total	2,069,045	1,842,280

			Higher of Premium or Profit
2020	Non-Life	Life (including Health)	
Gross premium written	6,105,248	4,360,723	
Rate	3%	1%	
Result	183,157	43,607	226,765
Profit before tax	752,431	189,755	
Rate	20%	10%	
Result	150,486	18,975	-
Contingency reserve			226,765
			Higher of Premium or Profit
2019	Non-Life	Life (including Health)	
Gross premium written	6,524,977	2,667,316	
Rate	3%	1%	
Result	195,749	26,673	195,749
Profit before tax	379,902	469,13	
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.

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At the beginning of the year	1,720,352	1,681,214
Revaluation gains, gross	4,204	43,486
Deferred tax relating to asset revaluation (see note 24)	(4,204)	(4,349)
Revaluation gains, net of tax	<u>37,822</u>	<u>39,138</u>
At end of the year	<u>1,758,174</u>	<u>1,720,352</u>
Asset revaluation reserves is analyzed as follows:	31 Dec 2020	31 Dec 2019
	N'000	N'000
Gross amount	2,268,907	2,165,005
Related deferred tax liability	(510,733)	(444,653)
Net amount	<u>1,758,174</u>	<u>1,720,352</u>

Notes to the financial statements

For the year ended 31 December 2020

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.

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At the beginning of the year	94,850	(155,683)
Additions during the year:		
- ECL impairment during the year (Note 14)	(30,492)	(24,509)
- Net fair value gain or loss on financial assets at FVOCI (Note 18b)	(79,450)	275,042
- Net fair value gain on matured financial instruments at FVOCI (Note 18b)	23,797	-
At end of the year	8,705	94,850
Net movement during the year	(86,145)	250,533

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.

	31 Dec 2020	31 Dec 2019
	N'000	N'000
At the beginning of the year	1,923,151	1,516,393
Transfer to share capital	(1,923,151)	-
Dividends declared to ordinary equity shareholders during the year (see note (b) below)	(132,513)	(132,453)
Transfer from profit and loss	916,008	781,874
Transfer to contingency reserve	(226,765)	(242,663)
At end of the year	556,730	1,923,151

36 Dividend

During the year, a total dividend of N132,513,499 (1.45k per share) was paid in 2020 out of the retained earnings as final dividend for 2019 financial year (2019: total dividend of N132,453,449 (1.45k per share) was paid as final dividend for 2018 financial year).

37 Contingencies and commitments

(a) Legal proceedings and regulations

The Company is presently involved in five (2019: four) litigations with estimated claims of N1,026.742 million (2019: N876.50 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 2020 (31 December 2019: Nil).

(c) Contingent liability

There were no contingencies 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.

Notes to the financial statements

For the year ended 31 December 2020

39 (a) Related party disclosures

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 2020 (31 December 2019: Nil) other than deposit for shares of £266,972 (N123,698,872) (2019:£1,460,464.60 (N599,214,020)) received from NSIA Participations Holdings SA in 2020 as part of share capitalisation process as mandated by the 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:

	31 Dec 2020 N'000	31 Dec 2019 N'000
Salaries	177,683	151,031
Fees (see note (b)(i) below)	40,249	34,212
Other short-term employment benefits	14,341	12,190
Post-employment benefits	-	-
	232,273	197,432
Loans and advances to Directors		
Balance at 1 January	318,203	288,820
Granted during the year	-	40,272
Repayments	(36,023)	(10,889)
At 31 December	282,180	318,203
Interest earned	11,703	11,553

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 (2019:Nil).

40 Employees and directors

(a) Employees

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

	31 Dec 2020 Number	31 Dec 2019 Number
Executive directors	3	3
Management	8	9
Non-management	110	116
	121	128

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

	31 Dec 2020 Number	31 Dec 2019 Number
Less than N2,000,000	1	1
N2,000,001 - N3,500,000	26	26
N3,500,000 - N5,000,000	37	44
N5,000,000-N7,500,000	32	32
N7,500,000 - and Above	25	25
	121	128

Notes to the financial statements

For the year ended 31 December 2020

(b) Directors

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

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Fees and sitting allowances	26,343	13,100
Executive compensation	53,021	26,367
	<u>79,364</u>	<u>39,467</u>
The chairman	6,455	5,333
The highest paid director	41,894	38,494
in Number	31 Dec 2020	31 Dec 2019

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

	31 Dec 2020	31 Dec 2019
	Number	Number
Above 3,400,000	13	10

41 Events after the reporting period

41a Events after the reporting period

There are no events after the reporting date that require adjustments/disclosure in the financial statements.

41bi Disclosure on the impact of Covid-19

Management has assessed the impact of the COVID-19 on the going concern of the Company and its assets, especially with respect to its health insurance and life 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. However, the outbreak of the virus brought about a change in the Company's modus operandi as it had adopted the mix of both physical and virtual working and gap in service delivery has not been noticed in any areas of operations including sales as the Company remain committed to optimum service delivery to various clientele and stakeholders. The Covid-19 Pandemic situation from mid-March 2020 had a mixed impact on different segments of the business. Non-Life business has been negatively impacted, heightening the inability to meet up with initial estimates of new businesses projections. However, for Life Segment the impact has rather been positive by prompting consumers to review personal protection gap and re-consider the merits of stable, longer-term protection. This is therefore driving consumers' interest and stronger customer demand for health and life insurance products generally. The corporate entities are not left out as many organisations and parastatals have endeavoured to be socially responsible by buying life insurance covers for their employees.

41bii Disclosure on the impact of EndSARS Protest

NSIA insurance has evaluated and will continue to evaluate the impact of the recently held 'Endsars Protest' across the country which took place around October, 2020. The aftermath of the protest resulted to massive looting, arson, destructions, vandalism, loss of lives etc. which unduly exposes the entire insurance industry in terms of claims and obligations which NSIA Insurance is not an exception as we continue to monitor any development in term of liability/exposure in this regard. On the flip side, this has also increased insurance awareness which will impact on premium income positively in the coming years.

All in all, the Company is confident that this doesn't in any way threaten the going concern of the entity.

Notes to the financial statements

For the year ended 31 December 2020

42 Reconciliation of Statement of Cash flows

42.1 Insurance premium received

	Notes	31 Dec 2020 N'000	31 Dec 2019 N'000
Opening insurance receivable	19 (a)	13,809	26,531
Gross premium written	6	10,465,971	9,192,293
Closing insurance receivable	19 (a)	(118,488)	(13,809)
Premium receivable in advance		-	(848,794)
		<u>10,361,292</u>	<u>8,356,221</u>

42.2 Reinsurance premium paid

Opening reinsurance payable	30 (a)	(548,896)	(230,503)
Reinsurance expense	6.1	(4,165,596)	(3,866,756)
Prepaid minimum and deposit reinsurance during the year	20 (b)	41,006	41,244
Closing reinsurance payable	30 (a)	673,277	548,896
		<u>(4,000,209)</u>	<u>(3,507,119)</u>

42.3 Reinsurance commission received

Fee income arising on insurance contracts	6.2	676,708	639,690
Movement in deferred commission income	32(a)	14,461	13,170
		<u>691,169</u>	<u>652,860</u>

42.4 Insurance benefits and claims paid

Short term insurance business	8	3,124,438	2,288,140
Long term insurance business	8	215,716	131,841
		<u>3,340,153</u>	<u>2,419,981</u>

42.5 Net inflow from deposit admin

Deposits received	28	178,573	117,158
Withdrawal	28	(93,902)	(128,478)
		<u>84,671</u>	<u>(11,320)</u>

42.6 Reinsurance claims received

Short term insurance business	9	1,158,152	781,833
Individual life insurance business	9	50,135	4,475
		<u>1,208,287</u>	<u>786,308</u>

42.7 Commission paid

Opening insurance payable	30 (b)	(117,583)	(322,735)
Maintenance expense	11	(332,683)	(147,888)
Additional acquisition expense during the year	22(a)	(1,660,979)	(1,391,237)
Closing insurance payable	30 (b)	32,512	117,583
		<u>(2,078,733)</u>	<u>(1,744,278)</u>

42.8 Cash paid to employees, intermediaries and other suppliers

		31 Dec 2020	31 Dec 2019
Personnel Expenses	15(a)	(1,274,468)	(1,249,877)
Other operating expenses	15(b)	(1,221,965)	(1,239,692)
Less non-cash items:			
Depreciation	15(b)	224,082	221,340
Amortization	15(b)	4,410	7,101
Commission on disposal of investment property	15(b)	-	-
Loss on disposal of investment property	13(b)	188,732	-
Movement in prepaid expenses		21,437	(21,451)
Movement in payables		(161,797)	(220,662)
Net cash flow from other debtors:			
- Additions	21	(38,827)	71,456
- Dividend income	12 (a)	1,079	1,345
		<u>(2,257,317)</u>	<u>(2,430,439)</u>

Notes to the financial statements

For the year ended 31 December 2020

		31 Dec 2020	31 Dec 2019
42.9(a) Other income received			
Management fees	13(a)	165	456
Reimbursement of excess stamp duty paid to IFRS	13(a)	17,445	-
Bad debt recovery	13(a)	3,901	-
Other sundry income	13(a)	441	958
		<u>21,952</u>	<u>1,414</u>
43 Interest income received			
Net Investment income	12	1,431,493	1,302,963
Dividend income on equity securities	12 (a)	(1,079)	(1,345)
(Gain)/loss on financial assets disposal	12 (a)	(293,361)	(9,827)
Financial assets - Interest income	12 (a)	(973,454)	(1,020,837)
		<u>163,599</u>	<u>270,954</u>
43.1 Dividend received			
Dividend receivable - at beginning of year	21 (b)	3,732	3,732
Dividend income on equity securities	12 (a)	1,079	1,345
Dividend receivable - at end of year	21 (b)	(3,732)	(3,732)
		<u>1,079</u>	<u>1,345</u>
43.2 Proceeds from disposal of property and equipment			
Cost of property and equipment	26	-	20,900
Accumulated depreciation of property and equipment	26	-	(18,402)
Profit on sale of property and equipment	13(a)	-	1,092
		<u>-</u>	<u>3,590</u>
43.3 Proceeds from disposal of investment property			
Cost of investment property	23	1,404,731	108,532
Loss on sale of property and equipment	13(b)	(188,732)	(6,350)
		<u>1,215,999</u>	<u>102,182</u>
Less receivable from disposal of investment property (Note 21 (b)(iii))		-	(19,182)
		<u>1,215,999</u>	<u>83,000</u>
43.4 Movement in financial assets			
43.4(a) Addition to financial asset		<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Purchase of Treasury bills	18 (c)	(371,000)	(6,363,868)
Purchase of Federal Government Bonds	18 (c)	(12,493,949)	(2,088,984)
Staff and policy loan disbursed and long term placement purchased during the year	18 (c)	(33,420)	(1,174,032)
		<u>(12,898,369)</u>	<u>(9,626,884)</u>
43.4(b) Proceed from disposal/redemption of financial assets			
Value of treasury bills disposed/matured	18 (c)	6,243,319	7,865,566
Bond/Loan repayment/redemption	18 (c)	5,089,256	1,292,040
Gain on financial assets disposal	12 (a)	293,361	9,827
		<u>11,625,936</u>	<u>9,167,433</u>
43.5 Net cash flow received from coinsurer on recovery of claims paid			
Changes in recovery of claims paid from coinsurer on Non-life businesses	19(b)	66,141	122,336
Changes in recovery of claims paid from coinsurer on life business	19 (c)	(29,117)	57,804
Net cash flow received		<u>37,024</u>	<u>180,140</u>
43.6 Premium received in advance			
Premium received in advance	30 (b)	-	-
43.7 Effect of exchange rate fluctuations			
Cash and cash equivalents	13(a)(ii)	47,467	2,786
Net Unrealized foreign exchange loss(gain)**	15	-	(21,003)
		<u>47,467</u>	<u>(18,217)</u>

Notes to the financial statements

For the year ended 31 December 2020

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 2020.

Notes to the financial statements

For the year ended 31 December 2020

	DEC 2020				DEC 2019			
	Non life	Life	Health	Total	Non life	Life	Health	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross premium written	6,105,248	3,028,973	1,331,750	10,465,971	6,524,977	1,819,697	847,619	9,192,293
Gross premium income	6,057,817	2,795,812	1,302,797	10,156,426	6,431,436	1,717,666	798,452	8,947,554
Insurance premium ceded to reinsurers	(2,752,064)	(413,494)	(928,827)	(4,094,384)	(3,097,752)	(278,965)	(619,281)	(3,995,998)
Net insurance premium revenue	3,305,753	2,382,318	373,971	6,062,042	3,333,684	1,438,701	179,171	4,951,556
Fee Income	559,705	98,768	18,235	676,708	557,777	64,524	17,390	639,691
Profit on deposit administration	-	4,678	-	4,678	-	4,158	-	4,158
Interest revenue	847,172	296,825	-	1,143,997	987,896	236,300	78,766.71	1,302,963
Other investment income	269,951	8,666	-	278,617	192,929	5,376	1,792	200,096
Gain/(loss) on disposal of invest. property	(188,732)	-	-	(188,732)	-	-	-	-
Other operating income	413,791	(9,951)	-	403,840	26,246	2,126	709	29,081
Total Income	5,207,640	2,781,304	392,206	8,381,150	5,098,531	1,751,185	277,828	7,127,545
Insurance benefits and claims	1,755,796	1,570,049	737,228	4,063,073	1,727,243	756,805	384,192	2,868,239
Insurance claims recovered from reinsurers	(467,039)	(73,500)	(581,458)	(1,121,997)	(97,952)	(65,179)	(348,871)	(512,002)
Net insurance benefits and claims	1,288,757	1,496,549	155,770	2,941,076	1,629,291	691,626	35,320	2,356,238
Maintenance expenses	1,340,910	424,820	210,846	1,976,576	1,141,371	189,350	103,181	1,433,903
Impairment losses/(gain)	14,535	12,443	-	26,978	(21,324)	10,328	3,443	(7,554)
Depreciation and amortisation	224,082	3,657	-	227,739	224,782	2,743	914	228,439
Other expenses	1,586,925	679,670	-	2,266,595	1,744,509	395,503	127,469	2,267,481
Net expenses	4,455,210	2,617,139	366,616	7,438,965	4,718,629	1,289,550	270,328	6,278,507
Reportable segment profit	752,431	164,165	25,590	942,186	379,902	461,635	7,500	849,037
Profit before tax	752,431	164,165	25,590	942,186	379,902	461,635	7,500	849,037
Income tax expenses	(22,264)	(3,914)	-	(26,178)	(57,879)	(9,286)	-	(67,165)
Profit after tax	730,167	160,251	25,590	916,008	322,023	452,349	7,500	781,873

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.

Notes to the financial statements

For the year ended 31 December 2020

The segment information provided by Management for the financial position of the reporting segments for the year ended 31 December 2020

	31 Dec 2020			31 Dec 2019		
	Non life N'000	Life N'000	Total N'000	Non life N'000	Life N'000	Total N'000
Asset						
Cash and cash equivalents	(625,836)	2,699,313	2,073,477	(60,269)	1,372,503	1,312,235
Financial assets	8,209,685	4,284,360	12,494,045	6,852,841	2,789,206	9,642,047
Trade receivables	154,186	76,273	230,459	160,648	2,155	162,803
Reinsurance assets	1,373,577	580,614	1,954,191	1,441,328	406,749	1,848,077
Other receivables	259,802	21,844	281,646	274,567	24,470	299,037
Deferred acquisition costs	304,995	-	304,995	287,912	-	287,912
Investment properties	-	249,215	249,215	1,404,732	241,308	1,646,040
Intangible assets	13,230	-	13,230	17,640	-	17,640
Property and equipment	3,614,438	3,592	3,618,030	3,713,630	7,250	3,720,880
Statutory deposits	500,400	400,000	900,400	300,000	200,000	500,000
Total assets	13,804,477	8,315,211	22,119,688	14,393,028	5,043,642	19,436,671
Liabilities						
Investment contract liabilities	-	192,614	192,614	-	101,549	101,549
Insurance contract liabilities	3,778,395	2,508,871	6,287,266	3,635,887	1,417,296	5,053,183
Trade payables	116,599	590,699	707,298	251,828	206,091	457,919
Other payables	47,057	560,523	607,580	472,356	23,013	495,369
Deferred commission income	124,489	-	124,489	110,028	-	110,028
Deposit for shares	119,612	-	119,612	698,081	-	698,081
Deferred tax liabilities	586,554	1,508	588,062	582,352	717	583,069
Current income tax	45,151	54,962	100,113	41,638	55,138	96,776
Total Liabilities	4,817,858	3,909,177	8,727,034	5,792,169	1,803,805	7,595,974
Equity						
Share capital	5,000,000	4,000,000	9,000,000	2,821,061	1,746,299	4,567,360
Share premium	-	-	-	1,045,203	647,500	1,692,703
Statutory contingency reserve	1,813,950	255,095	2,069,045	1,630,793	211,486	1,842,279
Asset revaluation reserve	1,758,174	-	1,758,174	1,720,352	-	1,720,352
Fair value reserve	1,518	7,187	8,705	88,062	6,789	94,850
Retained earnings	414,491	142,239	556,730	1,296,292	626,860	1,923,152
Total equity	8,988,133	4,404,521	13,392,654	8,601,763	3,238,934	11,840,696

Notes to the financial statements

For the year ended 31 December 2020

45 Revenue accounts for the year ended 31 December 2020 (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	955,483	977,987	16,350	901,437	976,302	478,384	1,799,305	6,105,248
Changes in provision for unearned premium	13,321	(29,313)	8,813	(2,913)	(138,766)	(5,987)	107,415	(47,431)
Gross premium earned	968,804	948,674	25,163	898,523	837,536	472,397	1,906,720	6,057,817
Reinsurance outwards								
- Reinsurance_Facultative	(1,086)	(42,312)	(2,150)	(146,143)	(65,230)	(164,235)	(1,074,066)	(1,495,222)
- Reinsurance_Treaty	(19,500)	(592,606)	(3,433)	(33,708)	(443,108)	(117,684)	-	(1,210,039)
- Coinsurance	(6,674)	(3,053)	-	(12,906)	(28,007)	(2,266)	-	(52,907)
Increase / (decrease) in prepaid reinsurance cost.	(555)	88,403	(12,525)	4,978	32,013	(15,995)	(90,215)	6,104
Net earned premiums	940,988	399,106	7,055	710,744	333,204	172,216	742,439	3,305,753
Commission income:	973	181,636	2,527	33,343	136,346	72,057	132,824	559,705
Total	941,961	580,742	9,581	744,087	469,550	244,274	875,263	3,865,458
Expenses:								
Gross claims expense	422,775	793,595	10,500	(79,393)	137,888	67,661	402,771	1,755,796
Reinsurance claims recoveries:								
- Reinsurance	(44,324)	(528,445)	-	641,085	(2,486)	(30,401)	(487,567)	(452,138)
- Coinsurance	(6,420)	4,815	-	(15,474)	(12,988)	(658)	-	(30,725)
IBNR								
- Movement in IBNR	8,446	(6,416)	(2,488)	(79,082)	14,161	13,397	105,037	53,055
- Movement in reinsurance share of IBNR	(591)	27,028	995	40,899	(4,291)	(8,478)	(92,792)	(37,230)
Net Claims incurred	379,885	290,576	9,007	508,035	132,284	41,521	(72,550)	1,288,757
Commission expense	119,595	170,292	2,013	151,075	172,504	73,383	563,811	1,252,674
Increase in Deferred Acquisition cost	108	(1,088)	2,436	5,808	(27,330)	(4,799)	7,781	(17,084)
Maintenance expenses	12,323	10,648	171	9,404	49,015	4,991	18,770	105,322
Underwriting expenses	132,027	179,852	4,619	166,287	194,189	73,574	590,363	1,340,910
Net underwriting results transferred to profit and loss account	430,050	110,314	(4,046)	69,765	143,078	129,179	357,450	1,235,791

Notes to the financial statements

For the year ended 31 December 2020

(ii) Life business

	Individual Life N'000	Group Life N'000	Health N'000	Total N'000
Income:				
Gross premium written	379,217	2,649,756	1,331,750	4,360,723
Changes in provision for unearned premium - Group life	-	(233,161)	(28,953)	(262,113)
Gross premium earned	379,217	2,416,595	1,302,797	4,098,609
Reinsurance outwards	(43,171)	(424,273)	(939,984)	(1,407,428)
Increase in prepaid reinsurance cost	-	53,950	11,157	65,108
Net written/earned premiums	336,046	2,046,273	373,971	2,756,289
Commission income	9,550	89,218	18,235	117,003
Admin fee income	-	-	-	-
Total	345,596	2,135,491	392,206	2,873,292
Expenses:				
Claims expense	247,091	1,088,134	737,228	2,072,453
Reinsurance Claims recoveries	(60,470)	(165,162)	(589,782)	(815,414)
Surrenders	-	-	-	-
Maturity	-	-	-	-
IBNR	-	-	-	-
- Movement in IBNR / Contract liabilities	-	128,389	20,173	148,562
- Movement in reinsurance share of IBNR	34,995	(11,252)	(11,849)	11,894
Claims incurred	221,615	1,040,110	155,770	1,417,495
Acquisition expenses	28,561	238,334	141,411	408,306
Maintenance expenses	19,771	138,154	69,435	227,360
Underwriting expenses	48,332	376,488	210,846	635,666
Net underwriting results	75,649	718,893	25,590	820,132
Accretion/increase in life fund	(234,824)	-	-	(234,824)
Net underwriting results transferred to profit and loss account	(159,175)	718,893	25,590	585,308

Other National Disclosures



Value Added Statement
Financial Summary
Branch Network Details



NSIA
INSURANCE

2020 Annual Report and Accounts

Statement of Value Added

	Dec 2020		Dec 2019	
	N'000	%	N'000	%
Gross premium	10,465,971	406	9,192,293	343
Net benefits and claims	(2,941,076)	(114)	(2,467,753)	(92)
Premiums ceded to reinsurers	(4,094,384)	(159)	(3,884,483)	(145)
Fees and commission income	676,708	26	639,690	24
Investment Income	1,811,535	70	1,302,963	49
Administrative overheads - local	(3,341,153)	(130)	(2,104,697)	(79)
Value added	2,577,601	100	2,678,013	100
Distribution of value added				
To government:				
Taxes	26,178	1	62,717	2
To employees:				
Salaries and benefits	1,274,468	49	1,249,878	47
To Shareholders:				
Dividend	132,452	5	132,452	5
The future:				
For replacement of property and equipment (depreciation)	224,082	9	221,340	8
Asset replacement	-	-	(20,010)	(1)
Deferred tax	4,410	-	7,101	-
Amortisation of intangible assets	226,765	9	242,663	9
Transfer to contingency reserve	689,243	27	781,872	30
Retained profit for the year	2,577,601	100	2,678,013	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

	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2016 N'000
Cash and cash equivalents	2,073,477	1,312,235	1,290,535	1,497,452	1,833,886
Financial assets	12,494,045	9,642,047	7,851,813	6,113,024	4,887,597
Trade receivables	230,459	162,804	355,666	365,715	385,122
Reinsurance assets	1,954,191	1,848,077	2,140,210	1,370,190	1,178,495
Other receivables	281,646	299,035	310,344	387,483	225,304
Deferred acquisition costs	304,995	287,912	182,691	138,151	150,488
Investment properties	249,215	1,646,040	1,554,476	1,498,518	1,140,145
Intangible assets	13,230	17,640	24,741	27,286	7,856
Property and equipment	3,618,029	3,720,880	3,715,190	3,679,832	2,838,700
Statutory deposits	900,400	500,000	500,000	500,000	500,000
TOTAL ASSETS	22,119,688	19,436,670	17,925,666	15,577,651	13,147,593
LIABILITIES					
Investment contract liabilities	192,615	101,549	105,380	92,551	35,570
Insurance contract liabilities	6,287,269	5,053,183	4,248,672	2,890,364	2,609,109
Trade payables	707,298	457,919	1,402,032	650,940	87,564
Other payables	607,578	495,370	495,816	241,789	212,600
Deferred commission income	124,489	110,028	96,858	120,121	101,503
Provisions	-	-	-	44,000	44,000
Current tax liabilities	100,111	96,776	116,592	310,943	273,405
Deferred tax liabilities	588,063	583,069	558,710	518,974	137,863
Deposit for Shares	119,612	698,081	-	-	-
TOTAL LIABILITIES	8,727,035	7,595,974	7,024,061	4,869,683	3,501,615
NET ASSETS	13,392,653	11,840,695	10,901,605	10,707,968	9,645,978
CAPITAL AND RESERVES					
Share capital	9,000,000	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
Statutory contingency reserve	2,069,045	1,842,280	1,599,617	1,418,576	1,270,271
Asset revaluation reserve	1,758,174	1,720,352	1,681,214	1,616,256	1,033,070
Fair value reserve	8,705	94,850	(155,683)	109,613	33,169
Retained earnings	556,730	1,923,152	1,516,395	1,303,460	1,049,405
SHAREHOLDER'S FUNDS	13,392,653	11,840,695	10,901,605	10,707,968	9,645,978
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2016 N'000
Gross Premium	10,465,971	9,192,293	6,914,006	5,465,713	4,516,545
Earned Premium	6,062,040	5,063,071	3,165,304	2,384,364	2,670,690
Net benefit and claims	(2,941,076)	(2,467,753)	(989,189)	(769,404)	(1,439,341)
Profit before tax	942,186	849,037	892,299	640,752	253,363
Tax	(26,178)	(67,165)	(221,842)	(238,393)	23,655
Profit after tax	916,008	781,872	670,457	402,359	277,018
Contingency reserve	2,069,045	1,842,280	1,599,618	1,418,576	1,270,271
Earnings per share (in kobo)	8k	7k	4k	3k	6k

Branch network details

Location	Phone Number
Ikeja 161, Awolowo Road, Alausa, Ikeja, Lagos State, Nigeria.	09048418896
Abuja 18, Djibouti Crescent, Off Freetown Street, Wuse II, Abuja, Nigeria.	09048418896
Ibadan Oxford House, Beside UBA Regional Office, Lebanon Street, Dugbe, Ibadan, Oyo State, Nigeria.	09048418896
Kaduna Suite PP10 Mazangari Investment Building, 17F, Independence Way, Kaduna, Nigeria.	09048418896
Onitsha 46, Iweka Road, Onitsha, Anambra, Nigeria.	09048418896
Kano 375, Civic Centre Road, J.B.S Plaza, Kano State, Nigeria.	09048418896
Port Harcourt 1B, Stadium Road, Port Harcourt, Rivers State, Nigeria.	09048418896
Warri 57, Effurun/Sapele Road, Effurun, Delta State, Nigeria.	09048418896
Full Name of Company	NSIA Insurance Limited
E-mail	enquiry@nsiainsurance.com customerservice@nsiainsurance.com
Head Office	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) <div> XL Catlin (UK) Arch (UK) WR Berkley (UK) Emirates (UAE) </div>
Website	www.nsiainsurance.com



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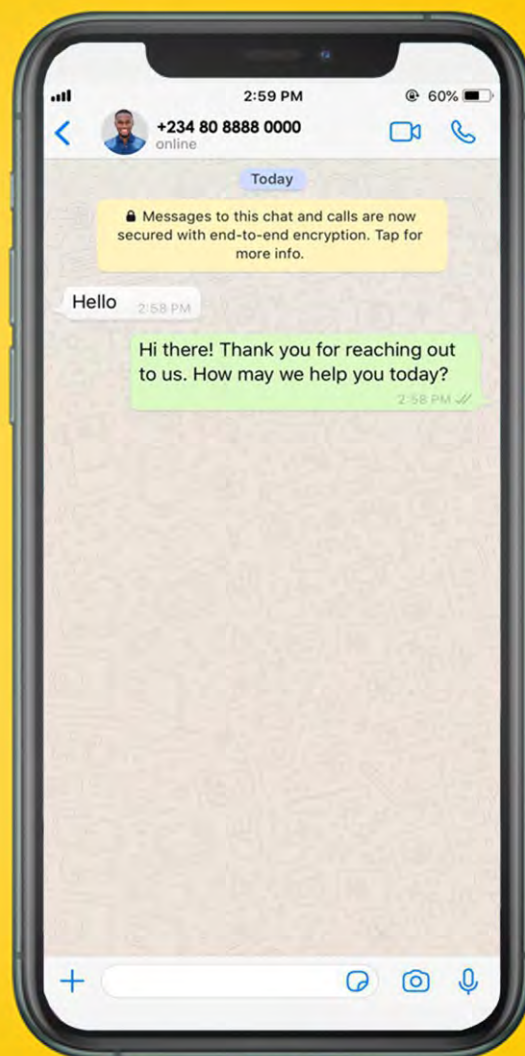
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