



Linkage
Assurance Plc
RC:162306

Head Office: Plot 20, Block 94, Providence Street,
Off Adekunmi Adebimpe Street,
Lekki Phase 1, Lagos.
☎ 07054492984, 0700LINKAGE
📠 01334256-0001
✉ info@linkageassurance.com;
🌐 www.linkageassurance.com

Annual Report

for the year ended
31 December 2021



Board of Directors: Chief Joshua B. Fumudoh, MFR (Chairman), Mr. Tamunoye Zifere Alazigha, Mr. Olakunle Bomo Agbebi (Representing Interest of Minority Shareholders), Mrs. Funkazi Koroye-Crooks, Mr. Maxwell Ebibai, Mr. Bernard Nicholas Griesel (South African), Mr. Shehu D. Abubakar (Independent Director), Mr. Okanlawon Adelagun (ED Technical), Mr. Daniel Braie (Managing Director).

Authorised and regulated by the National Insurance Commission. RIC-026



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Corporate Information

Mission Statement Linkage Assurance Plc. is in business to provide first class insurance and other financial services to the African Insurance market. To achieve this, it has deployed exemplary management, best in class information technology infrastructure and well trained and motivated work force as vehicle for achieving the superior returns expected by shareholders.

Board of Directors

Chairman	Chief Joshua Bernard Fumudoh	Chairman
Other Directors	Mr. Tamunoye Zifere Alazigha	Non-executive Director
	Mrs. Imo Oyewole*	Non-executive Director
	Mr. Olakunle Agbebi	Non-executive Director
	Mr Okanlawon Adelagun	Executive Director
	Mrs. Obafunke Alade-Adeyefa*	Non-executive Director
	Mr. Bernard Nicolaas Griesel	Non-executive Director
	Mr. Daniel Braie	Managing Director
	Mrs. Funkazi Koroye-Crooks	Non-executive Director
	Mr. Maxwell Ebibai	Non-executive Director
	Mr. Pius Otia**	Non-executive Director
	Mr. Abubakar Shehu Dahiru	Non-executive Director
	*Exited the Board 20th May 2021	
	** Joined the Board on 8th December 2021	

Managing Director Mr. Daniel Braie Managing Director

Company Secretary Mr. Moses Omorogbe

Registered Office Linkage Plaza
Plot 20, Block 94, Providence Street
Off Adewunmi Adebimpe Street
Lekki-Epe Expressway, Lekki, Lagos

Registrars Centurion Registrars
33C, Cameron Road,
Ikoyi, Lagos.
www.centurionregistrars.com

Auditor Ernst & Young
10th Floor, UBA House
57, Marina
Marina, Lagos
www.ey.com

Reinsurers African Reinsurance Corporation, Lagos, Nigeria
Swiss Reinsurance Company Ltd, Zurich, Switzerland
Continental Reinsurance Plc, Lagos, Nigeria
WAICA Reinsurance, Sierra Leone
Arab Insurance Company, Bahrain
Cathedral @ Underwriter Syndicates No. 2010 MMX, London
ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya
Atrium Underwriting Limited @ Lloyd's Underwriter Syndicate, UK
Hannover Ruck SE, Hannover, Germany

Principal Bankers	Access Bank Plc	Keystone Bank Limited
	Ecobank Nigeria Limited	Polaris Bank Limited
	FCMB Limited	Stanbic IBTC Bank Limited
	Fidelity Bank Plc	Union Bank Plc
	First Bank of Nigeria Limited	United Bank for Africa Plc
	Guaranty Trust Bank Limited	Unity Bank Plc
	Heritage Bank Limited	Zenith Bank Plc

Actuary O & A Hedge Actuarial Consulting

RC No. 162306

FRC Registered No. FRC/2012/0000000000339

FINANCIAL HIGHLIGHTS

	31 Dec 2021 ₦'000	31 Dec 2020 ₦'000	Changes (%)
Comprehensive income statement			
Gross premium written	11,161,499	8,331,841	34
Gross premium income	10,454,408	7,952,990	31
Net premium income	5,428,543	4,450,402	22
Underwriting (loss)/profit	(2,584,189)	825,589	(413)
Investment and other income	1,328,929	3,895,447	(66)
(Loss)/profit before taxation	(3,878,914)	2,536,069	(253)
(Loss)/profit after taxation	(3,990,638)	2,395,012	(267)

Statement of financial position

Total assets	38,710,185	33,877,404	14
Insurance contract liabilities	11,635,256	5,728,661	103

Key Ratios

	31 Dec 2021 %	31 Dec 2020 %
Claims ratio	82	37
Claims ratio (net)	93	31
Underwriting expenses ratio	36	36
Fees and Commission income ratio	8	8
Management expenses ratio	24	25
Underwriting (loss)/profit margin	(23)	10

Our Performance

Gross premium written grew by 34% to N11.16billion as at December 2021 from N8.33billion recorded in prior year comparative. The Company suffered an underwriting loss of N2.5billion as a result of increased technical expenses. Loss before tax stood at N3.9billion as at December 2021 against a profit of N2.5billion in the prior period, the major driver being increased claims expenses and FV loss on Bond investments.

Outlook

We will continue to refine our strategy in line with the political, economic, sociological and technological changes in the industry. We will also continue to develop innovative products, alternative channels of distributions and strategic initiatives that will enable us achieve our corporate goals and objectives. With a medium-to-long term perspective, we believe that we will benefit from growth in these initiatives.

Financial Highlights-continued

Retail products

We have developed and launched a number of retail products. These include the Linkage Third Party Plus, which is a budget friendly motor insurance that provides not only the compulsory Third party protection but an additional Own damage protection to the tune of N250,000. This product is only available from our Company, Linkage Assurance Plc. Others are the Linkage SME Comprehensive, Citadel Shield (which provides compensation as a result of injuries from accident for pupils and students in recognized academic establishments). Linkage Events Xclusive Insurance, Linkage Shop Insurance, Purple Motor Plan (comprehensive motor cover exclusively for women), and the Linkage Estate Insurance. We are also making efforts to deploy our online portal to make our products and services available to our customers especially the digital savvy customers and enterprises.

Agric Insurance

In line with our strategic focus, we have developed a bouquet of Agricultural Insurance products as risk management initiatives for both small, medium and large-scale farmers and agribusiness. These include Livestock Insurance Solution, Multiperil Crop Insurance Solution, Fish Farm & Fisheries Insurance, Poultry Farm Insurance, Area Yield Index Insurance and Farm All Risk (Material Damage).

Operational Efficiency

In line with the vision statement, we have embarked on extensive digital transformation , this is expected to be one of the major drivers of operational efficiency as it will improve our business process, eliminate wastages, and positively impact our performances.

Report of the Directors

It is the pleasure of the Directors to submit their annual report together with the audited financial statements for the year ended 31 December 2021.

1. Legal status

The Company was incorporated on the 26th of March 1991 as a private limited liability company - Linkage Assurance Company Limited. It was registered by the National Insurance Commission on the 7th of October, 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a Public Limited Liability Company in 2003 and the Company's shares, which are quoted on the Nigerian Stock Exchange, were first listed on 18 November, 2003. In compliance with regulatory directives on re-capitalization in the Insurance Industry in 2007, the Company merged with the former Central Insurance Company Limited. The registered office of the Company is Plot 20 Block 94 Providence Street, Off Adewunmi Adebimpe Street, Lekki Phase 1, Lekki, Lagos, Nigeria.

2. Principal activity

The Company was registered to transact all classes of life and non-life insurance business, insurance claims payment and investments. Subsequently it disposed its life business in February 2007 and concentrated on the non-life insurance business.

3. Operating results

The following is a summary of the Company's operating results for the year:

	31 Dec 2021 N'000	31 Dec 2020 N'000
Gross premium written	11,161,499	8,331,841
(Loss)/profit before tax expense	(3,878,914)	2,536,069
Income tax expense	(111,724)	(141,057)
(Loss)/profit after tax expense	(3,990,638)	2,395,012

4. Directors

The Directors who served during the year were as follows:

Chief Joshua Bernard Fumudoh	Chairman
Mr. Tamunoye Zifere Alazigha	Non-executive Director
Mrs. Imo Oyewole*	Non-executive Director
Mr. Olakunle Agbebi	Non-executive Director
Mr Okanlawon Adelagun	Executive Director
Mrs. Obafunke Alade-Adeyefa*	Non-executive Director
Mr. Bernard Nicolaas Griesel	Non-executive Director
Mr. Daniel Braie	Managing Director
Mrs. Funkazi Koroye-Crooks	Non-executive Director
Mr. Maxwell Ebibai	Non-executive Director
Mr. Pius Otia**	Non-executive Director
Mr. Abubakar Shehu Dahiru	Non-executive Director

*Exited the Board 20th May 2021

** Joined the Board on 8th December 2021

5. Directors interest in shares

The interests of the Directors in the issued share capital of the Company as recorded in the register of members as at 31 December 2020 and as notified by them for the purpose of fulfilling Section 301 of the Companies and Allied Matters Act (CAMA) 2020 are as follows:

	31 Dec 2021		
	Direct	Indirect	Total
Mr. Bernard Nicolaas Griesel	-	1,858,165,841	1,858,165,841

	31 Dec 2020		
	Direct	Indirect	Total
Mr. Bernard Nicolaas Griesel	-	1,327,000,000	1,327,000,000

Directors with indirect interest in the issued share capital of the Company as recorded in the Register of members were as follows:

Name of shareholder	Institution represented	No. of Shares	
		31 Dec 2021	31 Dec 2020
Mr. Bernard Nicolaas Griesel	Stanbic IBTC Nominees Nigeria	1,858,165,841	1,327,000,000

Report of the Directors (Cont'd)

6. Contracts

In accordance with Section 303 of the Companies and Allied Matters Act (CAMA) 2020, all contracts with related parties were conducted at arms length. Information relating to related parties transactions are contained in Note 47 to the financial statements.

7. Shareholding

The Company's issued share capital of N5 billion is made up of 10 billion ordinary shares of 50k each which are held by Nigerian individuals and institutional investors. There was an increase of N1 billion in paid-up issued share capital during the year which is made up of 2bn ordinary shares. The additional share capital is a result of a bonus share issue of two shares for every five shares held by existing shareholders. The bonus shares were issued from retained earnings. According to the register of members, no shareholder other than the following held more than 5% of the issued share capital of the Company as at 31 December 2021.

Bayelsa State Ministry of Finance Incorporated (BSMFI)	7,480,787,548	53.43%
Stanbic IBTC Nominees Nigeria Limited	1,858,165,841	13.27%
Apel Asset Limited - Nominee	709,459,330	5.07%

b) Analysis of shareholding structure

i) As at 31 December 2021

Range	No of Holders	% of Holders	Units Held	% Units Held
1 - 10,000	10,540	47.49	50,171,670	0.36
10,001 - 50,000	7,271	32.76	169,792,549	1.21
50,0001 - 100,000	1,961	8.84	142,191,883	1.02
100,001 - 500,000	1,898	8.55	388,651,031	2.78
500,001 - 1,000,000	244	1.10	174,920,026	1.25
1,000,001 - 5,000,000	198	0.89	421,787,545	3.01
5,000,001 - 10,000,000	26	0.12	187,334,935	1.34
10,000,001 - 50,000,000	40	0.18	876,251,481	6.26
50,000,001 - 100,000,000	4	0.02	314,025,261	2.24
100,000,001 - 500,000,000	7	0.03	1,226,460,900	8.76
500,000,001 - 10,000,000,000	3	0.01	10,048,412,719	71.77
Grand Total	22,192	100	14,000,000,000	100

i) As at 31 December 2020

Range	No of Holders	% of Holders	Units Held	% Units Held
1 - 10,000	11,474	52.14	45,288,336	0.45
10,001 - 50,000	7,133	32.42	153,906,779	1.54
50,0001 - 100,000	1,453	6.60	101,209,655	1.01
100,001 - 500,000	1,538	6.99	291,398,342	2.91
500,001 - 1,000,000	165	0.75	112,473,369	1.12
1,000,001 - 5,000,000	174	0.79	336,021,203	3.36
5,000,001 - 10,000,000	18	0.08	127,932,449	1.28
10,000,001 - 50,000,000	37	0.17	660,380,183	6.60
50,000,001 - 100,000,000	6	0.03	437,446,428	4.37
100,000,001 - 500,000,000	5	0.02	1,063,262,263	10.63
500,000,001 - 5,000,000,000	2	0.01	6,670,680,993	66.71
Grand Total	22,005	100	10,000,000,000	100

8 Human Resources

i. Employment of disabled persons

As a matter of policy, the Company does not discriminate against disabled persons. Full and fair consideration is given to applications for employment received from disabled persons, with due regard to their particular aptitudes and abilities. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2021, the Company had no disabled persons in its employment.

ii. Employee's development and training

The Company is committed to staff training in order to keep them abreast with new developments in the industry and this cut across all categories of staff. During the year under review, the Company utilized the professional training services of several organizations for the benefit of staff.

Report of the Directors (Cont'd)

iii. *Health, safety at work and staff welfare*

Health, safety and fire drills are regularly organized to keep employees alert at all times. The Company engages the services of health care providers towards meeting the medical needs of the employees and their immediate families at its expense.

The Company also provides adequate transportation and housing facilities for all levels of employees.

9 **Property and equipment**

Changes in property and equipment during the year under review are shown in note 15 to the financial statements. In the opinion of the directors, the market value of the Company's assets is not lower than the value shown in the financial statements.

10 **Acquisition of own shares**

The Company did not purchase its own shares during the year under review.

11 **Fines and penalties**

The Company did not pay any fines/penalties to regulators during the year (2020: Nil).

12 **Events after reporting date**

There are no other significant events after the reporting date which could have had a material effect on the financial affairs of the Company as at 31 December 2021 and on the profit or loss and other comprehensive income for the year ended on that date, which have not been adequately provided for or disclosed.

13 **Audit committee**

Mr. Balogun Shamusideen Olalekan	Chairman/Shareholder
Engr. S. A. Orji	Shareholder
Mr. Tamunoye Alazigha	Non-Executive Director
Mr. Maxwell Ebibai	Non-Executive Director
Mrs. Obafunke Alade Adeyefa*	Non-Executive Director
Mrs. Esther O. Osijo	Shareholder

***Exited the Board 20th May 2021**

14 **Auditor**

Messrs. Ernst & Young (EY) acted as the Company's independent auditor during the financial year ended 31 December 2021. The independent auditor's report was signed by Babayomi Ajijola, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000001196.

Messrs. Ernst & Young (EY) has indicated willingness to continue in office as auditor in accordance with S.401(2) of the Companies and Allied Matters Act 2020, Laws of the Federation of Nigeria.

15 **Donations**

Donations during the year ended 31 December 2021 amounted to ₦3.60million (2020: ₦30.24 million). The beneficiaries are as follows:

2021		
Description	Organization	Amount (₦)
Payment for contribution towards hosting of the 47th African Insurance Organization (AIO) conference and the annual general assembly	Nigerian Insurers Association	3,000,000
Payment for sponsorship of 2021 forum jotter for CIIN Professional forum	Chartered Insurance Institute of Nigeria	300,000
Corporate Social Responsibility to support Down Syndrome Foundation	Down Syndrome Society of Nigeria	250,000
Sponsorship of CIIN 2021 Academic Award	Chartered Insurance Institute of Nigeria	40,000
		3,590,000

By order of the Board



Company Secretary

Mr. Moses Omorogbe

FRC/2017/NBA/00000017141

17 March 2022

Corporate Governance Report

Linkage Assurance Plc (“Linkage”) is committed to implementing the best practice standards of Corporate Governance.

The Board of Linkage is mindful of its obligations under the National Insurance Commission Corporate Governance Code (NAICOM Code), the Securities & Exchange Commission Corporate Governance Code (SEC Code) as well as the Post Listing Rules & Requirements of the Nigerian Stock Exchange.

The Company’s high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all Stakeholders. The business of the Company is conducted with high level of Integrity.

The Board of Directors of Linkage Assurance Plc. has overall responsibility for ensuring the highest standards of corporate governance is maintained and adhered to by the Company. In order to promote effective governance of the Company, the following structures have been put in place for the execution of Linkage Assurance Plc’s Corporate Governance strategy:

1. Board of Directors;
2. Board Committees; and
3. Executive Management Committees

Corporate Governance Structure

The Board

The Board of Directors of Linkage, comprising of Ten (10) members is accountable to the shareholders and also responsible for the control, management and periodic review of the Company’s business strategy. The Board of Directors is also committed to ensuring that the Company adheres strictly to the regulations guiding the operations of the Insurance Industry and other financial services sector in Nigeria.

The Board of Directors performs its functions either as a full Board or through the under listed established statutory committee and Committees of the Board:

Statutory Audit Committee

The Committee is composed of 6 members as follows:

S/N	Name	Status
1	Mr. Shamusideen O. Balogun	Chairman/Shareholder
2	Engr. S. A. Orji	Shareholder
3	Mr. Tamunoye Alazigha	Non-Executive Director
4	Mrs. Obafunke Alade Adeyefa*	Non-Executive Director
5	Mr. Maxwell Ebibai*	Non-Executive Director
6	Mrs. Esther O. Osijo	Shareholder

*Left the Committee effective 20th May 2021

This Committee, which is chaired by a shareholder, has the responsibility of ensuring that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. The Committee reviews the scope & planning of audit requirements and it is also responsible for other matters reserved for the Audit Committee by the Sec 404 of Companies and Allied Matters Act (CAMA) 2020 and the Company’s Articles of Association.

Finance, Investment & General purpose Committee

The Committee is composed of 5 members as follows:

S/N	Name	Status
1	Mr. Bernard Nicolaas Griesel	Chairman
2	Mrs. Obafunke Alade Adeyefa*	Director
3	Mr. Tamunoye Alazigha	Director
4	Mr. Olakunle Agbebi	Director
5	Mrs. Imo Oyewole*	Director

*Left the Committee on 20th May 2021

This Committee reviews matters relating to the investment of the Company’s funds, management of all other assets and makes recommendation to the Board for approval. It also ensures maximum returns on investments and protection of the Company’s assets. The Committee periodically evaluates the Company’s risk policies and also provides appropriate advice and recommendations on matters relevant to risk management.

Corporate Governance Report

Enterprise Risk Management & Governance Committee

The Committee is composed of 6 members as follows:

S/N	Name	Status
1	Mr. Olakunle Agbebi	Chairman
2	Mrs. Funkazi Koroye-Crooks	Director
3	Mr. Maxwell Ebibai	Director
4	Mrs. Imo Oyewole*	Director
5	Mr. Tamunoye Alazigha	Director
6	Mr. Shehu D. Abubakar	Director

**Left the Committee on 20th May 2021*

This Committee reviews and recommends for approval to the Board, matters bordering on Board Appointments, Staff Recruitment, Staff Compensation, Welfare and Promotions. Matters relating to the strategy for growth and advancement of the Company are also the responsibility of this Committee.

Audit & Compliance Committee

The Committee is composed of 5 members as follows:

S/N	Name	Status
1	Mr. Shehu D. Abubakar	Chairman
2	Mrs. Obafunke Alade Adeyefa*	Director
3	Mr. Bernard Nicolaas Griesel	Director
4	Mrs. Imo Oyewole*	Director
5	Mrs. Funkazi Koroye-Crooks	Director

**Left the Committee on 20th May 2021*

This Committee assists the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the performance of the internal audit function, the identification, assessment, management of the Company's risks and adherence to internal risk management policies and procedures.

Executive Management Committees

These are Committees comprising senior management of the Company. They are set to ensure that all risk limits as contained in Board and regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. The Committees are risk driven as they are set up to identify, analyze, synthesize and make recommendations on risks arising from within the Company's operating environment. The Committees meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. The Committees include the Executive Management Committee, Management Investment Committee, Business Strategy Committee and the Management Enterprise Risk Committee.

Internal Audit Function

In consonance with the commitment of the Company to be a dynamic world class Company fully accountable to the Board of Directors and shareholders, the Internal Audit Unit has been further strengthened with the recruitment of additional staff to broaden its scope and thus enhance the control and oversight service rendered at Management level.

The Internal Audit is a Control Unit established within the Management to independently examine and evaluate the activities of the Company. The Company's Internal Audit Unit reports to the Audit Committee.

Shareholders' Relationship

The Company is accountable and committed to the shareholders and uses various fora to advise shareholders on the performance of the Company. This includes annual report and accounts, access to the Company Secretary by shareholders for all enquiries and free interactions with the members of the Board during Annual General Meetings.

Corporate Governance Report

Company Secretary

All stakeholders have access to the services of the Company Secretary. The Company Secretary is responsible for facilitating the induction and professional development of Board Members as well as ensuring information flow within the Board, its Committees and Management of the Company. Attendance at the Board and committee meetings during the year ended 31 December 2021 is as follows:

Key:

N/A Not Applicable as the individual is no longer a member of the Board.

X Absent at meetings

S/N	Names of Directors	19-Feb-21	9 Mar	24-Apr-21	8 Aug	9-Dec-21
1	Chief Joshua Bernard Fumudoh	1	1	1	1	1
2	Mr. Tamunoye Zifere Alazigha	1	1	1	1	1
3	Mrs. Imo Oyewole	1	1	1	N/A	N/A
4	Mr. Olakunle Agbebi	1	1	1	1	1
5	Mr Okanlawon Adelagun	1	1	1	1	1
6	Mrs. Obafunke Alade-Adeyefa	1	1	1	N/A	N/A
7	Mr. Bernard Nicolaas Griesel	1	1	1	1	1
8	Mr. Daniel Braie	1	1	1	1	1
9	Mrs. Funkazi Koroye-Crooks	1	1	1	1	1
10	Mr. Maxwell Ebibai	1	1	1	X	1
11	Mr. Abubakar Shehu Dahiru	X	1	1	1	1

Attendance at The Finance, Investment & Strategy Committee Meetings held during the year ended 31 December 2021

S/N	Names of Directors	18-Feb-21	23-Apr-21	28-Jul-21	8-Dec-21
1	Mr. Bernard Nicolaas Griesel	1	1	1	1
2	Mrs. Obafunke Alade Adeyefa	1	1	N/A	N/A
3	Mr. Tamunoye Alazigha	1	1	1	1
4	Mr. Olakunle Agbebi	1	1	1	1
5	Mrs. Imo Oyewole	1	1	1	1

Attendance at the Statutory Audit Committee Meetings held during the year ended 31 December 2021

S/N	Members	19 Feb	22 Apr	27 Jul	7-Dec-21
1	Mr. Shamusideen O. Balogun	1	1	1	1
2	Engr. S. A. Orji	1	1	1	1
3	Mr. Tamunoye Alazigha	1	1	1	1
4	Mrs. Obafunke Alade Adeyefa	1	1	N/A	N/A
5	Mrs. Esther O. Osijo	1	1	1	1
6	Mr. Maxwell Ebibai	1	N/A	N/A	N/A

Attendance at the ERM & Governance Committee Meetings held during the year ended 31 December 2021

S/N	Names of Directors	17 Feb	23 Apr	28 Jul	12 Aug	8-Dec-21
1	Mr. Olakunle Agbebi	1	1	1	1	1
2	Mrs. Funkazi Koroye-Crooks	1	1	1	1	1
3	Mr. Maxwell Ebibai	X	1	1	1	1
4	Mrs. Imo Oyewole	1	1	1	1	1
5	Mr. Tamunoye Alazigha	1	1	1	1	1
6	Mr. Shehu D. Abubakar	1	1	1	1	1

Attendance at the Board Audit & Compliance Committee Meetings held during the year 31 December 2021

S/N	Names of Directors	18 Feb	9 Mar	22 Apr	27 Jul	7-Dec-21
1	Mr. Shehu D. Abubakar	X	1	1	1	1
2	Mrs. Obafunke Alade Adeyefa	1	1	1	N/A	N/A
3	Mr. Bernard Nicolaas Griesel	1	1	1	1	1
4	Mrs. Imo Oyewole	1	1	1	N/A	N/A
5	Mrs. Funkazi Koroye-Crooks	1	1	1	1	1

Report of the Statutory Audit Committee to the members of Linkage Assurance Plc

In compliance with the Provisions of Section 404(4) of the Companies and Allied Matters Act (CAMA) 2020, we the members of the Audit Committee of Linkage Assurance Plc received the Audited Financial Statements for the year ended 31 December 2021 together with the Management Letter from the external auditors and management responses thereto at a duly convened meeting of the committee and hereby report as follows:

We confirm that;

- 1 We have received the scope and planning of the audit for the year ended 31 December 2021;
- 2 We reviewed the external auditor's Management Letter together with management responses; and
- 3 We ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2021 are in accordance with legal requirement and agreed with ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31 December 2021 were adequate and management responses to the auditor's findings were satisfactory.

We confirm that the internal control system was consistently and effectively monitored through effective internal audit.

The external auditors confirm that they received full cooperation from the management during the course of the statutory audit. The Committee therefore recommends that the audited financial statements for the year ended 31 December 2021 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.



Mr. Shamusideen O. Balogun
FRC/2015/NIM/00000013086
Chairman, Audit Committee
17 March 2022

Members of the Committee

Name	Status
1 Mr. Shamusideen O. Balogun	Chairman/Shareholder
2. Engr. S. A. Orji	Shareholder
3. Mrs. Esther O. Osijo	Shareholder
4. Mr. Tamunoye Alazigha	Non-Executive Director
5. Mrs. Obafunke Alade Adeyefa*	Non-Executive Director
6. Mr. Maxwell Ebibai*	Non-Executive Director

**Left the Committee on 20th May 2021*

Enterprise Risk Management Declaration Statement

In accordance with the requirements of Section 2.10 of NAICOM's guidelines for developing risk management framework of 2012, the Board of Directors of Linkage Assurance Plc. hereby declares that, to the best of its knowledge and belief, and having made appropriate enquiries:

- a) the Company has systems in place for the purpose of ensuring compliance with the guideline;
- b) the Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Company;
- c) the Company has in place a risk management strategy, developed in accordance with the requirements of this guideline, setting out its approach to risk management; and
- d) the systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Company's operations.



Chief Joshua B. Fumudoh
Chairman
FRC/2018/IODN/00000017911
17 March 2022



Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082
17 March 2022

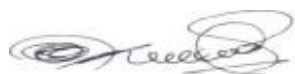
Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Chief Joshua B. Fumudoh

Chairman

FRC/2018/ODN/00000017911

17 March 2022



Mr. Daniel Braie

Managing Director/CEO

FRC/2018/CHN/00000018082

17 March 2022

**Statement of Corporate Responsibility to the Financial Statements
for the Period ended 31 December 2021**

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA) 2020, we, the Managing Director and Chief Financial Officer, hereby certify the financial statements of Linkage Assurance Plc for the year ended 31 December 2021 as follows:

- (i) We have reviewed the report and to the best of our knowledge, the report does not contain:
- any untrue statement of a material fact, or
 - omission to state a material fact, which would make the financial statements misleading in the light of circumstances under which such statements were made;
 - to the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.
- (ii) We:
- are responsible for establishing and maintaining internal controls.
 - have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (iii) We have disclosed to the auditors of the Company and audit committee:
- all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082
17 March 2022



Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524
17 March 2022

Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended 31 December 2021 that:

- (i) We have reviewed the report and to the best of our knowledge, the report does not contain:
- any untrue statement of a material fact, or
 - omission to state a material fact, which would make the financial statements misleading in the light of circumstances under which such statements were made;
 - to the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.
- (ii) We:
- are responsible for establishing and maintaining internal controls.
 - have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (iii) We have disclosed to the auditors of the Company and audit committee:
- all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082
17 March 2022



Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524
17 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Linkage Assurance Plc ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act 2020, the Insurance Act 2003, and relevant circulars issued by the National Insurance Commission of Nigeria ("NAICOM") and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year ended. 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 the 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

TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued

Key audit matters - continued

Key audit matters	How our audit addressed the matter
<p>Actuarial valuation of insurance contract liabilities</p> <p>The Company has material insurance contract liabilities (outstanding claims) of ₦8.87 billion (2020: ₦3.67billion) representing 65% (2020: 49%) of the Company's total liabilities. Actuarial valuation of these insurance contract liabilities is an area that involves significant judgment over uncertain future outcomes and therefore was an area of significance to our audit.</p> <p>At each reporting date, the Company reviews its unexpired risk, and a liability adequacy test is performed. Provision for reported claims is based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liabilities for claims that have occurred but are yet to be reported involve judgment and economic assumptions.</p> <p>Consistent with the insurance industry practice and regulatory guideline, the Company engaged an independent actuary to test the adequacy of the valuation of insurance contract liabilities 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.</p> <p>Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behaviour and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions and small changes in a number of these key assumptions could have a material impact on the calculation of the liabilities.</p> <p>Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in Notes 17.1, 4.22 and 6.2 respectively to the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ We reviewed and documented management's process for estimating non-life policy claims. ▪ We assessed the design of internal controls over the integrity of underwriting and claims data in the system as well as over the reserving and claims processes. ▪ We performed file reviews of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates. ▪ We tested subsequent year claim payments to confirm the reasonableness of the initial loss estimates. <p>With the assistance of our in-house actuarial specialists, we performed the following audit procedures on the Company's actuarial reports:</p> <ul style="list-style-type: none"> ▪ We considered the appropriateness of the economic assumptions used in the valuation of the insurance contracts with reference to the Company's and industry's data and expectations of investment returns, and expense developments. ▪ We considered the appropriateness of the non-economic assumptions used in the valuation of the insurance contracts by reference to Company-specific and industry data. ▪ We assessed the competence and objectivity of the Company's independent actuary, confirming they are qualified and affiliated with the appropriate industry bodies. <p>We reviewed the qualitative and quantitative disclosures for appropriateness and reasonableness to ensure conformity with required guidelines of National Insurance Commission (NAICOM).</p>

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued

Key audit matters - continued

Key audit matters	How our audit addressed the matter
<p>Valuation of investment in an unquoted equity instrument</p> <p>The Company has a material investment of ₦17.6 billion (2020: ₦14.20billion) in an unquoted equity instrument classified as available for sale and measured at fair value through other comprehensive income.</p> <p>The fair value of the investment is estimated using the Discounted Cash-Flows (DCF) method which requires significant estimates and assumptions including a financial forecast of the investee, growth rates, and discount factors. The significant judgment involved and uncertainty in relation to estimation of future cash flows and other assumptions make this an area of significance to our audit.</p> <p>Investment in unquoted equity instruments (including significant assumptions and judgments) and related accounting policies are disclosed in Notes 8.2, and 4.21 respectively to the financial statements.</p>	<p>With the assistance of our in-house valuation specialists, we performed the following audit procedures:</p> <ul style="list-style-type: none"> ▪ We evaluated the appropriateness of the valuation methodology employed by the external expert and assessed the reasonableness of underlying assumptions used in determining the fair value of the investment in an unquoted equity instrument. ▪ We assessed the competence, capabilities, and objectivity of the external expert engaged by the directors. We also verified and assessed the expert's qualifications and experience. We discussed the scope of work and confirmed that no scope limitations were imposed upon the expert by the directors. ▪ We reviewed the qualitative and quantitative disclosures for appropriateness and reasonableness to ensure conformity with disclosure requirements of relevant accounting standards.

Other matter

The financial statements of Linkage Assurance Plc for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those financial statements on 12 March 2021.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Linkage Assurance Plc Annual Report for the year ended 31 December 2021", which includes the Corporate Information, the Financial Highlights, the Directors' Report, Report of the Statutory Audit Committee, Enterprise Risk Management Declaration Statement, Statement of Directors' responsibilities, Certification of Financial Statements, and Other National Disclosures as required by the Companies and Allied Matter Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011, and the Corporate Governance report as required by NAICOM and the Nigerian Securities and Exchange Commission, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LINKAGE ASSURANCE OF NIGERIA PLC - Continued

Other information - continued

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act 2020, the Insurance Act 2003, and relevant circulars issued by the National Insurance Commission of Nigeria ("NAICOM") and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LINKAGE ASSURANCE PLC - Continued

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

- ▶ 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the 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 the 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; and
- iv. In our opinion, the financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company.

Penalty

The Company did not pay any penalties in respect of contraventions during the year ended 31 December 2021.



Babayomi Ajijola
FRC/2013/ICAN/00000001196
For: Ernst & Young
Lagos, Nigeria



Date: 21 March 2022

Notes to the financial statements

1 Corporate Information

1.1 Reporting entity

Linkage Assurance Plc. (“LINKAGE” or “the Company”) was incorporated in Nigeria on 26th of March 1991 as a private limited liability company domiciled in Nigeria. It was registered by the National Insurance Commission on the 7th of October 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a public limited liability company in 2003 and the Company’s shares, which were quoted on the Nigerian Stock Exchange were first listed on 18 November 2003. The registered office of the Company is Plot 20 Block 94 Lekki Epe Express way, Lekki, Lagos, Nigeria.

The Company’s high standard in corporate policies and governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all stakeholders. The business of the Company is conducted with high level of integrity.

1.2. Principal activities

The Company was registered to transact all classes of life and non-life insurance business, insurance claims payment and investments. Subsequently it disposed its life business in February 2007 and concentrated on the non-life insurance business.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements of Linkage Assurance Plc. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars.

The financial statements were authorized for issue by the Company's board of directors on 9 March 2021. Details of the Company's accounting policies are included in Note 4.

2.2 Going concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The Directors believe that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio.

2.3 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the following:

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) Available-for-sale financial assets are measured at fair value;
- (iii) Land and buildings are carried at fair value;
- (iv) Investment properties are measured at fair value;
- (v) Insurance contract liabilities at present value and
- (vi) Defined benefit obligation measured at present value.

Notes to the financial statements-continued

2 Basis of Preparation-continued

2.4 Use of judgments and estimates

In preparation of these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(a) Judgments

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

(b) Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant risk of resulting in material adjustment on the amounts recognized in the financial statements are included in the following notes to the financial statements:

- (i) Note 13 - determining the fair value of investment properties on the basis of significant unobservable inputs.
- (ii) Note 6.2 and 17 - valuation of insurance contract liabilities: key actuarial assumptions.
- (iii) Note 22 - measurement of defined benefits obligations; key actuarial assumptions.
- (iv) Note 8.2 - determining the fair value of unquoted equity instruments on the basis of significant unobservable inputs.

2.5 Functional and presentation Currency

The financial statements are presented in Nigerian Naira (₦) and amounts presented / disclosed are rounded to the nearest thousands unless otherwise stated. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company is incorporated in Nigeria and has adopted Naira as its functional currency.

3 Changes in accounting policies

The Company has consistently applied the accounting policies set out in Note 4.1 to 4.28 to all periods presented in these financial statements. A number of other new standards are effective from 1 January 2021 but do not have a material effect on the Company's financial statements.

Notes to the financial statements-continued

4 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

4.2 Financial instruments

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment and strategic planning purposes. All financial instruments are initially recognized at fair value plus (or minus) directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognized immediately in profit or loss. Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

4.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

Management determines the appropriate classification of its investments at initial recognition and the classification depends on the purpose for which the investments were acquired or originated. The Company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and subsequent changes in fair value, including any interest or dividend income, are recognized in profit or loss.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than of an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale financial instruments are securities that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in market conditions.

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized or impaired, the gain or loss accumulated in equity is reclassified to profit or loss.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.2 Financial instruments-continued

4.2.2 Non-derivative financial liabilities –Measurement

Other non-derivative financial liabilities 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.

4.2.3 Impairment of non derivative financial assets

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

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security because of financial difficulties, adverse changes in the status of borrowers or issuers, or observable data indicating that there is a measurable decrease in the expected cashflow from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its costs. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged. The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both specific and collective level. Those not to be specifically impaired are collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

An impairment loss on available-for-sale (AFS) financial assets is recognized by reclassifying the gains and losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value less any impairment loss previously recognized in profit or loss. If the fair value of an impaired AFS debt security subsequently increased and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

4.2.4 De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.2 Financial instruments-continued

4.2.5 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (at FVTPL) or 'other financial liabilities'. Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, insurance payables and investment contracts. The Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities which includes creditors arising out of reinsurance arrangements, direct insurance arrangement and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition

The Company de-recognizes financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. 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 the profit or loss.

4.2.6 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.

4.3 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurements of fair values for both the financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

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

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.4 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognized at fair value, which is the premium received and then amortized over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of (i) the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15. Financial guarantees are included within other liabilities.

4.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.

Trade receivables are classified as loans and receivables.

The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognized as impairment loss in profit or loss.

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

4.6 Reinsurance

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 comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. In the course of ceding out business to reinsurers, the Company incurs expenses. This is recognized as reinsurance expense in the statement of profit or loss.

4.7 Deferred acquisition costs and revenue

The incremental costs directly attributable to the acquisition of new business are deferred by recognizing an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured the reinsurers' share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

Deferred Acquisition Revenue

The Company recognizes commissions receivable on outwards reinsurance contracts as a deferred income and amortized over the average term of the expected premiums payable.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.8 Investment properties - continued

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year/period in which they arise.

Investment properties are de-recognized 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. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year/period of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. When the use of property changes from owner-occupied to investment property the property is re-measured to fair value and reclassified accordingly. Any gain arising from this re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss recognized in profit or loss.

4.9 Intangible assets

The intangible assets include computer software acquired for use in the Company's operation.

Software acquired by the Company is stated at cost less accumulated amortization and accumulated impairment losses (where this exists). Acquired intangible assets are recognized at cost on acquisition date. Subsequent to initial recognition, these assets are carried at cost less accumulated amortization and impairment losses in value, where appropriate.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the economic benefits embodied in the asset. The assets are usually amortized over their useful life most which do not exceed 4 years. Amortization methods are reviewed at each financial year/period-end and adjusted if appropriate.

Intangible assets are derecognized at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The differences between the carrying amounts at the date of derecognition and any disposal proceeds as applicable, is recognized in profit or loss.

There was no internally developed software at the date of reporting.

4.10 Property and equipment

Recognition and measurement

All categories of property and equipment are initially recorded at cost. Items of property and equipment except land and buildings are subsequently measured at revalued amount less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of equipment.

Land are stated at revalued amount while buildings are subsequently stated at revalued amount less depreciation and impairment losses. All other property and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are revalued every three (3) years. Increase in the carrying amount of land and buildings arising from revaluation are credited to revaluation reserve in other comprehensive income.

Decreases that offset previous increases in land and buildings arising from revaluation are charged against the revaluation reserve while other decreases, if any, are charged to profit or loss.

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.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.10 Property and equipment-continued

Depreciation

Depreciation is provided on a straight line basis so as to allocate the cost/re-valued amounts less their residual values over the estimated useful lives of the classes of assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The estimated useful lives of the property and equipment for the current and comparative periods are as follows:

Land	Nil
Buildings	50 years
Buildings work in progress	Nil
Computer hardware and office equipment	4 years
Furniture and fittings	4 years
Motor vehicles	4 years

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

Land is not depreciated.

De-recognition

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

4.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

A cash-generating unit is the smallest identifiable asset group that generates cash flows, which are largely independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognized in profit or loss. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.12 Statutory deposit

The Company maintains a statutory deposit with the Central Bank of Nigeria (CBN) which represents 10% of the minimum capitalization in compliance with the Insurance Act. This balance is not available for the day-to-day operations of the Company and is measured at cost.

4.13 Insurance contract liabilities

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 (IBNR) at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for the same type of policies.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.13 Insurance contract liabilities-continued

The ultimate cost of outstanding claims is estimated by using one of the ranges of standard actuarial claims projection techniques – Discounted Inflation Adjusted Chain Ladder method.

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

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortization of unearned premium on a basis other than time apportionment.

4.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.14 Leases-continued

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in other liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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.

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.

4.16 Employee benefits

(i) Short-term benefits

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

(ii) Post-employment benefits

Defined contribution plans

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The contribution of the employee and employer is 8% and 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Company's obligations for contributions to the plan are recognized as an expense in profit or loss when they are due. Prepaid contributions are recognized as asset to the extent that a cash refund or reduction in future payments is available.

4.16 Employee benefits

Defined benefit plan

The Company commenced the operation of a staff sinking fund scheme upon obtaining Board of directors' approval in May 2014. This Sinking Fund is non-contributory defined employee exit benefit plan under which the Company alone makes fixed contributions into a separate entity and the fund can only be accessed by staff members at the point they are exiting the Company for reasons other than dismissal.

The amount payable to exiting staff is dependent on years of service and compensation as at date of exit. This value of this benefit is actuarially determined at each reporting date by an independent actuary using the projected unit credit method.

When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of the economic benefits available in the form of any future refund from the plan or reductions in the future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized in OCI.

The Company determines the net interest expense (income) on the defined benefits liability (asset) for the period by applying a discount rate used to measure the defined benefits liability (asset) taking into account any changes in the defined benefit liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan are recognized in the profit or loss.

(iii) 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 comm.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes cost for a restructuring. If benefits are not expected to be settled within 12 months of the reporting date then they are discounted.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.17 Taxation

Company Income Tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax

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. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium.

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.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity 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. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for:

- * temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting not taxable profit or loss;
- * taxable temporary differences arising on the initial recognition of goodwill; and
- * temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.17 Taxation-continued

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be used. Future taxable profit are determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. 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 the future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.18 Other receivables and prepayments

Other receivables include cash advance, sundry receivables, withholding tax recoverable, etc. Other receivables are carried at amortized cost using the effective interest rate less accumulated impairment losses.

Prepayments include amounts paid in advance by the Company on rent, staff benefits, vehicle repairs etc. Expenses paid in advance are amortized on a straight line basis to the profit and loss account.

4.19 Share capital and reserves

a. *Share capital*

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

Share premium

The Company classifies share premium as equity when there is no obligation to transfer cash or other assets.

b. *Dividend*

Dividend 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/period that are approved after the reporting date are disclosed as an event after reporting date and as note within the financial statements.

c. *Contingency reserves*

Contingency reserve is calculated at the higher of 3% of gross premium and 20% of net profits. This amount is expected to be accumulated until it amounts to the higher of minimum paid-up capital for a non-life (general) insurance company or 50% of gross premium in accordance with section 21(2) of the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

d. *Asset revaluation reserve*

Subsequent to initial recognition, an item of property, plant and equipment and intangible asset carried using cost model, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognized in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognized as an expense, in which case it is recognized in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognized in profit or loss.

e. *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments. Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

f. *Re-measurement reserve*

The re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.20 Contingent liabilities and assets

Possible obligations of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company and present obligations of the Company where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognized in the Company statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company, are not recognized in the Company's statement of financial position but are disclosed in the notes to the financial statement where an inflow of economic benefits is probable.

4.21 Foreign currency translation

The financial statements are presented in Nigerian naira (N), which is the functional and presentation currency, and rounded down to the nearest thousand (000) unless otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange operating gains or losses resulting from the settlement of such transactions and from translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'investment & other income'. All other foreign exchange gains and losses are presented in the income statement within 'investment and other income' or 'other operating and administrative expenses'.

4.22 Insurance contracts

(a) 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 only issues contracts that transfer insurance risks.

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.

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

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

For all these contracts, premiums are recognized as revenue 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.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.22 Insurance contracts - continued

(b) Recognition and measurement of insurance contracts

Premium income is recognized on assumption of risks.

(i) Premiums

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

(ii) Unearned premium provision

The provision for unearned premiums (unexpired risk) 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 years, computed separately for each insurance contract using a time proportionate basis.

(iii) Gross premium earned

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

(iv) Claims payable

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and incurred but not yet reported (IBNR) claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years/periods.

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

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. Outstanding claims computed are subject to liability adequacy tests to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized.

(v) Commissions and deferred acquisition costs

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable is deferred and 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.

(vi) Liability adequacy test

At the end of reporting date, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses and investment income backing such liabilities are considered. Any deficiency is charged to Statement of comprehensive income by increasing the carrying amount of the related insurance liabilities.

(vii) 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 receivables and prepayments 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.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.23 Revenue

Revenue comprises insurance premium derived from the provision of risk underwriting services; and interest and dividend income earned on investment securities held by the Company.

Revenue recognition

Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under 4.22.(b)(i)

Commission earned

The revenue recognition policy on commission is disclosed in 4.22.(b)(v)

Investment income

Interest income for interest bearing financial instruments, are recognized within 'investment & other income' in the income statement using the effective interest method. The effective interest rate is the rate that exactly discount 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 and is not revised subsequently. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

Other operating income

Other operating income comprises income from realized profits on sale of securities, realized foreign exchange gains/(losses), rental income and other sundry income recognized when earned.

Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Rental income from investment property is recognized as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

4.24 Net claims expenses

Net claims expenses comprise claims incurred and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims net of recoveries/recoverable from reinsurers.

(a) Claims

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders and/or beneficiaries. They included direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Company.

4.24 Net claims expenses-continued

The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors. No provision has been made for possible claims under contracts that are not in existence at the end of the reporting period.

(b) Reinsurance claims

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

4.25 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition cost comprise all direct and indirect costs arising from the writing of insurance contracts. Examples include, but are not limited to, commission expense, superintendent fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contracts. These are charged in the income statement.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.26 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

4.26 Operating expense

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

4.27 Operating segments

IFRS 8 Operating segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (in the case of the Company, the Chief Executive) to allocate resources to the segments and to assess their performance.

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, accident, motor vehicle, engineering, oil and gas and others. The other segment relates to marine and aviation business class revenue which do not meet the quantitative threshold. (Refer to note 5).

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

4.28 Earnings per share

The Company presents earnings per share for its ordinary shares. The basic earnings per share (EPS) are calculated by dividing the net profit attributable to shareholders' by the weighted average number of ordinary shares in issue during the year. 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.

4.29 New standards, interpretations and amendments to existing standards

(a) Effective standards not yet adopted by the Company

There are new or revised Accounting Standards and Interpretations in issue that are effective but not yet adopted by the Company. This include the following Standards and Interpretations that are applicable to the business of the entity and may have an impact on future financial statements:

(i) IFRS 9 Financial Instruments

IFRS 9 became effective for financial year commencing on or after 1 January 2018 but the standard has not been adopted in preparing these financial statements as the Company elected to adopt the deferral approach available to insurance companies.

IFRS 9 is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortized cost, fair value through OCI and fair value through profit or loss.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.29 New standards, interpretations and amendments to existing standards

(i) IFRS 9 Financial Instruments - continued

Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

Classification and measurement

The standard uses one primary approach to determine whether to measure a financial asset at amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) as against the IAS 39 classifications of FVTPL, Available-for-Sale (AFS) financial assets, Loans and Receivables and Held-to-Maturity (HTM) investments. The Company's business model is the determining factor for classifying its financial assets. Financial assets are measured at amortized cost if the business objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest (SPPI). Financial assets are measured at fair value through OCI if the business's objective is to collect contractual cash flows as well as cash flows from selling the asset.

The final category of financial assets are those assets where the business model is neither to hold for solely to collect the contractual cashflows nor selling to collect the cashflows and therefore classified as at fair value through profit or loss. These are financial assets that are held with the objective of trade and to realize fair value changes. The Company can also designate some of its financial assets at fair value through profit or loss if this helps to eliminate an accounting mismatch.

The table below provides the expected changes in classification on adoption of IFRS 9:

Financial Assets 31 December 2021	IAS 39 Classification	IFRS 9 Classification	Carrying Amount 31 December 2021
Cash and cash equivalents	Loans and receivables	Amortized cost	3,476,697
Financial assets at fair value through profit or Available-for-sale financial assets:	FVTPL	FVTPL	5,050,881
Quoted equities	AFS	FVOCI	-
Unquoted equities	AFS	FVOCI	17,628,000
Unquoted equities- at cost	AFS	FVOCI	64,029
Loans and receivables	Loans and receivables	Amortized cost	141,658
Held-to-Maturity investments	Loans and receivables	Amortized cost	3,690,194
Trade receivables	Loans and receivables	Amortized cost	81,468
Other receivables (less prepayments and other assets)	Loans and receivables	Amortized cost	129,090
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortized cost	3,006,069

Financial Assets 31 December 2020	IAS 39 Classification	IFRS 9 Classification	Carrying Amount 31 December 2020
Cash and cash equivalents	Loans and receivables	Amortized cost	3,592,711
Financial assets at fair value through profit or loss	FVTPL	FVTPL	8,655,489
Available-for-sale financial assets:			
Quoted equities	AFS	FVOCI	-
Unquoted equities	AFS	FVOCI	14,243,000
Unquoted equities- at cost	AFS	FVOCI	64,029
Loans and receivables	Loans and receivables	Amortized cost	76,671
Held-to-Maturity investments	Loans and receivables	Amortized cost	1,509,466
Trade receivables	Loans and receivables	Amortized cost	63,974
Other receivables (less prepayments and other assets)	Loans and receivables	Amortized cost	172,611
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortized cost	1,239,009

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.29 New standards, interpretations and amendments to existing standards-continued

Impairment

IFRS 9 also requires that credit losses expected at the balance sheet date (rather than those incurred as at year-end) are reflected at the date of reporting on all financial assets. This approach is an expected credit loss (ECL) model as opposed to the incurred credit loss model under IAS 39. This approach does not require a credit loss event to have occurred before the recognition of the loss at the reporting date. The amount of the expected credit losses is expected to be updated at each reporting date to reflect changes in credit risks since initial recognition. ECL is determined by multiplying the Exposure At Default (EAD) by the Probability of Default (PD) and the Loss Given Default (LGD).

The Company do not currently have an Expected Credit Loss (ECL) model for financial assets; hence the potential impact of the ECL impairment on profit or loss and equity has not been estimated.

Amendments to IFRS 4 Applying IFRS 9 financial instruments with IFRS 4 insurance contracts

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forth-coming new insurance contracts standard, IFRS 17. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 (i.e. the deferral approach) for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The effective date is 1 January 2018 or when the entity first applies IFRS 9. IFRS 4 (including the amendments) will be superseded by the forth-coming new insurance contracts standard, IFRS 17. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective.

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

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

The optional solutions are:

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

- (a) the amount of its insurance liabilities is significant compared with its total amount of liabilities; and
- (b) the percentage of its liabilities connected with insurance relative to its total amount of liabilities is:

- (i) greater than 90 percent; or
- (ii) less than or equal to 90 percent but greater than 80 percent, and the Company does not engage in a significant activity unconnected with insurance.

Liabilities connected with insurance include investment contracts measured at FVTPL, and liabilities that arise because the insurer issues, or fulfils obligations arising from, these contracts (such as deferred tax liabilities arising on its insurance contracts).

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

With respect to IFRS 9 above, the Company is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Company and the activities of the Company are predominantly connected with insurance.

Notes to the financial statements-continued

4 Significant accounting policies -continued

4.29 New standards, interpretations and amendments to existing standards-continued

To determine if the Company's activities are predominantly connected with insurance, the Company has assessed the ratio of the Company's liabilities connected with insurance - including investment contracts liabilities - compared with its total liabilities as at 31 December 2015. See the assessment below:

LIABILITIES	AS REPORTED (A) 31-Dec-15	Admissible for Predominance Test (B) 31-Dec-15
Insurance contract liabilities	2,276,752	2,276,752
Trade payables	229,316	229,316
Provision and other payables	327,273	-
Retirement benefit obligations	84,225	-
Income tax liabilities	147,355	147,355
Deferred tax liabilities	117,921	-
	3,182,842	2,653,423
	Score = (B/A)%	83.37%

The Company has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following:

- a) Its activities are predominantly connected with insurance contracts;
- b) As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was ₦2.65 billion which was 83.37% of the total carrying amount of all its liabilities as at that date.
- c) The Company's activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Company earns income and incur expenses are insurance-related.

Based on the above, the Company will apply IFRS 9 together with IFRS 17 in 2023.

Fair value disclosures

- i) Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI)

The Company's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:

- a) Cash and cash equivalents
- b) Available-for-sale financial assets (Bonds)
- c) Loans and receivables
- d) Held-to-Maturity financial assets
- e) Trade receivables
- f) Reinsurance assets (less prepaid reinsurance and reinsurers' share of outstanding claims and IBNR)
- g) Other receivables (only financial receivables)

- ii) Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest.

These are financial assets that meet the definition of financial assets designated at fair value through profit or loss in line with IFRS 9; or that are managed and whose performance is evaluated on a fair value basis. These are:

- a) Financial assets measured through profit and loss
- b) Equity securities and Investment funds

The expected fair value changes from the adoption of IFRS 9 are disclosed below:

Notes to the financial statements-continued

4 Significant accounting policies -continued

Fair value disclosures

As at 31 December 2021	Financial assets that meet the SPPI		All other financial assets	
Category	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
<i>In thousands of Naira</i>				
Cash and cash equivalents*	3,476,697	-	-	-
Debt securities*				
Held-to-maturity*	3,690,194	-	-	-
Loans and receivables*	141,658	-	-	-
Trade and other receivables*	210,558	-	-	-
Statutory deposits*	500,000	-	-	-
Subtotal	8,019,107	-	-	-
Equity securities - FVOCI	-	-	18,701,618	3,397,853
Financial instruments - FVTPL	-	-	5,050,881	(1,268,490)
Total	8,019,107	-	23,752,499	2,129,363

* The fair values of these financial assets approximate their cost.

(b) Standards issued but not yet effective

(i) Insurance contracts (IFRS 17) - Effective for financial year commencing 1 January 2023

IFRS 17 replaced IFRS 4 *Insurance Contracts*

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

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

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

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.

(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.

This standard is not applicable to the Company.

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

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Notes to the financial statements-continued

4 Significant accounting policies -continued

(b) Standards issued but not yet effective - continued

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

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

The Company will apply this amendment when it becomes effective on 1 January 2023.

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

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition 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 costs of producing those items, in profit or loss.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

Notes to the financial statements-continued

4 Significant accounting policies -continued

(b) Standards issued but not yet effective

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

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

(vii) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The Company will apply this amendment when it becomes effective on 1 January 2023.

(viii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

(ix) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The IASB proposed amendments to IAS 12 that would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.

The Board expects that applying the proposed amendments would increase comparability between entities and would result in useful information for users of financial statements. This is because it would align the accounting for the tax effects of particular transactions with the general principle in IAS 12 of recognising deferred tax for all temporary differences.

These amendments will currently have no impact on the financial statements of the Company.

(c) Annual Improvements 2018-2020 cycle (issued in May 2020)

(i) IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

Notes to the financial statements-continued

4 Significant accounting policies -continued

(c) Annual Improvements 2018-2020 cycle (issued in May 2020)

(ii) IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments will currently have no impact on the financial statements of the Company.

(iii) IAS 41 Agriculture - Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2021**

<i>In thousands of Naira</i>	Note	31 Dec 2021	31 Dec 2020
Gross premium written	31	11,161,499	8,331,841
Changes in unearned premium	32	(707,091)	(378,851)
Gross premium income	32	10,454,408	7,952,990
Reinsurance expenses	33	(5,025,865)	(3,502,588)
Net premium income		5,428,543	4,450,402
Fees and commission income	34	834,229	625,656
Net underwriting income		6,262,772	5,076,058
Net claims expenses	35	(5,033,251)	(1,367,934)
Underwriting expenses	36	(3,813,709)	(2,882,535)
Underwriting (loss)/profit		(2,584,189)	825,589
Investment income	37	2,293,357	2,011,815
Impairment loss decrease/(increase) on financial assets	38	35,788	(84,895)
Net fair value (loss)/gains on financial assets at fair value through profit or loss	39	(1,268,490)	1,819,593
Other operating income	40	304,062	64,039
Fair value changes on investment property	37	7,500	-
Fair value changes on property and equipment	41	-	(10,240)
Management expenses	42	(2,666,942)	(2,089,832)
(Loss)/profit before taxation		(3,878,914)	2,536,069
Income tax expense	23.1	(111,724)	(141,057)
(Loss)/profit after taxation		(3,990,638)	2,395,012
Other comprehensive income net of tax			
Items that will be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets	43	3,397,853	869,259
		3,397,853	869,259
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	30.2	(8,204)	(5,187)
Revaluation gain on property and equipment	29	-	76,690
Other comprehensive income, net of taxes		3,389,649	940,762
Total comprehensive (loss)/income for the year		(600,989)	3,335,774
Basic and diluted (losses)/earnings per share (kobo)	44	(28.5)	17.1

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

**Statement of financial position
As at 31 December 2021**

In thousands of Naira

	Note	31 Dec 2021	31 Dec 2020
Assets			
Cash and cash equivalents	7	3,476,697	3,592,711
Investment securities	8	27,584,351	25,144,141
Trade receivables	9	81,468	63,974
Reinsurance assets	10	4,639,643	2,445,920
Deferred acquisition cost	11	432,828	328,812
Other receivables and prepayments	12	333,655	501,131
Investment properties	13	157,500	150,000
Intangible assets	14	36,866	1,199
Property and equipment	15	1,467,178	1,349,516
Statutory deposit	16	500,000	300,000
Total assets		38,710,185	33,877,404
Liabilities			
Insurance contract liabilities	17	11,635,256	5,728,661
Trade payables	19	765,141	704,169
Other payables	20	1,053,785	922,984
Lease liabilities	21	-	219
Defined benefit obligations	22	89,659	62,981
Current tax liabilities	23	60,257	82,565
Total liabilities		13,604,099	7,501,579
Equity			
Share capital	25.1	7,000,000	5,000,000
Share premium	26	560,294	729,044
Contingency reserve	27	2,882,618	2,547,773
Retained earnings	28	(3,517,299)	3,308,185
Assets revaluation reserve	29	828,773	828,773
Re-measurement reserve	30.2	5,040	13,244
Fair value reserve	30.1	17,346,660	13,948,807
Total equity		25,106,086	26,375,825
Total liabilities and equity		38,710,185	33,877,404

The financial statements were approved on 17 March 2022 and signed on behalf of the Board of Directors by:



Chief Joshua B. Fumudoh
Chairman
FRC/2018/IODN/00000017911



Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082



Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524

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

**Statement of changes in equity
for the year ended 31 December 2021**

<i>In thousands of naira</i>		Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Accumulated losses	Total
At 1 January 2021		5,000,000	729,044	2,547,773	828,773	13,244	13,948,807	3,308,184	26,375,825
Comprehensive income									
Loss for the year		-	-	-	-	-	-	(3,990,638)	(3,990,638)
Other comprehensive income:									
Remeasurement of defined benefit obligation	30.2	-	-	-	-	(8,204)	-	-	(8,204)
Net fair value changes on AFS financial assets		-	-	-	-	-	3,397,853	-	3,397,853
Total comprehensive income		-	-	-	-	(8,204)	3,397,853	(3,990,638)	(600,990)
Transfer from share premium		-	(168,750)	-	-	-	-	-	(168,750)
Transfer to contingency reserve	27	-	-	334,845	-	-	-	(334,845)	-
Bonus share issue from retained earnings	25.1	2,000,000	-	-	-	-	-	(2,000,000)	-
		2,000,000	(168,750)	334,845	-	-	-	(2,334,845)	(168,750.0)
Transactions with owners of the Company									
Dividend paid		-	-	-	-	-	-	(500,000)	(500,000)
At 31 December 2021		7,000,000	560,294	2,882,618	828,773	5,040	17,346,660	(3,517,299)	25,106,086
At 1 January 2020		3,999,999	729,044	2,068,770	752,083	18,431	13,079,548	2,392,175	23,040,050
Comprehensive income									
Profit for the year		-	-	-	-	-	-	2,395,012	2,395,012
Other comprehensive income:									
Remeasurement of defined benefit obligation	30.2	-	-	-	-	(5,187)	-	-	(5,187)
Net fair value changes on AFS financial assets		-	-	-	-	-	869,259	-	869,259
Revaluation gain on property and equipment		-	-	-	76,690	-	-	-	76,690
Total comprehensive income		-	-	-	76,690	(5,187)	869,259	2,395,012	3,335,774
Bonus share issue from retained earnings		25.1	1,000,000	-	-	-	-	(1,000,000)	-
Recognition of share fractions		1	-	-	-	-	-	-	1
Transfer to contingency reserve	27	-	-	479,002	-	-	-	(479,002)	-
		1,000,001	-	479,002	-	-	-	(1,479,002)	1
At 31 December 2020		5,000,000	729,044	2,547,773	828,773	13,244	13,948,807	3,308,184	26,375,825

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

Statement of cash flows
for the year ended 31 December 2021

	Note	31 Dec 2021 ₦'000	31 Dec 2020 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	45(b)	11,141,069	8,330,897
Premiums received in advance	19.1	60,454	2,936
Deposit without details	20.2(a)	278,591	217,086
Reinsurance payments	45(d)	(4,997,642)	(3,488,437)
Claims paid	35	(3,989,302)	(2,404,455)
Reinsurance claim recoveries	45(c)	1,699,447	908,259
Salvage recovery	45(c)	63,146	22,678
Commission paid	45(e)	(3,115,123)	(1,642,971)
Maintenance expenses paid	42	(759,461)	(1,273,913)
Commission received	45(f)	803,447	692,517
Cash payment to and on behalf of employees	45(l)	(789,455)	(890,683)
Other operating cash payments	45(a)	(1,650,713)	(940,980)
Corporate tax paid	23	(134,032)	(133,882)
Net cash flows used in operating activities		<u>(1,389,574)</u>	<u>(600,948)</u>
Cash flows from Investing activities			
Purchase of properties and equipment	45(i)	(298,301)	(57,777)
Purchase of intangible assets	14	(47,759)	-
Proceeds from sale of property and equipment	45(j)	1,091	1,153
Purchase of investment securities	45(h)	(4,743,993)	(6,855,700)
Proceeds from sale of investment securities - FVTPL	45(h)	4,168,919	2,293,652
Proceeds from redemption - HTM	8.6	329,214	5,251,890
Loan repayments - Loans and Receivables	45(h)	36,778	244,106
Dividend received	37	1,212,565	906,959
Rental income received	40	6,200	4,500
Interest received	45(g)	1,080,792	858,981
Net cash flows from investing activities		<u>1,745,506</u>	<u>2,647,764</u>
Financing activities			
Payment of finance lease liabilities	45(k)	(219)	(61,704)
Dividend paid	28	(500,000)	-
Cash flows used in financing activities		<u>(500,219)</u>	<u>(61,704)</u>
Net (decrease)/increase in cash and cash equivalents		(144,287)	1,985,112
Cash and cash equivalents at the beginning of the year		3,592,711	1,609,222
Impact of exchange difference on cash held		28,273	(1,623)
Cash and cash equivalents at end of the year	7	<u><u>3,476,697</u></u>	<u><u>3,592,711</u></u>

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

Notes to the financial statements-continued

5 Segment reporting

Operating segments

IFRS 8 Segment Reporting requires operating segments to be identified on the basis of internal reports of reportable segments that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. The Company's reportable segments under IFRS 8 are therefore identified as follows:

• Fire • Accident • Motor • Marine • Aviation • Bond • Engineering • Oil & Gas • Agric

The following is an analysis of the Company's revenue and result by reportable segment for the year ended 31 December 2021.

Income:	Fire N'000	Accident N'000	Motor N'000	Marine N'000	Aviation N'000	Bond N'000	Engineering N'000	Oil & Gas N'000	Agric N'000	Total N'000
Gross premium written	2,009,396	1,021,744	2,177,342	910,684	613,958	10,688	448,825	3,923,661	45,201	11,161,499
Net change in unearned premium	(360,176)	(26,440)	(164,814)	19,527	6,171	1	22,470	(187,137)	(16,691)	(707,090)
	1,649,220	995,304	2,012,528	930,211	620,129	10,689	471,295	3,736,524	28,510	10,454,409
Reinsurance Expenses	(1,182,044)	(553,171)	-	(367,986)	(409,888)	(5,277)	(230,002)	(2,200,648)	(25,225)	(4,974,241)
Movement in Prepaid-Reinsurance Cost	86,981	(6,685)	(196)	(36,024)	5,153	(13)	(32,255)	(78,634)	10,049	(51,624)
Re-insurance cost	(1,095,063)	(559,856)	(196)	(404,010)	(404,735)	(5,290)	(262,257)	(2,279,282)	(15,176)	(5,025,865)
Net premium income	554,157	435,448	2,012,332	526,201	215,394	5,399	209,038	1,457,242	13,334	5,428,544
Commission received	334,168	170,094	1,450	134,846	901	1,750	71,297	115,930	3,793	834,229
Net underwriting Income	888,325	605,542	2,013,782	661,047	216,295	7,149	280,335	1,573,172	17,127	6,262,773
Expenses:										
Gross Claims incurred	(4,667,418)	(739,350)	(1,136,187)	(273,448)	(222,504)	4,605	(12,492)	(2,072,733)	(6,135)	(9,125,662)
Recovery on Claims incurred	2,344,261	199,305	82,013	58,246	114,683	(34)	(50,516)	1,340,975	3,477	4,092,410
Net claims incurred	(2,323,157)	(540,045)	(1,054,174)	(215,202)	(107,821)	4,571	(63,008)	(731,758)	(2,658)	(5,033,252)
Acquisition cost	(351,573)	(230,329)	(275,496)	(262,015)	(114,438)	(1,590)	(93,786)	(818,698)	(4,680)	(2,152,605)
Maintenance expenses	(299,047)	(152,064)	(324,041)	(135,532)	(91,372)	(1,591)	(66,796)	(583,935)	(6,727)	(1,661,104)
	(2,973,777)	(922,438)	(1,653,711)	(612,749)	(313,631)	1,390	(223,590)	(2,134,391)	(14,065)	(8,846,961)
Segment underwriting profit/(loss)	(2,085,452)	(316,896)	360,071	48,298	(97,336)	8,539	56,745	(561,219)	3,062	(2,584,189)

5 Segment reporting-continued

The accounting policies of the reportable segments are the same as the Company's accounting policies.

Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

31 Dec 2020

Income:	Motor N'000	Fire N'000	Accident N'000	Marine N'000	Aviation N'000	Bond N'000	Oil & Gas N'000	Engineering N'000	Total N'000
Gross premium written	1,603,328	1,285,338	867,508	682,393	523,866	5,553	2,850,767	513,088	8,331,841
Net change in unearned premium	(130,026)	(75,530)	(14,041)	(104,899)	14,702	1,891	20,689	(91,637)	(378,851)
	1,473,302	1,209,808	853,467	577,494	538,568	7,444	2,871,456	421,451	7,952,990
Reinsurance Expenses	(4,619)	(788,132)	(478,968)	(279,283)	(361,581)	(3,315)	(1,358,762)	(227,927)	(3,502,587)
Net premium income	1,468,683	421,676	374,499	298,211	176,987	4,129	1,512,694	193,524	4,450,403
Commission Received	839	249,020	141,310	85,050	1,974	967	48,646	97,850	625,656
Net underwriting Income	1,469,522	670,696	515,809	383,261	178,961	5,096	1,561,340	291,374	5,076,059
Expenses:									
Net claims incurred	(470,092)	(318,387)	(164,589)	(58,815)	(93,519)	(577)	(160,406)	(101,548)	(1,367,933)
Acquisition cost	(209,203)	(242,028)	(201,507)	(157,133)	(87,376)	(1,383)	(639,030)	(70,963)	(1,608,623)
Maintenance expenses	(245,144)	(196,524)	(132,639)	(104,336)	(80,098)	(849)	(435,874)	(78,450)	(1,273,914)
	(924,439)	(756,939)	(498,735)	(320,284)	(260,993)	(2,809)	(1,235,310)	(250,961)	(4,250,470)
Segment underwriting profit/(loss)	545,083	(86,243)	17,074	62,977	(82,032)	2,287	326,030	40,413	825,589

Notes to the financial statements-continued

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

The Finance Bill 2021 amended sections 9, 10, and 102 of Insurance Act 2003 and defines Capital requirements as follows:

- (i) the excess of admissible assets over liabilities, less the amount of own shares held by the company;
- (ii) subordinated liabilities subject to approval by the Commission; and
- (iii) any other financial instrument as prescribed by the Commission from time to time.

Admissible Assets are defined as Share Capital, Share Premium, Retained Earnings, Contingency Reserves, and any other admissible assets will be subject to the approval of the Commission.

Management is currently assessing the impact of the Capital requirements on the Company's capital management. The Company awaits further guidelines from the regulator (NAICOM).

The objective of our capital management is to ensure that the Company is adequately capitalized at all times, even after experiencing significant adverse events. In addition, we seek to optimize the structure and sources of our capital to ensure that it consistently delivers maximum returns to our shareholders and guarantees adequate protection of our policyholders.

Our capital management policy is to hold sufficient capital to meet regulatory capital requirements (RCR) and also to sufficiently accommodate our risk exposures as determined by our risk appetite. Other objectives include to:

- maintain the required level of capital that guarantee security to our policyholders;
- maintain financial strength that would support business growth in line with strategy;
- maintain strong credit ratings and healthy capital ratios to support business objectives;
- retain financial flexibility by maintaining strong liquidity and consistent positive equity returns;
- allocate capital efficiently to ensure that returns on capital employed meet the requirements of capital providers and shareholders.

Our approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence our capital position in the light of changes in economic and market conditions, and risk characteristics.

The primary source of capital used is equity shareholders' funds. In addition, we utilize adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims.

The Company has had no significant changes in its policies during the year ended 31 December 2021. However, there was a change in the Company's capital structure during the year ended 31 December 2021. The Company increased its share capital by N2 billion.

Analysis of shareholders funds		
<i>In thousand of Naira</i>	31 Dec 2021	31 Dec 2020
Total assets	38,710,185	33,877,404
Less: Total liabilities	13,604,099	7,501,579
Shareholders funds as at year end	25,106,086	26,375,825
Adjustment for non-capital items	469,694	330,011
Available capital resources	24,636,392	26,045,814
Changes in available capital	-5%	14%

The Company's available capital is based on the shareholders' equity/fund as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. Thus, available capital resources, after adjusting for non-capital assets, is N21,373,795,000 (2020: N26,045,814,000) amounting to a decrease over the comparative period.

The statutory minimum capital requirement for Non-life business is N3billion.

<i>In thousands of naira</i>	31 Dec 2021	31 Dec 2020
Total shareholders' funds	25,106,086	26,375,825
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	22,106,086	23,375,825
Capitalisation rate	837%	879%

Notes to the financial statements-continued

Capital Management – Objectives, Policies and Approaches.

The Minimum Capital Requirement

NAICOM released a circular dated 3 June 2020 (NAICOM/DPR/CIR/25-04/2020) to all insurance and reinsurance companies in Nigeria. The circular indicated the difficulty to proceed with the 31 December 2020 recapitalization deadline due to the incidences of COVID-19 pandemic. The Commission extended and segmented the recapitalization process into two phases; general insurance business are required to meet 50% of the minimum capital requirement of N10bn by 31 December 2020 and have full compliance of the remaining balance by 30 September 2021. However, as at year end, The National House of Assembly suspended the directive of NAICOM as a relief due to the ongoing COVID-19 pandemic.

The solvency margin requirement

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against its risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital whichever is greater.

During the period, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Company's solvency margin is as follows:

<i>In thousands of naira</i>	31 Dec 2021	31 Dec 2020
Assets		
Cash and cash equivalents	3,476,697	3,592,711
Investment securities	9,742,322	10,837,112
Trade receivables	81,468	63,974
Other receivables and prepayment	110,604	73,549
Reinsurance assets	4,577,086	2,235,746
Deferred acquisition cost	432,828	328,812
Property and equipment	1,268,982	1,349,516
Intangible Assets	36,866	-
Investment Property	157,500	-
Statutory deposit	500,000	300,000
Total admissible assets	20,384,353	18,781,420
The solvency margin requirement		
Liabilities		
Insurance contract liabilities	11,635,256	5,728,661
Trade payables	765,141	701,233
Other payables	707,785	819,984
Provision for litigation	346,000	103,000
Defined benefit obligations	89,659	62,981
Finance lease obligation	-	219
Current tax liabilities	60,257	82,565
Total admissible liabilities	13,604,098	7,498,643
Excess of total admissible assets over admissible liabilities (solvency margin)	6,780,255	11,282,776

Notes to the financial statements-continued

**Capital Management – Objectives, Policies and Approaches.
The Minimum Capital Requirement**

<i>In thousands of naira</i>	31 Dec 2021	31 Dec 2020
Higher of (a) and (b):		
Gross premium income	10,454,408	7,952,990
Less: Reinsurance expense	(5,025,865)	(3,502,588)
Net premium	5,428,543	4,450,402
(a) 15% of net premium	814,281	667,560
(b) Minimum paid up capital	3,000,000	3,000,000
The higher thereof:	3,000,000	3,000,000
Excess of solvency margin over minimum capital base	3,780,255	8,282,776
Solvency margin ratio	226%	376%

6.2 Insurance risk

The Company issues contracts that transfer insurance risk. This section summarizes this risk and the way it is being managed.

(a) Types of insurance risk contracts

The Company principally issues the following types of general insurance contracts: Motor, Fire, General Accidents, Aviation, Marine, Engineering, Bond and Oil & Gas. The risks under this policies usually cover twelve months duration. The most significant risks in this policies arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks however do not vary significantly with the risk location, type of insured and industry.

(b) Management of insurance risk

The risks facing us in any insurance contract arise from fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations; unexpected claims arising from a single source or cause; inaccurate pricing of risks or inappropriate underwriting of risks when underwritten; and inadequate reinsurance protection or other risk transfer techniques.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefits payments, or its timing thereof, exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. In addition, the Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Notes to the financial statements-continued

Capital Management – Objectives, Policies and Approaches. The Minimum Capital Requirement

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all of claims costs.

The Company purchases reinsurance as part of its insurance risk mitigation programme. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses in any one year. Amount recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

The Company has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments. Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

(c) Insurance risk concentration per policy type

Line of business <i>In thousands of naira</i>	31 Dec 2021			31 Dec 2020		
	Gross premium	Reinsurance	Net	Gross premium	Reinsurance	Net
Fire	2,009,396	(1,095,063)	914,333	1,285,338	(788,132)	497,206
Accident	1,021,744	(559,856)	461,888	867,508	(478,968)	388,540
Motor	2,177,342	(196)	2,177,146	1,603,328	(4,619)	1,598,709
Marine	910,684	(404,010)	506,674	682,393	(279,283)	403,110
Aviation	613,958	(404,735)	209,223	523,866	(361,581)	162,285
Bond	10,688	(5,290)	5,398	5,553	(3,315)	2,238
Engineering	448,825	(262,257)	186,568	513,088	(227,927)	285,161
Oil & Gas	3,923,661	(2,279,282)	1,644,379	2,850,767	(1,358,762)	1,492,005
Agric	45,201	(15,176)	30,025	-	-	-
	11,161,499	(5,025,865)	6,135,634	8,331,841	(3,502,587)	4,829,254

Notes to the financial statements-continued

(d) 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 claims costs, claim handling costs, claim inflation factors and claims numbers for each accident year. Additional qualitative judgements 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. Judgement 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 and changes in foreign currency rates.

(e) Sensitivity Analysis

The insurance claims liabilities above are sensitive to the key assumptions that follow. However, 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, showing the impact on gross and net liabilities, profit before tax and equity fund. 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 the movements in these assumptions are not linear.

(f) Insurance risk concentration per policy type

Line of business	31 Dec 2021			31 December 2020		
	Gross outstanding claims	Reinsurance recoveries	Net liabilities	Gross outstanding claims	Reinsurance recoveries	Net liabilities
<i>In thousands of naira</i>						
Motor	733,533	61,275	672,257	353,390	37,236	316,155
Fire	4,365,472	2,331,390	2,034,082	835,078	570,389	264,689
General accident	1,162,590	472,038	690,551	753,905	414,759	339,146
Engineering	159,063	63,626	95,437	409,166	312,719	96,447
Marine	277,074	50,657	226,417	97,875	29,561	68,314
Bond	2,411	-	2,411	80,330	33	80,297
Aviation	128,624	20,585	108,039	53,656	5,000	48,656
Oil & Gas	2,034,039	772,935	1,261,104	1,086,036	13,326	1,072,710
Agric	6,135	3,476	2,659	-	-	-
	8,868,941	3,775,986	5,092,955	3,669,437	1,383,023	2,286,414

Notes to the financial statements

(g) Claims Development Table

The Company has reported and disclosed its claims reserves based on the requirements of IFRS 4 - Insurance Contracts. Below is the claims development information over the period 2008 – 2021 as follows:

Cumulative Chain Ladder's Claim payments (in N'000) by Development Year														
Accident Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	171,095	341,135	391,732	399,788	402,928	402,946	403,291	403,453	403,453	403,453	403,453	403,453	403,453	403,453
2009	173,657	332,796	370,353	377,513	391,386	392,893	393,802	394,509	394,509	394,509	394,509	394,509	394,509	
2010	137,798	329,938	359,675	363,038	377,066	377,511	378,187	382,120	382,120	382,120	382,120	382,120		
2011	169,264	350,581	389,954	396,496	398,241	401,875	402,527	403,221	403,229	403,229	403,229			
2012	191,853	342,972	381,191	392,646	396,171	396,224	396,825	396,936	396,936	396,936				
2013	159,852	368,943	393,739	401,850	402,522	405,682	409,572	409,576	409,576					
2014	214,831	388,055	413,867	416,091	419,434	421,939	422,454	422,454						
2015	347,921	550,131	584,112	594,763	595,968	601,224	601,241							
2016	339,049	518,961	563,887	570,314	570,760	570,760								
2017	348,603	598,734	633,092	634,956	645,773									
2018	440,401	677,717	704,207	707,169										
2019	429,952	736,006	806,418											
2020	483,544	1,138,090												
2021	874,857													
LDFs		1.77192	1.08039	1.01469	1.01073	1.0049	1.00271	1.00235	1	1	1	1	1	1

The claims development information over the period 2007 – 2020 is as follows:

Cumulative Chain Ladder's Claim payments (in N'000) by Development Year														
Accident Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	152,755	134,625	41,902	10,416	2,964	1,834	1,080	5	470	-	-			
2008	271,568	285,238	51,796	8,056	3,139	334	345	162	-	-	-			
2009	175,944	225,974	93,072	64,576	31,461	1,507	606	1,139	-	-	-			
2010	280,328	257,899	117,497	136,000	16,732	1,406	1,058	3,933	-	-	74			
2011	188,021	209,088	119,363	172,367	2,056	5,317	947	694	8	-				
2012	206,910	265,358	85,262	83,530	6,970	110,924	35,388	111	9,340					
2013	184,702	380,558	36,518	8,111	672	22,874	3,890	67						
2014	390,700	282,279	26,057	2,437	3,344	2,505	315							
2015	490,091	708,228	53,231	153,927	5,345									
2016	655,500	900,972	97,185	21,487	80,475									
2017	479,042	518,080	671,537	65,925										
2018	620,415	813,120	97,609											
2019	918,574	298,644												
2020	1,085,909													

Notes to the financial statements

(h) Sensitivity Analysis of Liability for Claims

31 December 2021

Criteria	Changes in Assumption	Impact on variables			
		Gross Liabilities	Net Liabilities	Profit before tax	Equity Fund
		₦'000	₦'000	₦'000	₦'000
Average claims cost	+10% increase	639	321	(318)	(159)
Number of claims	+10% increase	399	171	(228)	(114)
	Reduction				
Average claims settlement period	by 3 months	(665,153)	(571,168)	93,985	65,793

31 December 2020

Criteria	Changes in Assumption	Impact on variables			
		Gross Liabilities	Net Liabilities	Profit before tax	Equity Fund
		₦'000	₦'000	₦'000	₦'000
Average claims cost	+10% increase	573	328	(245)	(122)
Number of claims cost	+10% increase	240	137	(103)	(52)
	Reduction				
Average claims settlement period	by 3 months	(554,294)	(475,973)	78,321	54,828

6.3 Financial risks

The Company is exposed to a range of financial risks through its financial instruments and reinsurance assets.

The key financial risk is that in the long term its investments proceeds are not sufficient to meet the obligations arising from its insurance contracts. The most important components of the financial risks are:

- Credit risks
- Liquidity risks
- Market risks
- Property risks.

(a) Credit risks

Credit risk is the risk of default and change in credit quality of issuers of securities, counter-parties and untimely or non-payment of premiums by policyholders as at when due.

The categories of credit risk exposed to by the Company are:

- (i) Direct default risk: which is the risk of non-receipt of cash flows or assets due to the Company because brokers, policyholders and other debtors default on their obligations.
- (ii) Concentration risk: which is the exposure of losses due to excessive concentration of business activities to individual counterparties, groups of individuals or related entities, counterparties in specific geographical locations, industry sector, specific products, etc.
- (iii) Counterparty risk: this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

In managing credit exposures to counterparties, the Company had instituted the following policies and procedures:

- (i) A credit risk management policy, which sets out the assessment and determination of credit risk components. In addition, it sets out the net exposure limits for each counterparty, based on geographical and industry segmentation. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- (ii) Reinsurance arrangement is entered with counterparties that have a good credit rating. Concentration risk is avoided by following policy guidelines on counterparties' limits that are set each year by the board of directors and reviewed regularly. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment, if need be.
- (iii) The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in Section 50 of the Insurance Act.
- (iv) The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

Notes to the financial statements

Credit risk exposure and concentration

The Company's maximum credit risk exposure as per its statement of financial position as at 31 December 2019 and 31 December 2018 is the carrying amounts of each component. The maximum risk exposure presented below does not include the exposure that arises in the future as a result of the changes in values. Credit risk is spread across many industries, firms and individuals. The Company monitors concentration of credit risk by sector as shown below.

In summary, our credit exposure is highly concentrated in the financial institutions sector – commercial banks, insurance companies, finance houses, etc. The maximum exposure is shown gross, before the effect of mitigation through the use of netting and collateral agreements, below.

31 December 2021

<i>In thousands of Naira</i>	Financial institutions	Manufacturing	Aviation	Others	Total
Cash and cash equivalents	3,476,697	-	-	-	3,476,697
Financial assets:					
Fair value through profit or loss	5,050,881	-	-	-	5,050,881
Available-for-sale	18,487,589	-	-	64,029	18,551,618
Loans and receivables	39,793	-	-	101,865	141,658
Held to maturity	2,441,208	-	-	1,248,986	3,690,194
Reinsurance assets (less unearned premium)	4,639,643	-	-	-	4,639,643
Trade receivables	81,468	-	-	-	81,468
Other receivables	-	-	-	333,655	333,655
Statutory deposit	500,000	-	-	-	500,000
Gross credit risk exposure	34,717,278	-	-	1,748,535	36,465,813

31 December 2020

<i>In thousands of Naira</i>	Financial institutions	Manufacturing	Aviation	Others	Total
Cash and cash equivalents	3,592,711	-	-	-	3,592,711
Financial assets:					
Fair value through profit or loss	8,655,489	-	-	-	8,655,489
Available-for-sale	14,838,486	-	-	64,029	14,902,515
Loans and receivables	35,507	-	-	41,164	76,671
Held to maturity	558,190	-	-	951,276	1,509,466
Reinsurance assets (less unearned premium)	2,445,920	-	-	-	2,445,920
Trade receivables	63,974	-	-	-	63,974
Other receivables	-	-	-	501,131	501,131
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	30,490,277	-	-	1,557,600	32,047,877

Notes to the financial statements

Credit Risk Quality

One of the principal criteria used to judge the risk of default (or quality) of our credit risk exposure is credit quality of the counterparty we are exposed to. This we determine by using our internal credit rating criteria, which is benchmarked against Global Credit Rating Co.'s rating criteria as comparatively shown below:

Credit Quality	GRC Rating Scale	Linkage Rating Scale	Definition of Criteria
LOW	AAA	AAA	Highest Credit Quality: The risk factors are negligible, being only slightly more than risk-free government instruments.
	AA+ - AA-		
	A+ - A-	AA	Very High Credit Quality: Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk, although not significant.
MEDIUM	BBB+ - BBB-	BBB	Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.
	BB+ - BB-		Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry's conditions or company's fortunes. Overall, quality may move up or down frequently within this categories.
	B+ - B-	BB	Below investment grade and possessing risk that obligations will not be met when due. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes.
HIGH	CCC	NOT RATED	Well below investment grade securities. Considerable uncertainty exists as to timely payment of principal or interest. Protection factors are narrow and risk can be substantial with unfavorable economic/industry conditions, and/or with unfavorable company development.
	DD		Defaulted debt obligations. The issuer failed to meet scheduled principals and/or interest payments. Company has been, or is likely to be, placed under the order of the court.

Overall, our credit risk exposure has maintained a low risk profile. This is because our exposure to high risk counterparties has been low in order to protect policyholder funds and secure the liquidity of operating funds.

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geography and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

During the year, no credit exposure limit was exceeded.

We provide a further analysis of our credit risk exposure in terms of counterparty's financial instruments as investment grades or non-investment grades, as well as Neither Past Due or Past Due but Not Impaired. All our financial assets during the period are neither past due or past due but not impaired with the exception of trade receivables as shown below.

As at 31 December 2021

In thousands of Naira

Assets

Cash and cash equivalents

Financial assets:

- FVTPL

- Available-for-sale

- Held-to-maturity

- Loans and receivables

Reinsurance assets

Trade receivables

Other receivables

Statutory deposit

Total credit exposure

Investment Grades	Neither Past Due nor Impaired		Past Due and Impaired	Total
	Satisfactory	Unsatisfactory		
3,603,672	445	-	127,421	3,476,697
5,050,881	-	-	-	5,050,881
18,701,618	-	-	-	18,701,618
2,441,208	1,248,986	-	-	3,690,194
39,793	101,865	-	-	141,658
-	4,639,643	-	-	4,639,643
-	81,468	-	-	81,468
-	333,655	-	-	333,655
500,000	-	-	-	500,000
30,337,172	6,406,062	-	127,421	36,615,813

Notes to the financial statements

As at 31 December 2020

In thousands of Naira

Assets

Cash and cash equivalents

Financial assets:

- FVTPL

- Available-for-sale

- Held-to-maturity

- Loans and receivables

Reinsurance assets

Trade receivables

Other receivables

Statutory deposit

Total credit exposure

Investment Grades	Neither Past Due nor Impaired		Past Due but not Impaired		Total
	Satisfactory	Unsatisfactory			
3,719,490	642	-	127,421		3,592,711
8,655,489	-	-	-		8,655,489
14,902,515	-	-	-		14,902,515
558,190	951,276	-	-		1,509,466
35,507	41,164	-	-		76,671
-	2,445,920	-	-		2,445,920
-	63,974	-	-		63,974
-	501,131	-	-		501,131
300,000	-	-	-		300,000
28,171,191	4,004,107	-	127,421		32,047,877

Impaired Financial Assets

As at 31 December 2021, there were no impaired reinsurance assets (31 December 2020: Nil) and impaired loans and receivables amounted to N141.14 million (31 December 2020: N176.93 million).

For assets to be classified “past-due and impaired” contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

Credit Collateral

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending and for cash purposes. Credit risk is also mitigated by entering into collateral agreements.

Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The collateral can be sold or replaced by the Company, where necessary and is repayable if the contract terminates or the contract's fair value decreases. No collateral received from the counterparty has been sold or pledged this year.

Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The characteristic nature of our business requires the availability of adequate cash flow to meet our contractual obligations to policyholders (and other third parties) in the event of claim settlement.

This is the risk of loss arising due to insufficient liquid assets to meet cash flow requirements or to fulfil financial obligation once claims crystallize. In the case of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Company's exposure to liquidity risk comprises of:

(i) Funding (Cash-flow) Liquidity Risk:

This is the risk of not meeting current and future cash flow and collateral needs, both expected and unexpected, without materially affecting daily operations or overall financial condition of the Company.

(ii) Market (Asset) Liquidity Risk:

This is the risk of loss which is occasioned by the incapacity to sell assets at or near their carrying value at the time needed.

The Company mitigates its exposure to liquidity risk through the following mechanisms:

- Liquidity policy, which sets out the assessment and determination of what constitutes the Company's liquidity risk. Compliance with the policy is monitored and exposures and breaches are reported to the Assets and Liability Management Committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance contracts obligations.
- 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.
- 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.
- Below is a maturity profile summary of the Company's undiscounted contractual obligations cash flows of financial assets matched with financial liabilities. For insurance contract liabilities and reinsurance assets, maturity profile estimates are based on timing of net cash flows 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.
- In addition, 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.

Notes to the financial statements

Maturity Analysis (on Expected maturity basis)

The table below summarizes the expected utilization or settlement of assets and liabilities:

In thousands of Naira

Assets

	31 December 2021			31 December 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Cash and cash equivalents	3,476,697	-	3,476,697	3,592,711	-	3,592,711
Financial assets	8,882,733	18,701,618	27,584,351	915,684	24,228,457	25,144,141
Trade receivables	81,468	-	81,468	63,974	-	63,974
Reinsurance assets	4,639,643	-	4,639,643	2,445,920	-	2,445,920
Deferred acquisition cost	432,828	-	432,828	328,812	-	328,812
Other receivables & prepayments	333,655	-	333,655	501,131	-	501,131
Investment property	-	157,500	157,500	-	150,000	150,000
Intangible assets	-	36,866	36,866	-	1,199	1,199
Property & equipment	-	1,467,178	1,467,178	-	1,349,516	1,349,516
Statutory deposit	-	500,000	500,000	-	300,000	300,000
Total Assets	17,847,024	20,863,162	38,710,186	7,848,233	26,029,172	33,877,404
Liabilities						
Insurance liabilities	11,635,256	-	11,635,256	5,728,661	-	5,728,661
Trade payables	765,141	-	765,141	704,169	-	704,169
Finance lease obligation	-	-	-	219	-	219
Other payables	707,785	-	707,785	819,984	-	819,984
Provision for litigation	-	346,000	346,000	-	103,000	103,000
Retirement benefit obligations	-	89,659	89,659	-	62,981	62,981
Income tax liabilities	60,257	-	60,257	82,565	-	82,565
Deferred tax liabilities	-	-	-	-	-	-
Total Liabilities	13,168,439	435,659	13,604,098	7,335,598	165,981	7,501,579

(c) 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. The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

- Foreign exchange risk
- Interest-rate risk
- Equity 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's Asset Liability Management Committee and Board through its Audit, Compliance and Risk Management 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 those assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.
- The Company stipulates diversification benchmarks by type of instrument and geographical area based on exposure to variations in interest rates, equity prices and foreign exchange.
- There is strict control over hedging activities.

(i) Currency (Foreign Exchange) Risk

Currency risk is the potential risk of loss from fluctuating foreign exchange rates as a result of the Company's exposure to foreign currency denominated transactions. It is also the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Notes to the financial statements

(i) Currency (Foreign Exchange) Risk - continued

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk arises primarily with respect to transactions denominated in foreign currencies. The Company's financial assets are primarily denominated in local currency as its insurance contract liabilities and investment. This mitigates the foreign currency exchange rate risk for its operations. Thus, the main foreign exchange risk arises from translation of recognized assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

Analysis of assets and liability by major currencies

The table below summarizes the Company's financial assets and liabilities by major currencies:

31 December 2021

	Naira	Euro	Pound Sterling	US Dollars	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash and cash equivalents	3,396,093	23,461	2,143	55,000	3,476,697
Financial assets	26,548,369	-	-	1,035,982	27,584,351
Trade receivables	81,468	-	-	-	81,468
Reinsurance assets	4,577,086	-	-	62,557	4,639,643
Deferred acquisition cost	432,828	-	-	-	432,828
Other receivables	129,090	-	-	-	129,090
Statutory deposit	500,000	-	-	-	500,000
TOTAL ASSETS	35,664,934	23,461	2,143	1,153,539	36,844,076
Liabilities					
Trade payables	704,169	-	-	-	704,169
Finance lease obligation	219	-	-	-	219
Other payables	819,984	-	-	-	819,984
Provision for litigations	103,000	-	-	-	103,000
TOTAL LIABILITIES	1,627,372	-	-	-	1,627,372

31 December 2020

	Naira	Euro	Pound Sterling	US Dollars	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash and cash equivalents	3,481,938	23,452	2,296	85,025	3,592,711
Financial assets	24,470,770	-	-	673,371	25,144,141
Trade receivables	63,974	-	-	-	63,974
Reinsurance assets	2,235,747	-	-	210,173	2,445,920
Deferred acquisition cost	328,812	-	-	-	328,812
Other receivables	172,611	-	-	-	172,611
Statutory deposit	300,000	-	-	-	300,000
TOTAL ASSETS	31,053,852	23,452	2,296	968,569	32,048,169
Liabilities					
Trade payables	704,169	-	-	-	704,169
Finance lease obligation	219	-	-	-	219
Other payables	819,984	-	-	-	819,984
Provision for litigations	103,000	-	-	-	103,000
TOTAL LIABILITIES	1,627,372	-	-	-	1,627,372

The Company has no significant concentration of foreign currency risk.

Sensitivity analysis - foreign currency risk

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The movements in these variables are non-linear.

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

Sensitivity analysis of major currencies

Major Currencies	31 December 2021			31 December 2020		
	Changes in exchange rate (%)	Impact on Profit before tax	Impact on equity	Changes in exchange rate (%)	Impact on Profit before tax	Impact on equity
EURO	+10%	2,346	2,346	+10%	2,345	2,345
GBP	+10%	214	214	+10%	230	230
USD	+10%	115,354	115,354	+10%	96,857	96,857
EURO	-10%	(2,346)	(2,346)	-10%	(2,345)	(2,345)
GBP	-10%	(214)	(214)	-10%	(230)	(230)
USD	-10%	(115,354)	(115,354)	-10%	(96,857)	(96,857)

Notes to the financial statements

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment in fixed interest rate instruments exposes the Company to cash flow interest risk and fair value interest risk. This is because the Company's investment approach is conservative with high investment in fixed income instruments. The Company does not have interest-rate based liabilities. However, the Company's investment income moves with interest rate over the time creating unrealized gains or losses.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Any gap between fixed and variable rate instruments and their maturities are effectively managed by the Company through derivative financial instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity or terminated.

The Company has no significant concentration of interest rate risk.

1 Sensitivity analysis - interest rate risk

The table below details analysis of the impact of interest rate changes on reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of floating rate financial assets and liabilities, including the effect of fair value hedges) and equity (that reflects adjustments to profit before tax). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

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

31 December 2021

Interest earning assets	Basis points	Impact on Profit					Total
		before tax	Up to 1 Year	1 -3 Years	3 - 5 Years	> 5 years	
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Short term deposit	+100	16,982	16,982	-	-	-	16,982
Other investments (a)	+100	17,214	17,214	-	-	-	17,214
Bonds	+100	45,421	-	45,421	-	-	45,421
Short term deposit	-100	(16,982)	(16,982)	-	-	-	(16,982)
Other investments (a)	-100	(17,214)	(17,214)	-	-	-	(17,214)
Bonds	-100	(45,421)	-	(45,421)	-	-	(45,421)

- a Other investments consists of promissory notes of N197.78m (2019: Nil) and investment notes of N915.70m (2019: Nil)

31 December 2020

Interest earning assets	Basis points	Impact on Profit					Total
		before tax	Up to 1 Year	1 -3 Years	3 - 5 Years	> 5 years	
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Short term deposit	+100	22,843	22,843	-	-	-	22,843
Treasury Bill	+100	11,491	11,491	-	-	-	11,491
Bonds	+100	64,764	-	64,764	-	-	64,764
Short term deposit	-100	(22,843)	(22,843)	-	-	-	(22,843)
Treasury bill	-100	(11,491)	(11,491)	-	-	-	(11,491)
Bonds	-100	(64,764)	-	(64,764)	-	-	(64,764)

Notes to the financial statements-continued

(iii) Equity 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 whose values will fluctuate as a result of changes in market prices, principally quoted stocks and shares securities.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

The Company has no significant concentration of price risk.

Sensitivity Analysis - equity price risk

The following table contains the fair value and related equity price risk sensitivity of the Company's listed and non-listed equity securities. The equity price risk sensitivity has been calculated based on what the Company views to be reasonably possible changes in the equity prices for the coming year. For listed equities a 20% change in the equity price has been used in the calculation of the sensitivity as at 31 December 2020. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Sensitivity Analysis - equity price risk

Market Indices	31 Dec 2021			31 Dec 2020		
	Fair Value	Impact on Profit before tax	Impact on Equity	Fair Value	Impact on Profit before tax	Impact on Equity
	-	-	-	-	-	-
Fair value through profit or loss	5,050,881	1,010,176	707,123	8,655,489	1,731,098	1,211,768
Available-for-sale - Quoted	859,589	171,918	120,342	595,486	119,097	83,368
Available-for-sale - Unquoted	17,842,029	3,568,406	2,497,884	14,307,029	5,722,812	4,005,968
Fair value through profit or loss	5,050,881	(1,010,176)	(707,123)	8,655,489	(1,731,098)	(1,211,768)
Available-for-sale - Quoted	859,589	(171,918)	(120,342)	595,486	(119,097)	(83,368)
Available-for-sale - Unquoted	17,842,029	(3,568,406)	(2,497,884)	14,307,029	(5,722,812)	(4,005,968)

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

Valuation Model

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Notes to the financial statements-continued

Valuation Model

The table below shows financial assets carried at fair value:

	31 Dec 2021			31 Dec 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>In thousands of Naira</i>						
Financial assets						
Quoted investments	5,050,881	-	-	8,655,489	-	-
Investment in unit trust scheme	859,589	-	-	595,486	-	-
Unquoted equity investments	-	-	17,628,000	-	-	14,243,000
	5,910,470	-	17,628,000	9,250,975	-	14,243,000

Fair value measurements recognized in the statement of financial position. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Company into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised

As at 31 December 2021

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value N'000	Total carrying amount N'000
<i>In thousands of Naira</i>					
Assets					
Cash and cash equivalents	-	3,476,697	-	3,476,697	3,476,697
<i>Financial assets:</i>					
Available-for-sale	-	-	64,029	64,029	64,029
Loans and receivables	-	141,658	-	141,658	141,658
Held to maturity	3,690,194	-	-	3,690,194	3,690,194
Trade receivables	-	81,468	-	81,468	81,468
Other receivables and prepayments	-	333,655	-	333,655	333,655
				7,787,701	7,787,701
Liabilities					
Insurance contract liabilities	-	11,635,256	-	11,635,256	11,635,256
Trade payables	-	765,141	-	765,141	765,141
Other payables	-	1,053,785	-	1,053,785	1,053,785
Finance lease obligations	-	-	-	-	-
Defined benefit obligations	-	89,659	-	89,659	89,659
				13,543,841	13,543,841

31 December 2020

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value N'000	Total carrying amount N'000
<i>In thousands of Naira</i>					
Assets					
Cash and cash equivalents	3,592,711	-	-	3,592,711	3,592,711
<i>Financial assets:</i>					
Loans and receivables	-	-	102,442	102,442	76,671
Held to maturity	1,569,956	-	-	1,569,956	1,509,466
Trade receivables	-	-	63,974	63,974	63,974
Other receivables and prepayments	-	-	501,131	501,131	501,131
				5,830,214	5,743,953

Notes to the financial statements-continued

Valuation Model 31 December 2020

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value N'000	Total carrying amount N'000
Liabilities					
Insurance contract liabilities	-	-	5,728,661	5,728,661	5,728,661
Trade payables	-	-	704,169	704,169	704,169
Other payables	-	-	922,984	922,984	922,984
Finance lease obligations	-	-	219	219	219
Defined benefit obligations	-	-	62,981	62,981	62,981
				<u>7,419,014</u>	<u>7,419,014</u>

7 Cash and cash equivalents

Cash and cash equivalents comprise:

	31 Dec 2021 N'000	31 Dec 2020 N'000
Cash in hand	445	642
Balances with banks & other financial institutions (see (b) below)	3,603,672	3,719,490
	<u>3,604,117</u>	<u>3,720,132</u>
Allowance for impairment (see (a) below)	(127,421)	(127,421)
Cash and bank balance as at year end	<u>3,476,697</u>	<u>3,592,711</u>

(a) Allowance for impairment

Balance as at the beginning of the year	127,421	127,421
Addition	-	-
Balance as at the end of the year (see (c) below for details)	<u>127,421</u>	<u>127,421</u>

(b) These are cash balances and short-term placements with banks and other financial institutions with tenor of 90 days or less. Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a maturity of three months or less from the date of acquisition.

(c) Amount relates to short term investments with Resort Savings and Loans (N75.1 million), Triumph Bank (N20.1 million), Profound Finance and Investment Ltd (N9.5 million), Assurance bank (N9.3 million), Center Point Merchant Bank (N7.4 million and others (N6 million) which are fully impaired and their recoverability are in doubt.

8 Financial assets

The Company's financial assets comprise fair value through profit or loss financial assets, available-for-sale financial assets, loans and receivables and unquoted equity at cost.

	31 Dec 2021 N'000	31 Dec 2020 N'000
Fair value through profit or loss (note 8.1)	5,050,881	8,655,489
Available-for-sale (note 8.2)	18,701,618	14,902,515
Loans and receivables (note 8.5)	141,658	76,671
Held to maturity (note 8.6)	3,690,194	1,509,466
	<u>27,584,351</u>	<u>25,144,141</u>

8(a) Financial instrument classification

In thousands of Naira

	31 Dec 2021				
	Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	5,050,881	859,589	-	810,410	6,720,880
- Unlisted	-	17,842,029	-	2,879,784	20,721,813
- Other financial assets	-	-	141,658	-	141,658
	<u>5,050,881</u>	<u>18,701,618</u>	<u>141,658</u>	<u>3,690,194</u>	<u>27,584,351</u>
Within one year	5,050,881	-	141,658	3,690,194	8,882,733
More than one year	-	18,701,618	-	-	18,701,618
	<u>5,050,881</u>	<u>18,701,618</u>	<u>141,658</u>	<u>3,690,194</u>	<u>27,584,351</u>

Notes to the financial statements-continued

8(b) Financial instrument classification

In thousands of Naira

- Listed
- Unlisted
- Other financial assets

Within one year
More than one year

31 Dec 2020				
Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
8,655,489	595,486	-	360,410	9,611,385
-	14,307,029	-	1,149,056	15,456,085
-	-	76,671	-	76,671
8,655,489	14,902,515	76,671	1,509,466	25,144,141
245,328	-	42,483	627,873	915,684
8,410,161	14,902,515	34,188	881,593	24,228,457
8,655,489	14,902,515	76,671	1,509,466	25,144,141

8.1 Fair value through profit or loss

The movement in the investment at fair value through profit or loss is as follows:

In thousands of Naira

Balance as at the beginning of the year
Addition during the year
Disposal during the year

Fair value (loss)/gain
Balance as at the end of the year

31 Dec 2021	31 Dec 2020
8,655,489	4,449,949
1,832,801	4,679,599
(4,168,919)	(2,293,652)
6,319,371	6,835,896
(1,268,490)	1,819,593
5,050,881	8,655,489

- (a) The fair value of quoted financial instruments is determined by reference to published price quotations in an active market (fmdq). The resulting fair value changes have been recognized in profit or loss.

Notes to the financial statements-continued

8.2 Available for sale

Available for sale financial assets comprise:

In thousands of Naira

	31 Dec 2021	31 Dec 2020
Unquoted equities - at FVTOCI (see (a) below)	17,628,000	14,243,000
Equity mutual funds	859,589	595,486
Bonds at FVTOCI	150,000	-
Unquoted equities - at cost	64,029	64,029
	18,701,618	14,902,515

Reconciliation of Movements in Available for Sale during the year 2021

	31 Dec 2021	31 Dec 2020
Gross balance as at January 1	14,902,515	13,483,256
Addition during the year	401,250	550,000
Fair value gain	3,397,853	869,259
Balance as at December 31	18,701,618	14,902,515

- (a) The unquoted equities carried at fair value above represent the 117,647,058 ordinary shares of N1 each of Stanbic IBTC Pension Managers Limited held by Linkage Assurance Plc.

The fair value of the investment as at 31 December 2021 was N17.628billion (31 December 2020: N14.243 billion) and was determined using the discounted cashflow (DCF) method and level 3 inputs of the IFRS 13 *Fair Value Measurement* fair value hierarchy.

The valuation was done by Sirius Associate. The valuation report was signed by Oluwakemi A. Adeniran with FRC number FRC/2012/ICAN/00000000205.

Summary of Significant Assumptions

Description	31-Dec-21	31-Dec-20
Growth in gross income (GI) % over the next 5 years	12	7
Operating expenses / Gross income %	30	30
Depreciation and amortization / Gross income %	2	2
Effective tax rate (Tax / Profit before tax) %	33	32
Capital expenditure / Gross income % over the next 5 years	18, 30, 2, 2, 2	37, 19, 33, 2, 2
Perpetual growth rate %	6.79	3.75
Period counts over the next 5 years	0.5, 1.5, 2.5, 3.5, 4.5	0.5, 1.5, 2.5, 3.5, 4.5
Expected market rate of return %	23.33	17.47
Risk-free rate %	13.28	7.42
Market risk premium %	10.05	10.05
Beta	1	1
Weighted average cost of capital %	23.33	17.470
Equity value of Stanbic IBTC Pension Managers Limited (see note 8.4(a))	187.377	151.392
Illiquidity discount %	20	20
Value of Linkage Assurance PLC's equity stake	N17.628 billion	N14.243billion

The analysis below shows the changes in equity value of Stanbic IBTC Pension Managers Limited's (SIPML) with respect to changes in weighted average cost of capital (WACC) and the terminal growth rate of free cash flow (FCF).

Notes to the financial statements-continued

Sensitivity Analysis
At 31 December 2021

Equity Value (N million)									
Terminal growth rate of FCF									
		5.29%	5.79%	6.29%	6.79%	7.29%	7.79%	8.29%	8.79%
W A C C	21.33%	200,581	204,791	209,281	214,080	219,220	224,741	230,685	237,103
	21.83%	194,251	198,150	202,300	206,726	211,456	216,523	221,965	227,824
	22.33%	188,301	191,919	195,763	199,853	204,216	208,879	213,874	219,238
	22.33%	182,698	186,061	189,628	193,417	197,450	201,751	206,347	211,272
	23.33%	177,413	180,545	183,860	187,377	191,112	195,088	199,328	203,860
	23.83%	172,419	175,341	178,429	181,698	185,164	188,847	192,767	196,948
	24.33%	167,695	170,424	173,304	176,349	179,572	182,990	186,622	190,487
	24.83%	163,219	165,772	168,463	171,303	174,305	177,484	180,854	184,435
	25.33%	158,972	161,364	163,882	166,535	169,336	172,296	175,431	178,754

At 31 December 2020

Equity Value (N million)									
Terminal growth rate of FCF									
		2.25%	2.75%	3.25%	3.75%	4.25%	4.75%	5.25%	5.75%
W A C C	15.47%	164,024	168,780	173,925	179,509	185,591	192,240	199,540	207,591
	15.97%	157,501	161,844	166,528	171,596	177,096	183,087	189,636	196,826
	16.47%	151,449	155,426	159,704	164,319	169,311	174,729	180,630	187,081
	16.97%	145,820	149,472	153,390	157,604	162,150	167,068	172,406	178,219
	17.47%	140,572	143,934	147,532	151,392	155,544	160,022	164,867	170,126
	17.97%	135,670	138,771	142,083	145,628	149,431	153,521	157,934	162,707
	18.47%	131,080	133,947	137,003	140,266	143,759	147,506	151,536	155,884
	18.97%	126,774	129,431	132,256	135,267	138,482	141,924	145,616	149,588
	19.47%	122,728	125,194	127,811	130,596	133,563	136,731	140,123	143,761

Notes to the financial statements-continued

8.5 Loans and receivables

31 December 2021

Due from third parties (see note a & b below)
Loan to staff
Loan to policy holders
Ex-staff loans

Gross Amount	Impairment	Carrying Amount
N'000	N'000	N'000
200,048	(91,974)	108,074
32,230	-	32,230
13,655	(13,655)	-
36,863	(35,509)	1,354
282,796	(141,138)	141,658

31 December 2020

Due from third parties (see note a & b below)
Loan to staff
Loan to policy holders
Ex-staff loans

Gross Amount	Impairment	Carrying Amount
N'000	N'000	N'000
163,270	(127,764)	35,506
31,919	-	31,919
13,655	(13,655)	-
44,755	(35,509)	9,246
253,599	(176,928)	76,671

(a) Breakdown of Due from third parties

Name of third parties	31 Dec 2021	31 Dec 2020
	N'000	N'000
In thousand of Naira		
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	39,793	35,508
Lease-Glc Resources	4,374	4,374
Konikolo Trust Fund	49,087	71,577
Sunfair Comm. Prod. Ltd	1,500	49,087
Aquila Leasing Ltd.	58,020	1,500
Taxaide Global	46,050	
Total	200,048	163,270

(b) Impairment allowance

In thousands of Naira	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	(176,928)	(127,764)
Movement during the period	35,790	(49,164)
Balance at the end of the year	(141,138)	(176,928)

Loans and receivables are measured at amortised cost using the effective interest rate. The effective interest rate for the purpose of staff loan valuation is the applicable market lending rates at the time of availment. The impairment allowance of N141million consists of N91.97million impairment on due from third parties, N13.65 million on Loans to policy holders and N35.51million on ex-staff loans.

8.6 Held to maturity

In thousands of Naira

	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	1,520,658	5,263,082
Redemptions during the year	(329,214)	(5,251,890)
	1,191,444	11,192
Additions during the period	2,509,942	1,509,466
	3,701,386	1,520,658
Impairment loss	(11,192)	(11,192)
Balance at the end of the year	3,690,194	1,509,466

(a) The held to maturity instrument consists of bonds investment of N1.97billion (2020: N360.41 million), investment notes of N1.32billion (2020: N951.28 million) and promissory notes of N399.50 million (2020: N197.78 million).

(b) The impairment loss of N11.19 million consists of impairment charge on investments in DEAP Capital of N11.19 million (2020: N11.19 million).

Breakdown of HTM is as follows:

	31 Dec 2021	31 Dec 2020
Bonds Investment	1,968,793	360,410
Investment notes	1,321,909	951,276
Promissory notes	399,491	197,780
	3,690,194	1,509,466

Notes to the financial statements-continued

9 Trade receivables

In thousands of Naira

Due from broker

31 Dec 2021	31 Dec 2020
81,468	63,974
81,468	63,974

9.1 Analysis of debtors in days

In thousands of Naira

Within 30 days

31 Dec 2021	31 Dec 2020
81,468	63,974
81,468	63,974

10 Reinsurance assets

In thousands of Naira

Prepaid reinsurance (note 10(a))

Reinsurance recoverable on outstanding claims (note 10(b))

Reinsurance projection on IBNR (note 10(c))

Due from Reinsurers (see note (i) below)

31 Dec 2021	31 Dec 2020	Changes during the year
801,100	852,723	(51,623)
3,006,069	1,239,009	1,767,060
769,917	144,014	625,903
4,577,086	2,235,746	2,341,339
62,557	210,174	(147,617)
4,639,643	2,445,920	2,193,722

(i)

This represents amount due from reinsurers on claims paid during the year.

(a) Movement in prepaid reinsurance costs

In thousands of Naira

Balance at the beginning of the year

Additions during the year

Reinsurance expense in the year (see note 33.1)

Balance at the end of the year

31 Dec 2021	31 Dec 2020
852,723	615,645
4,974,242	3,739,666
(5,025,865)	(3,502,588)
801,100	852,723

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira

Balance at the beginning of the year

Recoveries during the year (see note 17.1(a))

Balance at the end of the year

31 Dec 2021	31 Dec 2020
1,239,009	429,637
1,767,060	809,372
3,006,069	1,239,009

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira

Balance at the beginning of the year

Changes during the year (see note 17.1(c))

Balance at the end of the year

31 Dec 2021	31 Dec 2020
144,014	150,873
625,902.0	(6,859)
769,916	144,014

Reinsurance assets are valued after an allowance for recoverability has been assessed.

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira

Motor

Fire

General accident

Engineering

Marine

Bond

Aviation

Agric

Oil & Gas

31 Dec 2021	31 Dec 2020
-	196
321,768	234,787
107,551	114,235
55,312	87,567
100,533	136,557
611	624
32,345	27,192
10,049	-
172,931	251,565
801,099	852,723

Notes to the financial statements-continued

11 Deferred acquisition cost

11.1 Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

<i>In thousands of Naira</i>	31 Dec 2021	31 Dec 2020
Motor	75,824	57,777
Fire	103,596	63,870
Accident	41,223	37,421
Engineering	26,711	27,600
Marine	33,677	36,540
Bond	182	200
Aviation	13,407	11,505
Oil & Gas	135,247	93,899
Agric	2,961	-
	432,828	328,812

11.2 Movement in the deferred acquisition costs

<i>In thousands of Naira</i>	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	328,812	262,550
(Decrease) / increase during the year (see note 36.1)	104,016	66,262
Balance at the end of the year	432,828	328,812

12 Other receivables and prepayments

<i>In thousands of Naira</i>	31 Dec 2021	31 Dec 2020
Prepayments (see (a) below)	204,565	328,520
Other receivables (see (b) below)	135,301	178,822
	339,866	507,342
Allowance for impairment	(6,211)	(6,211)
	333,655	501,131

(a) Prepayments

<i>In thousands of Naira</i>	31 Dec 2021	31 Dec 2020
Prepaid staff benefits (see (i) below)	110,604	73,549
Deposits with stock broker (see (ii) below)	2,602	2,602
Prepaid rent	49,048	46,808
Other prepaid expenses (see (iii) below)	42,311	205,561
	204,565	328,520

- (i) This represents amounts prepaid to staff of the Company with respect to rent advance (N31.61million), furniture grant (N2.57 million, staff fleet premium advance (N0.3 million) and car loan encashment (N76.13million).
- (ii) The impairment allowance of N2.6 million represents impairment on deposits with stock brokers.
- (iii) This includes expenses incurred by the Company whose payments were made in advance but services have not been fully rendered within specific period intervals.

(b) Other receivables

<i>In thousands of Naira</i>	31 Dec 2021	31 Dec 2020
Withholding tax recoverable	112,561	111,004
Sundry receivables (see (i) below)	22,740	67,818
	135,301	178,822
Allowance for impairment (see (ii) below)	(6,211)	(6,211)
	129,090	172,611

- (i) This represents balance on contribution to claims pool.
- (ii) The impairment allowance of N6.2 million represents impairment on deposits with stock brokers.

Movement in allowance for impairment

<i>In thousands of Naira</i>	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	6,211	16,494
Reversal	(0)	(10,283)
Balance at the end of the year	6,211	6,211

Notes to the financial statements-continued

13 Investment properties

(a) The balance in this account can be analysed as follows:

S/N	Location of asset	Carrying amount as at 1 January 2021	Additions	Disposals	Reclassification	Fair value gain/(loss)	Carrying amount as at 31 December 2021
		N'000	N'000	N'000	n	N'000	N'000
1	No. 9C Shekinah Green Estate, Apo District, Abuja.	75,000	-	-	-	3,750	78,750
2	No. 11C Shekinah Green Estate, Apo District, Abuja.	75,000	-	-	-	3,750	78,750
		150,000	-	-	-	7,500	157,500

The Company possess Deed of Conveyance for the investment properties 1 and 2 above.

(b) Reconciliation of carrying amount

In thousands of Naira

	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	150,000	150,000
Fair value gain/(loss)	7,500	-
Balance at the end of the year	157,500	150,000

(c) Measurement of fair values

(i) Fair value hierarchy of the investment properties are as follows:

In thousands of Naira

	31 Dec 2021	31 Dec 2020
Level 1	-	-
Level 2	-	-
Level 3	157,500	150,000
	157,500	150,000

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property as at 31 December 2021, as well as the significant unobservable inputs used.

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

The valuation was done by Andy Bassey & Associate Estate Surveyors & Valuers with firm FRC number FRC/2012/00000000487. The valuation report was signed by Andem Bassey (FNIVS, RSV) with FRC number FRC/2012/NIESV/00000000363.

Notes to the financial statements-continued

14 Intangible assets

In thousands of Naira

Cost

Balance at the beginning of the year

31 Dec 2021 31 Dec 2020

67,147 67,147

Addition during the year

47,759 -

Balance at the end of the year

114,906 67,147

Accumulated Amortisation

Balance at the beginning of the year

65,948 59,828

Charge for the year

12,092 6,120

Balance at the end of the year

78,040 65,948

Carrying amount

Balance at the end of the year

36,866 1,199

Notes to the financial statements-continued

15 Property and equipment
At 31 December 2021

<i>In thousands of Naira</i>	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2021	847,420	287,817	581,711	153,924	376,237	85,861	2,332,970
Additions	-	-	272,240	4,689	21,372	-	298,301
Disposal	-	-	-	(2,396)	(159,929)	-	(162,325)
At 31 December 2021	847,420	287,817	853,951	156,217	237,680	85,861	2,468,946
Accumulated depreciation							
At 1 January 2021	-	89,837	452,187	140,572	300,858	-	983,454
Charge for the year	-	4,704	136,099	5,987	32,800	-	179,590
Disposal	-	-	-	(2,342)	(158,934)	-	(161,276)
At 31 December 2021	-	94,542	588,285	144,218	174,723	-	1,001,767
Carrying amount							
At 31 December 2021	847,420	193,276	265,665	12,000	62,956	85,861	1,467,178
At 31 December 2020	847,420	197,980	129,524	13,352	75,379	85,861	1,349,516

Property and equipment
At 31 December 2020

<i>In thousands of Naira</i>	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2020	757,200	291,392	629,511	145,751	330,428	105,136	2,259,418
Additions	-	920	-	8,173	48,684	-	57,777
Disposal	-	-	(47,800)	-	(2,875)	-	(50,675)
Revaluation loss	-	(4,495)	-	-	-	(19,275)	(23,770)
Revaluation gain	90,220	-	-	-	-	-	90,220
At 31 December 2020	847,420	287,817	581,711	153,924	376,237	85,861	2,332,970
Accumulated depreciation							
At 1 January 2020	-	82,083	388,009	133,171	274,975	-	878,238
Charge for the year	-	7,754	107,603	7,401	27,776	-	150,534
Disposal	-	-	(43,425)	-	(1,893)	-	(45,318)
At 31 December 2020	-	89,837	452,187	140,572	300,858	-	983,454
Carrying amount							
At 31 December 2020	847,420	197,980	129,524	13,352	75,379	85,861	1,349,516
At 31 December 2019	757,200	209,309	241,502	12,580	55,453	105,136	1,381,180

Notes to the financial statements-continued

15 Property and equipment

The fair value hierarchy of the property and equipment according IFRS 13 is shown below:

Class of PPE

In thousands of Naira

Land

Building

Building (work in progress)

31 December 2021			31 December 2020		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
-	-	847,420	-	-	847,420
-	-	193,276	-	-	197,980
-	-	85,861	-	-	85,861
-	-	1,126,557	-	-	1,131,261

In December 2020, the Company's land and buildings were revalued. The Company engaged the services of an independent valuer, Andy Bassey & Associate Estate Surveyors & Valuers (FRC/2012/NIESV/00000000363). The Company revalues its land and buildings every three years as stated in its accounting policy.

- a) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year
- b) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements as at year end.
- c) The Company had no capital commitments as at the reporting date (December 2020: nil).
- d) There was no item of property and equipment that has been pledged as security for borrowings as at the year ended 31 December 2021 (December 2020: nil).
- e) An impairment assessment was conducted and no impairment indicator was identified.

Below table shows the details of the property and equipment carried at revalued amount:

Name of property	Date of acquisition	Title document	Location	Carrying amount	Steps taken for perfection of document
Land and Building In Lekki express way	20-Nov-05	Deed of Assignment	Plot 20, Block 94, Lekki express way	769,681	Lagos State Governor Consent obtained on 26/09/2016
Land and Building at Ilupeju	12-Mar-02	Deed of Assignment	11A, Coker road, ilupeju, Lagos State	98,100	The company had applied to register the deed of assignment with the Lagos State Lands Registry
Land in Yenagoa	30-Apr-12	Letter of allocation by Bayelsa State Government	Central business district Swali, Yenagoa, Bayelsa State	55,000	The company had applied to register the allocation letter with the Bayelsa State Lands Registry
Linkage Millennium Tower, Port Harcourt	26-Sep-03	Deed of Assignment	Amadi layout along Port Harcourt/ Aba Express road	208,480	The company had applied to register the deed of assignment with the Rivers State Ministry of Lands
				1,131,261	

f) Land and building: historical costs

The Company has adopted the carrying value of land and buildings as at 1 January 2012 as the deemed cost of the assets. This represents the cost of the assets when the Company first adopted IFRS. If land and building were stated on the historical cost basis, the carrying amounts as at 31 December 2021 would be as follows:

	Land N'000	Buildings N'000
Cost	266,348	78,224
Accumulated depreciation	-	(8,447)
Carrying amount	266,348	69,777

Notes to the financial statements-continued

16 Statutory deposit

Statutory deposit with CBN

The statutory deposit represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria. The amount is not available for the day-to-day funding operations of the Company. It is therefore regarded as restricted cash. During the year, a deposit of N200 million was made by the Company to the Central Bank of Nigeria on 7 January 2021 to increase its statutory deposit from N300 million to N500 million.

31 Dec 2021	31 Dec 2020
₦'000	₦'000
500,000	300,000

17 Insurance contract liabilities

Provision for claims reported by policyholders (note 17.1(a))
Provision for IBNR (note 17.1(c))
Outstanding claims provision
Provision for unearned premium (note 17.2)
Total insurance contract liabilities

31 Dec 2021	31 Dec 2020
₦'000	₦'000
6,107,518	2,774,646
2,761,423	894,791
8,868,941	3,669,437
2,766,315	2,059,224
11,635,256	5,728,661

17.1 Analysis of claims reserve based on nature

In thousands of Naira

Reported claims (see (a) below)
IBNR (see (c) below)

31 Dec 2021			31 Dec 2020		
Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
6,107,518	3,006,069	3,101,449	2,774,646	1,239,009	1,535,637
2,761,423	769,917	1,991,506	894,791	144,014	750,777
8,868,941	3,775,986	5,092,955	3,669,437	1,383,023	2,286,414

(a) The movement in claims reported by policy holders is shown below:

In thousands of Naira

Balance at the beginning of the year
Movement during the year
Balance at the end of the year

31 Dec 2021			31 Dec 2020		
Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
2,774,646	1,239,009	1,535,637	2,267,862	429,637	1,838,225
3,332,872	1,767,060	1,565,812	506,784	809,372	(302,588)
6,107,518	3,006,069	3,101,449	2,774,646	1,239,009	1,535,637

Analysis of outstanding claims per class of business:

(b) *In thousands of Naira*

Motor
Fire
General accident
Engineering
Marine
Bond
Aviation
Oil & Gas
Agric

31 Dec 2021			31 Dec 2020		
Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
416,124	48,896	367,228	200,482	27,423	173,059
2,984,614	2,143,986	840,628	703,609	502,694	200,915
1,008,769	459,480	549,289	654,828	383,100	271,728
127,234	73,800	53,435	346,789	285,978	60,811
196,999	38,081	158,918	69,706	22,705	47,001
-	-	-	73,315	-	73,315
75,275	12,500	62,775	31,835	5,000	26,835
1,293,843	226,291	1,067,553	694,082	12,108	681,974
4,660	3,029	1,631			
6,107,518	3,006,069	3,101,452	2,774,646	1,239,009	1,535,637

Notes to the financial statements-continued

17.1 Analysis of claims reserve based on nature

(c) Age analysis of outstanding claims at the end of the year is shown below:

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Days outstanding		
0 - 90 days	1,706,213	1,259,250
91 - 180 days	475,285	243,261
181 - 270 days	909,261	130,443
271 - 365 days	609,815	144,823
Over 365 days	2,406,943	996,869
Total	6,107,518	2,774,646

Below are further breakdown of the outstanding claims and the reasons for their existence:

Outstanding claims days (₦'000)

	0-90 days	91-180 Days	181-270 Days	271-365 Days	Over 365 Days	Total
Discharge vouchers signed and returned by policyholders	30,904	-	-	-	-	30,904
Discharge vouchers not yet signed and returned by policyholders	-	-	-	-	-	-
Claims reported but incomplete documentation	1,671,597	466,333	828,824	605,009	1,917,884	5,489,648
Claims reported but being adjusted	3,712	7,952	5,403	1,750	487,748	506,564
Claims repudiated	-	-	-	1,000	-	1,000
Awaiting adjusters final report	-	1,000	74,074	2,056	1,181	78,311
Litigation awarded	-	-	-	-	45	45
Insured instructed has advices reopening	-	-	500	-	-	500
Third party liability outstanding	-	-	-	-	-	-
Adjusters fee payable	-	-	460	-	86	-
Total	1,706,213	475,285	909,261	609,815	2,406,943	6,107,518

(d) The movement in Incurred But Not Reported (IBNR) reserves is shown below:

In thousands of Naira

At the beginning of the year

Movement during the year

At the end of the year

31 Dec 2021			31 Dec 2020		
IBNR claims	Reinsurance	Net	IBNR claims	Reinsurance	Net
894,791	144,014	750,777	704,646	150,873	553,773
1,866,632	625,903	1,240,729	190,145	(6,859)	197,004
2,761,423	769,917	1,991,506	894,791	144,014	750,777

Analysis of IBNR claims per class of business:

In thousands of Naira

Motor

Fire

General accident

Engineering

Marine

Bond

Aviation

Agric

Oil & Gas

31 Dec 2021			31 December 2020		
IBNR claims	Reinsurance recoveries	Net	IBNR claims	Reinsurance recoveries	Net
317,409	12,379	305,030	152,908	9,812	143,096
1,380,857	187,404	1,193,454	131,469	67,695	63,774
153,821	12,557	141,264	99,077	31,659	67,418
31,829	(10,174)	42,003	62,377	26,741	35,636
80,075	12,576	67,499	28,169	6,856	21,313
2,411	-	2,411	7,015	33	6,982
53,350	8,084	45,266	21,821	-	21,821
1,475	448	1,028	-	-	-
740,196	546,644	193,552	391,955	1,218	390,737
2,761,423	769,917	1,991,506	894,791	144,014	750,777

The Liability Adequacy Test (LAT) as at 31 December 2021 was carried out by O&A Hedge Actuarial Consulting with FRC number FRC/2019/00000012909. The valuation report was signed by Layemo B. Abraham with FRC number FRC/2016/NAS/00000015764.

Notes to the financial statements-continued

17.2 Breakdown of unearned premium per class of business:

	31-Dec-21			31-Dec-20		
<i>In thousands of Naira</i>	Unearned Premium	Prepaid Reinsurance	Net	Unearned Premium	Prepaid Reinsurance	Net
Motor	718,770	-	718,770	553,956	196	553,760
Fire	707,350	321,768	385,582	347,175	234,787	112,388
General accident	235,314	107,551	127,763	208,873	114,235	94,637
Engineering	146,925	55,312	91,613	169,395	87,567	81,828
Marine	191,713	100,533	91,180	211,240	136,557	74,683
Bond	1,154	611	543	1,155	624	531
Aviation	71,711	32,345	39,366	77,882	27,192	50,690
Oil & Gas	676,686	172,931	503,754	489,549	251,565	237,984
Agric	16,691	10,049	6,643	-	-	-
	2,766,315	801,100	1,965,215	2,059,224	852,723	1,206,501

(a) The movement in the unexpired risk reserves is shown below:

	31-Dec-21			31-Dec-20		
<i>In thousands of Naira</i>	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Balance at the beginning of the year	2,059,224	852,723	1,206,501	1,680,373	615,645	1,064,728
Premium written in the year	11,161,499	4,974,242	6,187,257	8,331,841	3,739,666	4,592,175
Premium earned during the year	(10,454,409)	(5,025,865)	(5,428,544)	(7,952,990)	(3,502,588)	(4,450,402)
Balance at the end of the year	2,766,315	801,100	1,965,215	2,059,224	852,723	1,206,501

	31-Dec-21			31-Dec-20		
<i>In thousands of Naira</i>	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Unexpired risk reserve	2,059,224	852,723	1,206,501	1,680,373	615,645	1,064,728
Additional unexpired risk reserve	707,091	(51,624)	758,715	378,851	237,078	141,774
Balance at the end of the year	2,766,315	801,100	1,965,215	2,059,224	852,723	1,206,501

18 Hypothecation

	31-Dec-21			31-Dec-20		
<i>In thousands of Naira</i>	Insurance fund	Shareholders fund	Total	Insurance fund	Shareholders fund	Total
Assets						
Cash and cash equivalents	3,376,697	100,000	3,476,697	3,242,711	350,000	3,592,711
Financial assets	3,690,194	23,894,157	27,584,351	1,509,466	23,634,675	25,144,141
Trade receivables	-	-	-	-	-	-
Reinsurance assets	4,639,643	-	4,639,643	2,445,920	-	2,445,920
Deferred acquisition cost	-	432,828	432,828	-	328,812	328,812
Other receivables and prepayments	-	333,655	333,655	-	501,131	501,131
Investment properties	-	157,500	157,500	-	150,000	150,000
Intangible assets	-	36,866	36,866	-	1,199	1,199
Property and equipment	-	1,467,178	1,467,178	-	1,349,516	1,349,516
Statutory deposit	-	500,000	500,000	-	300,000	300,000
Total assets	11,706,534	26,922,184	38,628,717	7,198,097	26,615,333	33,813,430
Liabilities						
Insurance contract liabilities	11,635,256	-	11,635,256	5,728,661	-	5,728,661
Trade payables	-	765,141	765,141	-	704,169	704,169
Other payables	-	707,785	707,785	-	819,984	819,984
Finance lease obligations	-	-	-	-	219	219
Defined benefit obligations	-	89,659	89,659	-	62,981	62,981
Income tax liabilities	-	60,257	60,257	-	82,565	82,565
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	11,635,256	1,622,842	13,258,098	5,728,661	1,669,918	7,398,579
GAP	71,278	25,299,342	25,370,619	1,469,436	24,945,414	26,414,851

(i) Asset allocation was done in accordance with NAICOM guidelines to meet the minimum requirement of Section 26(1)(c) of the Insurance Act 2003 for hypothecation of investments representing the insurance funds.

19 Trade payables

Insurance payables (note 19.1)

31 Dec 2021	31 Dec 2020
₦'000	₦'000
765,141	704,169
765,141	704,169

19.1 Insurance payables

Commission payables to brokers
Premium received in advance
Due to re-insurers (see 'a' below)
Other payables to agents and brokers (see 'b' below)

31 Dec 2021	31 Dec 2020
₦'000	₦'000
139,177	96,037
60,454	2,936
481,525	504,926
83,985	100,270
765,141	704,169

Movement in insurance payables

Balance at the beginning of the year
Addition in the year
Balance at the end of the year

31 Dec 2021	31 Dec 2020
₦'000	₦'000
704,169	363,724
60,972	340,445
765,141	704,169

- (a) This is a payable to reinsurance companies as at 31 December 2021 (2020:N505m).
(b) This represents business acquisition costs payable to agents and brokers as at 31 December 2021 (2020: N100.3million)

20 Other payables

Due to Auditors
NAICOM levy
Expenses payable (see note 20.1)
Deferred commission revenue (see (a) below)
Other payables (see note 20.2a)

Provision for litigation (see note 20.2(b))

31 Dec 2021	31 Dec 2020
₦'000	₦'000
4,838	25,000
111,615	83,318
139,567	296,506
159,844	175,234
291,921	239,926
707,785	819,984
346,000	103,000
1,053,785	922,984

- a) Deferred commission revenue represents the acquisition commission income received in advance on insurance contract policies ceded to reinsurers and co-insurers with maturity beyond the reporting period. The movement during the year is shown below:

31 Dec 2021	31 Dec 2020
₦'000	₦'000
Deferred commission income as at 1 January	175,234
Fees and commission received during the year	818,839
Fees and commission earned during the year (see note 34.2)	(834,229)
Deferred commission income at the end of the period	159,844
	175,234

20.1 Expenses payable

Expenses accrued (see (i) below)

31 Dec 2021	31 Dec 2020
₦'000	₦'000
139,567	296,506
139,567	296,506

- (i) This represents expenses incurred during the year by the Company but for which bills/invoices have not been received from vendors as at 31 December 2021.

20.2 Other liabilities**(a) Other payables**

Travel insurance
National Housing Fund (NHF)
Pension for Life agents/Company
Deposit without details (see (c) below)
Sundry payables (see (d) below)

31 Dec 2021	31 Dec 2020
₦'000	₦'000
975	975
1,025	1,025
604	603
278,591	217,086
10,726	20,237
291,921	239,926

20.2 Other liabilities - cont'd

- (b) Included in provision for litigation is additional provision of N243 million which represents estimated outflow from a judgment delivered against the Company during the year. The case is being handled by Hybrid Solicitors with FRC number FRC/2021/00000013862; and solicitor's response was duly signed by Adepute Demilade with FRC number FRC/2021/002/00000022694. The total estimated liability as at December 2021 is N346million (2020: N103million). The case is currently being appealed at the Court of Appeal.
- (c) These are payments for which the purpose have not been identified as at reporting date.
- (d) These are other sundry payables which include legal fees of N8.5million.

21 Finance lease obligation

The Company leased four motor vehicles under finance lease during the year. The average lease term is 3 years. The Company has the option to purchase the motor vehicles for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by the lessor's title to the leased assets. The interest rate underlying the obligation under finance lease is fixed at 23% per annum in line with the terms of the lease contract.

	Future minimum lease payments		Interest		Present value of future minimum	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Not later than one year	-	-	-	219	-	219
	-	-	-	219	-	219

Reconciliation of movement in Finance Lease Obligation

In thousands of Naira

	31 Dec 2021	31 Dec 2020
Balance at the beginning of the year	219	61,923
Payments made during the year	(219)	(61,704)
Balance at the end of the year (see note 21)	-	219

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At the beginning of the year	161,560	141,078	(98,579)	(91,232)	62,981	49,846
Current service cost	34,625	29,573	-	-	34,625	29,573
Past service cost	-	-	-	-	-	-
Interest cost (income)	14,356	18,413	(14,329)	(15,683)	27	2,730
Contribution by employer	-	-	-	-	-	-
Benefits paid by the employer	(14,604)	(32,691)	14,604	-	-	(32,691)
Actuarial (gain)/loss on liability arising from:						
- Assumptions	(14,116)	20,667	(1,466)	8,336	(15,582)	29,003
- Experience	7,609	(15,480)	-	-	7,609	(15,480)
At the end of the year	189,430	161,560	(99,771)	(98,579)	89,659	62,981

The Company operates a defined benefit plan for qualifying employees on services rendered. With effect from 1 January 2014, employees who have served at least 5 years are entitled to a gratuity on a defined benefit scale which is graduated. The new benefit formula applies to benefit accruing from services rendered in the prior and future years. The Company commenced funding of plan in 2017.

(a) Sensitivity of the Present Value of the DBO to Principal Assumptions

The results of the valuation are highly sensitive to the underlying assumptions. The variability of the liability cost is expected to be higher for this small scheme size as seen in the table below.

	Base Result	+1%	-1%
	₦'000	₦'000	₦'000
Discount Rate	189,430	177,923	202,447
Salary Increase Rate	189,430	202,257	177,881
Mortality	189,430	189,589	189,284

Actual experience resulting into a change in any of the key assumptions might change the value of the liability disclosed as shown in the "Sensitivity Table" above. For example, in a standard defined benefit scheme pension arrangement, adding or deducting 1% from the discount rate assumption could result in a 14-16% change in the value of liability for the actives with a term of, say, 20 years to retirement. The weighted average term to retirement for the Linkage Assurance Gratuity Scheme is around 9.8 years

The Sensitivity Table above illustrates the effect of:

The discount rate assumption on the defined benefit obligation if there was an increase or decrease of 1% to discount rate. This could result in decrease or increase of about 6 to 7% respectively.

Notes to the financial statements-continued

(a) Sensitivity of the Present Value of the DBO to Principal Assumptions

The Sensitivity Table above illustrates the effect of:

The salary increase assumption on the defined benefit obligation, if there was an increase or decrease of 1% to the rate of salary increase. In this case, we might expect a change of about 6-7% in the defined benefit obligation. Sensitivity of the defined gratuity benefit obligation considers the mortality assumption by allowing for impact of 1 year age rating up or down.

Higher than expected mortality level while keeping the past service at their present level might be expected to bring forward the amount that would eventually be paid on expensive future gratuity benefits, producing a decrease to the base defined gratuity benefit obligation (-0.10%). Whereas a reduced level of mortality or an improvement would mean more survivors to qualify for higher future gratuity benefit payments (+0.10%). If only death gratuity had been considered in isolation, we would expect a higher cost in death gratuity payments with higher mortality vice versa and this might change the conclusion here in on the effect of change in mortality.

- (b) Actuarial valuation of the defined benefit obligation was carried out by O&A Hedge Actuarial Consulting with FRC number FRC/2019/00000012909. The valuation report was signed by Layemo B. Abraham with FRC number FRC/2016/NAS/00000015764.

23 Income tax liabilities

In thousands of Naira

	31 Dec 2021	31 Dec 2020
At the beginning of the year	82,565	75,390
Charge for the year (note 23.1)	31,941	45,370
Back duty assessment	79,783	95,687
Payment during the year	(134,032)	(133,882)
At the end of the year	60,257	82,565

23.1 Income tax expense

In thousands of Naira

	31 Dec 2021	31 Dec 2020
Minimum tax expense	31,941	19,882
NITDA Levy	-	25,361
Police Trust Fund levy	-	127
	31,941	45,370
Back duty assessment	79,783	95,687
Income tax expense	111,724	141,057

23.2 Reconciliation of tax charge

The income tax expense for the year can be reconciled to the accounting profit as follows;

	31 Dec 2021		31 Dec 2020	
	Rate (%)	₦'000	Rate (%)	₦'000
Profit before tax		(3,878,914)		2,536,069
Expected income tax expense at statutory rate	30	(1,163,674)	30	760,821
Information technology levy	0	-	1	25,361
Disallowable expenses	(9)	339,202	14	345,938
Income tax exempt	97	(3,766,021)	(42)	(1,069,401)
Police Trust Fund levy	0	-	0	127
Minimum tax	(1)	31,941	1	19,882
Effect of minimum tax	(118)	4,590,493	(1)	(37,358)
Back duty assessment	(2)	79,783	4	95,687
	(3)	111,724	6	141,057

24 Deferred taxation

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 on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Company did not have net deferred tax assets/(liabilities) that were recognized during the year.

Notes to the financial statements-continued

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	31 Dec 2021		31 Dec 2020	
	Gross Amount	Tax effect	Gross Amount	Tax effect
<i>In thousand of Naira</i>				
Tax losses	2,945,064	883,519	1,000,485	300,146
Temporary difference on asset	49,094	14,728	(12,376)	(3,713)
Provision for gratuity	37,490	11,247	49,995	14,999
	3,031,648	909,494	1,038,104	311,431
	31 Dec 2021		31 Dec 2020	
25 Share capital	₦'000		₦'000	
Authorized - ordinary shares of 50k each (30,000,000,000 units)	15,000,000		15,000,000	
25.1 Issued and fully paid	31 Dec 2021		31 Dec 2020	
	₦'000		₦'000	
Ordinary shares of 50k each 14,000,000,000 units (2020: 10,000,000,000 units)				
At the beginning of the year	5,000,000		3,999,999	
Addition- Bonus issue: Retained earnings	2,000,000		1,000,001	
At the end of the year	7,000,000		5,000,000	
26 Share premium	31 Dec 2021		31 Dec 2020	
	₦'000		₦'000	
At the beginning of the year	729,044		729,044	
Utilized for increase in authorized share capital (see(a) below)	(168,750)		-	
At the end of the year	560,294		729,044	
(a) The amount of N168.7million was released from other prepaid expenses (note 12a) for utilization. The amount was paid in 2020 (N112.5million paid to Corporate Affairs Commission and N56.25million paid to Federal Inland Revenue Services) which represents payments in respect to increase in authorized share capital.				
27 Contingency reserve	31 Dec 2021		31 Dec 2020	
	₦'000		₦'000	
At the beginning of the year	2,547,773		2,068,770	
Transfer from retained earnings (see Note 28)	334,845		479,002	
At the end of the year	2,882,618		2,547,773	
Contingency reserve for general insurance business is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act of Nigeria, as the higher of 3% of gross premiums and 20% of net profit for the year. For the year ended 2021, the transfer to contingency reserves was determined based on 3% of Gross premium for the year (2020: 20% of net profit).				
28 Retained earnings	31 Dec 2021		31 Dec 2020	
	₦'000		₦'000	
At the beginning of the year	3,308,185		2,392,175	
Profit for the year	(3,990,638)		2,395,012	
Transfer to contingency reserve (see Note 27)	(334,845)		(479,002)	
Bonus share issue	(2,000,000)		(1,000,000)	
Cash dividend	(500,000)		-	
At the end of the year	(3,517,299)		3,308,185	
29 Assets revaluation reserve	31 Dec 2021		31 Dec 2020	
	₦'000		₦'000	
At the beginning of the year	828,773		752,083	
Revaluation gain on property and equipment	-		76,690	
Balance as at 31 December	828,773		828,773	

The asset revaluation reserves comprises cumulative net revaluation change on revalued Property and Equipment. The last revaluation of land and buildings was done in December 2020.

Notes to the financial statements-continued

30 Other reserves

Other reserves include fair value and re-measurement reserves. The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments while the re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan. These are presented below:

30.1 Fair value reserve

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Balance as at January 1	13,948,807	13,079,548
Fair value gain during the year	3,397,853	869,259
Balance as at December 31	<u>17,346,660</u>	<u>13,948,807</u>

30.2 Re-measurement reserve

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Balance as at January 1	13,244	18,431
Defined benefits actuarial (loss)/gain	(8,204)	(5,187)
Balance as at December 31	<u>5,040</u>	<u>13,244</u>

The re-measurement reserve comprises the actuarial gains and losses on defined benefits post-employment plan.

31 Gross premium written

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Direct premium (note 31.1)	10,898,308	8,033,575
Inward premium (note 31.1)	263,191	298,266
	<u>11,161,499</u>	<u>8,331,841</u>

31.1 Breakdown of gross premium written per business class is as follows:

31 Dec 2021	Direct premium N'000	Inward premium N'000	Total N'000
Fire	1,946,418	62,978	2,009,396
Accident	992,149	29,595	1,021,744
Motor	2,104,473	72,869	2,177,342
Marine	835,349	75,335	910,684
Aviation	606,906	7,052	613,958
Bond	10,688	-	10,688
Engineering	438,066	10,759	448,825
Oil & Gas	3,919,382	4,279	3,923,661
Agric	44,877	324	45,201
	<u>10,898,308</u>	<u>263,191</u>	<u>11,161,499</u>

31 Dec 2020	Direct premium N'000	Inward premium N'000	Total N'000
Fire	1,253,081	32,257	1,285,338
Accident	847,328	20,180	867,508
Motor	1,522,097	81,231	1,603,328
Marine	592,927	89,466	682,393
Aviation	505,561	18,305	523,866
Bond	5,553	-	5,553
Engineering	509,955	3,133	513,088
Oil & Gas	2,797,073	53,694	2,850,767
	<u>8,033,575</u>	<u>298,266</u>	<u>8,331,841</u>

32 Gross premium income

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Gross premium written (note 31)	11,161,499	8,331,841
Changes in unearned premium (note 17.2)	(707,091)	(378,851)
	<u>10,454,408</u>	<u>7,952,990</u>

Notes to the financial statements-continued

33 Reinsurance expenses

5,025,865 3,502,588

33.1 Premium ceded to reinsurance:

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Reinsurance premium (Treaty)	4,077,989	3,121,391
Facultative outwards	896,252	618,275
Total reinsurance cost (see (a) below)	4,974,241	3,739,666
Increase/(Decrease) in prepaid reinsurance	51,624	(237,078)
	5,025,865	3,502,588
(a) Local and foreign reinsurance premium		
Reinsurance premium - local	1,592,361	1,789,012
Reinsurance premium - foreign	3,381,880	1,950,654
	4,974,241	3,739,666

33.2 Breakdown of premium ceded to reinsurer per business class is as follows:

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Fire	1,095,063	788,132
Accident	559,856	478,968
Motor	196	4,619
Marine	404,010	279,283
Aviation	404,735	361,581
Bond	5,290	3,315
Engineering	262,257	227,927
Oil & Gas	2,279,282	1,358,762
Agric	15,176	-
	5,025,865	3,502,588

34 Fees and commission income

834,229 625,656

34.1 Breakdown of fees and commission income per business class is as follows:

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Fire	334,168	249,020
Accident	170,094	141,310
Motor	1,450	839
Marine	134,846	85,050
Aviation	901	1,974
Bond	1,750	967
Engineering	71,297	97,850
Agric	3,793	-
Oil & Gas	115,930	48,646
	834,229	625,656

Notes to the financial statements-continued

34.2 Breakdown of fees and commission income is as follows:

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Lead underwriting commission	7,813	36,355
Reinsurance commission (Note 20(a))	739,614	656,163
Profit Comm. & Comm. Adjustment	71,410	-
Changes in deferred commission revenue	15,392	(66,862)
	834,229	625,656

35 Net claims expenses

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Gross claims paid	3,989,302	2,404,455
Movement in IBNR reserve (see note 17.1(c))	1,866,632	190,145
Movement in reserve for outstanding claims	3,332,872	506,784
Gross claims incurred	9,188,806	3,101,384
Salvage recovery	(63,146)	(22,678)
Claims recovered and recoverable from reinsurers (see (a) below)	(4,092,409)	(1,710,772)
	5,033,251	1,367,934

a) Analysis of claims recovered and recoverable from reinsurers

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Reinsurance claims recoveries (see note 43c)	1,699,447	908,259
Change in re-insurance recoverable (see note 10b)	1,767,060	809,372
Change in recoverable in IBNR (see note 10c)	625,902	(6,859)
	4,092,409	1,710,772

36 Underwriting expenses

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Acquisition expenses (note 36.1)	3,054,248	1,608,622
Maintenance expenses (note 36.2)	759,461	1,273,913
	3,813,709	2,882,535

36.1 Analysis of acquisition expenses

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Commission expense	1,932,506	1,383,219
Business acquisition cost	1,225,757	291,665
Movement in deferred acquisition cost (see note 11.2)	(104,015)	(66,262)
	3,054,248	1,608,622

36.2 Analysis of maintenance expenses

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Staff costs (see note 42)	357,802	441,186
Directors' emoluments (see note 42)	44,076	37,946
Retirement benefit cost (see note 42)	43,704	37,673
Other operating expenses (note 42)	313,879	757,107
	759,461	1,273,913

The above expenses represent part of the entity's operating expenses that were allocated to operations. Non-specific operating expense of the entity are allocated between operational and administrative expenses in the ratio 40:60 respectively.

Other operating expenses are expenses incurred relating to the Company's core business excluding staff costs, directors' emoluments and retirement benefit costs.

37 Investment income

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Dividend income (see note 37a)	1,212,565	906,959
Interest income (See note 37b)	1,080,792	1,104,856
Investment income per statement of profit or loss and OCI	2,293,357	2,011,815
Fair value change on investment properties (see note 13b)	7,500	-
Investment income for hypothecation	2,300,857	2,011,815

Notes to the financial statements-continued

37a Breakdown of Dividend Income

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Stanbic IBTC Holdings plc	2,528	1,076
Zenith Bank Plc	76,447	105,416
Nigeria Breweries Plc	331	4,991
Dangote Sugar Plc	11,369	1,439
United Bank for Africa Plc	20,949	5,719
Stanbic IBTC Pension Managers	985,765	721,176
Guaranty Trust Bank Plc	59,802	48,373
Berger Paints Plc	79	-
Conoil Plc	418	-
NASCON Plc	454	-
Access Bank Plc	1,046	889
WAPCO(Lafarge Africa Plc	15,719	-
Dangote Cement Plc	6,535	5,169
May and Baker Plc	6	19
Communication Plc	13,448	11,507
Nestle Nig. Plc	1,073	825
Friesland Campina WAMCO Plc	236	-
Okomu Oil Palm Plc	1,103	350
Flour Mill Nig. Plc	9	10
Guinness Nig. Plc	41	-
Waica Reinsurance Corp. Plc	15,071	-
Presco Plc	135	-
	1,212,565	906,959

37b Breakdown of Interest Income

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Interests from Placement with Banks and Financial Institutions	158,701	168,817
Interest income from Treasury Bills	2,071	90,895
Interest income from FGN Bonds	567,241	576,640
Interest income from State Bonds	51,092	56,139
Interest income from Corporate bonds	49,009	131,919
Promissory note	41,365	32,094
Interest income from Corporate investment notes	-	48,352
Coupon from Delux Residence Ltd	5,958	-
Coupon from sokoto structured debt note	35,164	-
Interest from apel asset	26,512	-
Interest from platform capital	58,262	-
Commercial paper	28,465	-
Commission from FGN Bond	735	-
Coupon from Chapel Hill (NREIT)	3,010	-
Coupon from Chapel Hill (NIDF)	24,502	-
Interest from Suntrust Oil	20,534	-
Interest from Cordros Ltd	1,397	-
Interest from Edumed SPV Ltd	3,137	-
Interest from Credit Investment Ltd	3,636	-
	1,080,792	1,104,856

Notes to the financial statements-continued

37.1 Hypothecation of investment income

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Investment income that relate to policyholders (note 37.2)	158,701	168,817
Investment income that relate to shareholders (note 37.3)	2,142,156	1,842,998
	2,300,857	2,011,815

37.2 Investment income that relate to policy holders

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Income from money market	158,701	168,817
	158,701	168,817

37.3 Investment income that relate to shareholders

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Dividend income	1,212,565	906,959
Income from money market	2,071	90,895
Income from bonds	667,343	764,698
Other investment income (See(i) below)	252,677	80,446
Revaluation gain on investment Property	7,500	-
	2,142,156	1,842,998

- (i) This represents income from investments in commercial papers and promissory notes (2020: N80.4million)

38 Net impairment loss on financial assets

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Impairment loss on placement with financial institutions	-	4,389
Impairment loss on sundry receivables	-	7,828
(Decrease)/Increase in impairment loss on loans and receivables	(35,788)	72,678
	(35,788)	84,895

39 Net fair value gains/(loss) on financial assets at fair value through profit or loss

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Fair value change on FVTPL securities ((see (a) below)	(1,268,490)	1,819,593

(a) Breakdown of Fair value changes on FVTPL securities

	31 Dec 2021	31 Dec 2020
	N'000	N'000
FV Gain/Loss on FGN Bonds	(1,017,088)	1,274,637
FV Gain/Loss on State Bonds	(119,600)	81,136
FV Gain/Loss on Corporate Bonds	(68,863)	16,900
FV Gain/Loss on Equity Investment	(52,286)	356,226
Fair value gain on Fund managers	22,045	90,694
Gain on disposal of 1,429,884 Units of MTN Plc Shares	44,278	-
Fair value loss on 7.696% Eurobond Feb 2038	(3,599)	-
Disposal of Zenith Bank Plc Shares	(69,453)	-
Other (See(i) below)	(3,923)	-
	(1,268,490)	1,819,593

- (i) This includes fair value losses on investments in bonds and equity securities,

Notes to the financial statements-continued

40 Other operating (loss)/income (net)

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Sundry income (see (b) below)	1,132	29,884
Gain on sale of property & equipment	42	(4,204)
Exchange gains (see (a) below)	296,688	33,859
Rental income	6,200	4,500
	304,062	64,039

(a) This relates to exchange gains on foreign-denominated transactions which were consummated during the year.

(b) This includes interest on current accounts and interest on staff loans (2020: N29.9million).

41 Fair value changes in property and equipment

	31 Dec 2021	31 Dec 2020
Revaluation loss on property and equipment	-	(10,240)
	-	(10,240)

42 Maintenance and management expenses

Maintenance and management expenses comprise:

In thousands of Naira

	31 Dec 2021		31 Dec 2020	
	Maintenance Expenses	Management Expenses	Maintenance Expenses	Management Expenses
Staff cost	357,802	536,704	441,186	661,779
Director emoluments	44,076	66,114	37,946	56,920
Pension contribution	13,401	20,101	13,371	20,056
Retirement benefits	30,303	45,455	24,302	36,454
Outsourcing cost	61,548	92,322	57,939	86,908
Advertising & publicity	6,449	9,674	5,854	8,780
Marketing expenses	12,288	18,433	11,173	16,759
Medical	19,173	28,759	19,044	28,566
Staff training & development	30,216	45,323	11,945	17,917
Corporate Expense	184,204	-	651,152	-
AGM expenses	-	18,000	-	15,000
Bank charges	-	47,732	-	38,766
Computer consumables	-	-	-	110
Depreciation & amortisation	-	191,682	-	156,655
Diesel and fuel	-	65,100	-	53,526
Entertainment	-	720	-	1,376
Industrial training fund	-	13,900	-	4,874
Insurance expenses	-	21,338	-	19,646
Insurance supervision fee	-	125,366	-	104,135
Legal and secretarial expenses	-	261,167	-	121,991
Retail agents expenses	-	31,826	-	29,851
Lighting & heating	-	14,485	-	6,896
Maintenance expense	-	154,662	-	133,806
Newspapers & periodicals	-	2,123	-	872
Postage and telephone	-	25,825	-	19,816
Consultancy expenses	-	226,629	-	160,008
Rent & rate	-	49,637	-	40,388
Stationaries	-	19,003	-	12,178
Subscriptions, contributions & donations	-	20,851	-	14,771
Transport and business travels	-	15,388	-	10,588
Withholding tax & VAT	-	114,609	-	84,550
Audit fee	-	19,750	-	25,000
Rebranding expenses (see (a) below)	-	278,277	-	-
Lease expenses	-	-	-	9,503
Others (see (b) below)	-	85,987	-	91,387
Total	759,461	2,666,942	1,273,913	2,089,832

(a) Rebranding expenses relate to the costs incurred by the Company on rebranding activities involving change of logo, campaigns, signages, concepts & designs, brand manuals etc.

(b) Other expenses include internet connectivity and Information technology (N35million), Accommodation (N12million), filing fees (N6million), and other general expenses.

Notes to the financial statements-continued

43 Net fair value gain on available-for-sale financial assets

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Fair value gain in available-for-sale investments - unquoted equities	3,397,853	869,259
	3,397,853	869,259

44 Basic and diluted (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic and diluted (losses)/earnings per share computations:

	31 Dec 2021	31 Dec 2020
	(N'000)	
Profit attributable to ordinary shareholders (N'000)	(3,990,638)	2,395,012
Weighted average number of ordinary shares	14,000,000	14,000,000
Basic and diluted earnings per share (Kobo)	(28.5)	17.1

45 Cashflow reconciliation

a) Other operating cash payments

In thousands of Naira

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Management expenses (less staff expenses)	(1,877,487)	(1,199,149)
Adjustment for items not involving movement of cash:		
Changes in unearned premium	(707,091)	(378,851)
Depreciation and amortisation expense	191,682	156,655
Impairment loss	35,788	84,895
Exchange gain/loss	28,273	(35,483)
Sundry income	(1,132)	(29,884)
(Profit)/loss on sale of PPE	(42)	4,204
Operating cash flows before movements in working capital	(2,330,009)	(1,397,613)
Increase in trade payables	60,972	340,445
Increase in provision for litigation	243,000	103,000
Changes in other sundry payable/receivable	95,649	(36,264)
Decrease/(increase) in other receivables and prepayment	167,476	(92,828)
Increase in other payables	112,199	142,280
	(1,650,713)	(940,980)

b) Premium received from policy holders

In thousands of Naira

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Trade receivable at 1 January	63,974	65,898
Gross premium written during the year	11,161,499	8,331,841
Trade receivable at end of the year	(81,468)	(63,974)
Premium received in advance	(2,936)	(2,868)
	11,141,069	8,330,897

c) Recovery and recoverable from reinsurers

In thousands of Naira

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Reinsurance claims recoveries (note 35(a))	1,699,447	908,259
Salvage recovery (note 35)	63,146	22,678
	1,762,593	930,937

d) Reinsurance premium paid

In thousands of Naira

	31 Dec 2021	31 Dec 2020
	N'000	N'000
Reinsurance premium cost (note 33.1)	4,077,989	3,121,391
Facultative outwards (note 33.1)	896,252	618,275
Due to reinsurers as at end of the year	(481,525)	(504,926)
Movement in treaty premium surplus	504,926	253,697
	4,997,642	3,488,437

Notes to the financial statements-continued

e) Commission paid	31 Dec 2021	31 Dec 2020
<i>In thousands of Naira</i>	₦'000	₦'000
Commission payable to brokers at 1 January	96,037	63,749
Commission cost (Note 36.1)	1,932,506	1,383,219
Business acquisition cost prepaid 1 January	-	647
Business acquisition cost (Note 36.1)	1,225,757	291,665
Business acquisition cost prepaid 31 December	-	(272)
Commission payable to brokers at 31 December	(139,177)	(96,037)
	3,115,123	1,642,971

f) Commission received	31 Dec 2021	31 Dec 2020
<i>In thousands of Naira</i>	₦'000	₦'000
Deferred commission revenue at 1 January	(175,234)	(108,373)
Deferred commission revenue at 31 December	159,844	175,234
Movement	(15,390)	66,861
Commission income earned during the year	739,614	589,301
Profit Comm. & Comm. Adjustment	71,410	-
Lead underwriting commission	7,813	36,355
Commission income received during the year	803,447	692,517

g) Interest received	31 Dec 2021	31 Dec 2020
<i>In thousands of Naira</i>	₦'000	₦'000
Interest income earned during the year	1,080,792	858,981
Interest received during the year	1,080,792	858,981

h) Movement in financial assets	31 Dec 2021				
<i>In thousands of Naira</i>	Fair value through P/L	Available for sale	Loans & receivables	Held to maturity	Total Movement
Addition	1,832,801	401,250	-	2,509,942	4,743,993
Disposals/redemption	(4,168,919)	-	(7,581)	(329,214)	(4,505,714)
Loan repayment	-	-	(36,778)	-	(36,778)
Impairment	-	-	35,788	-	35,788
Fair value gain/(loss)	(1,268,490)	3,397,853	-	-	2,129,363
	(3,604,608)	3,799,103	(8,571)	2,180,728	2,366,652

Movement in financial assets	31 Dec 2020				
<i>In thousands of Naira</i>	Fair value through P/L	Available for sale	Loans & receivables	Held to maturity	Total Movement
Exchange (loss)/gain	(15,200)	-	-	5,606	(9,594)
Addition	4,679,599	550,000	116,635	1,509,466	6,855,700
Disposals/redemption	(2,293,652)	-	-	(5,251,890)	(7,545,542)
Loan repayment	-	-	(244,106)	-	(244,106)
Impairment	-	-	(72,678)	-	(72,678)
Fair value gain	1,819,593	869,259	-	-	2,688,852
	4,190,340	1,419,259	(200,149)	(3,736,818)	1,672,632

i) Purchase of property and equipment	31 Dec 2021	31 Dec 2020
<i>In thousands of Naira</i>	₦'000	₦'000
Addition for the year per movement schedule	298,301	57,777
Cash flow on addition to property and equipment	298,301	57,777

j) Sale of property and equipment	31 Dec 2021	31 Dec 2020
<i>In thousands of Naira</i>	₦'000	₦'000
Costs of assets disposed	162,325	50,675
Accumulated depreciation on assets disposed	(161,276)	(45,318)
Proceeds on sale of disposed asset	(1,091)	(1,153)
Profit/(Loss) on disposal	(42)	4,204

Notes to the financial statements-continued

k) Finance lease obligation

In thousands of Naira

Balance at the beginning of the year

Payments made during the year

Balance at the end of the year (see note 21)

31 Dec 2021	31 Dec 2020
₦'000	₦'000
219	61,923
(219)	(61,704)
-	219

l) Cash payment to and on behalf of employees (excluding maintenance expenses)

In thousands of Naira

Staff cost

Director emolument

Pension contribution

Retirement benefits

Contract staff cost

Medical

31 Dec 2021	31 Dec 2020
₦'000	₦'000
536,704	661,779
66,114	56,920
20,101	20,056
45,455	36,454
92,322	86,908
28,759	28,566
789,455	890,683

46 Cash and cash equivalents

Cash in hand

Balances with banks & other financial institutions

31 Dec 2021	31 Dec 2020
₦'000	₦'000
445	642
3,476,252	3,592,069
3,476,697	3,592,711

47 Related party disclosures

Transactions are entered into by the Company during the year with related parties. Unless specifically disclosed, these transactions occurred under terms that are no less favourable than those with third parties. Details of transactions between Linkage Assurance Plc and related parties are disclosed below:

47.1 Compensation of key management personnel

Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of Linkage Assurance Plc. It comprises both executive and non-executive directors. The remuneration of directors and other members of key management personnel during the year was as follows:

	31 Dec 2021	31 Dec 2020
	₦'000	₦'000
Short-term benefits	166,183	152,057
	166,183	152,057

47.2 Sale of insurance contracts

During the year, the Company did not enter into any contract with related parties.

48 Contravention

There were no contraventions during the year (2020: Nil).

49 Other related party transactions

Linkage Assurance Plc is represented on the Board of IBTC Pension Manager by a member of the key management personnel. IBTC Pension Managers is one of the Pension Funds Administrators (PFAs) to some of the Company's staff.

50 Events after the reporting year

There were no major events after the reporting year that require adjustments or disclosure in the financial statements.

51 Commitments

The Company had no capital commitments at the reporting date.

Other National Disclosures

Statement of Value Added
For the year ended

	31 Dec 2021		31 December 2020	
	₦'000	%	₦'000	%
Net premium	5,428,543	(174)	4,450,402	119
Investment income	2,293,357	(73)	2,011,815	54
Other income	1,138,291	(36)	689,695	18
Claims incurred, commissions paid and operating expenses (local)	(11,986,112)	383	(3,416,245)	(91)
Value (eroded)/added	(3,125,921)	100	3,735,667	100
Distribution:				
Employees and directors (staff cost)	975,940	(31)	1,184,001	32
Government (taxes)	31,941	(1)	-	
Asset replacement (depreciation)	191,682	(6)	156,654	
Contingency reserve	-	1	479,002	13
Expansion (retained on the business)	(4,325,483)	138	1,916,010	51
Value (eroded)/added	(3,125,921)	100	3,735,667	100

Financial Summary

	31 Dec 2021 ₦'000	31 Dec 2020 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2017 ₦'000
Statement of financial position					
Assets					
Cash and cash equivalents	3,476,697	3,592,711	1,609,222	1,205,124	1,843,757
Financial assets	27,584,351	25,144,141	23,398,173	19,057,336	18,659,072
Trade receivables	81,468	63,974	65,898	32,090	13,741
Reinsurance assets	4,639,643	2,445,920	1,121,787	543,636	558,813
Deferred acquisition cost	432,828	328,812	262,550	259,098	176,274
Other receivables and prepayments	333,655	501,131	408,303	287,101	238,777
Investment property	157,500	150,000	150,000	144,000	135,000
Intangible assets	36,866	1,199	7,319	14,110	26,445
Property and equipment	1,467,178	1,349,516	1,381,180	1,303,014	1,356,279
Statutory deposit	500,000	300,000	300,000	300,000	300,000
Total assets	38,710,185	33,877,404	28,704,432	23,145,509	23,308,158
Liabilities					
Insurance contract liabilities	11,635,256	5,728,661	4,652,881	4,289,254	2,443,858
Trade payables	765,141	704,169	363,724	144,234	107,346
Provision and other payables	707,785	819,984	460,618	350,232	307,546
Finance lease obligations	-	219	61,923	56,037	88,222
Provision for litigation	346,000	103,000	-	-	-
Retirement benefit obligations	89,659	62,981	49,846	22,905	30,471
Income tax liabilities	60,257	82,565	75,390	203,979	177,941
Deferred tax liabilities	-	-	-	158,381	199,942
Total liabilities	13,604,099	7,501,579	5,664,382	5,225,022	3,355,326
Capital and reserves					
Issued and paid-up share capital	7,000,000	5,000,000	3,999,999	3,999,999	3,999,999
Share premium	560,294	729,044	729,044	729,044	729,044
Contingency reserve	2,882,618	2,547,773	2,068,770	1,778,339	1,616,603
Retained earnings	(3,517,299)	3,308,185	2,392,175	1,230,452	2,082,306
Assets revaluation reserve	828,773	828,773	752,083	752,083	752,083
Re-measurement reserve	5,040	13,244	18,431	23,761	4,484
Fair value reserve	17,346,660	13,948,807	13,079,548	9,406,809	10,768,313
Total equity	25,106,086	26,375,825	23,040,050	17,920,487	19,952,833
Total liabilities and equity	38,710,185	33,877,404	28,704,432	23,145,509	23,308,158
Statement of profit or loss					
Gross premium written	11,161,499	8,331,841	6,518,964	5,391,170	4,102,253
Net premium income	5,428,543	4,450,402	3,713,380	3,477,836	2,840,379
Underwriting results	(2,584,189)	825,589	409,240	(772,480)	456,861
(Loss)/profit before taxation	(3,878,914)	2,436,069	1,338,726	134,703	2,996,101
Taxation	-	(19,882)	(31,633)	-	(70,560)
(Loss)/profit after taxation	(3,990,638)	2,516,187	1,307,093	134,703	2,925,541
Transfer to contingency reserve	334,845	479,002	290,431	161,736	578,254
Dividend	(500,000)	-	-	(400,000)	-
Transfer to revenue reserve	(3,825,483)	2,037,185	1,016,662	372,967	2,347,287
Basic earnings per share (kobo)	(28.5)	24.0	18.2	(3.6)	36.1

Revenue Account

31 Dec 2021

<i>In thousands of naira</i>	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Agric	Total
Direct receipted premium	1,946,418	992,149	2,104,473	835,349	606,906	10,688	438,066	3,919,382	45,201	10,898,632
Inward premium	62,978	29,595	72,869	75,335	7,052	-	10,759	4,279	-	262,867
Gross premium written	2,009,396	1,021,744	2,177,342	910,684	613,958	10,688	448,825	3,923,661	45,201	11,161,499
Changes in reserve for unexpired risk	(360,176)	(26,440)	(164,814)	19,527	6,171	1	22,470	(187,137)	(16,691)	(707,089)
Gross premium earned	1,649,220	995,304	2,012,528	930,211	620,129	10,689	471,295	3,736,524	28,510	10,454,410
Reinsurance Expenses	(1,182,044)	(553,171)	-	(367,986)	(409,888)	(5,277)	(230,002)	(2,200,648)	(25,225)	(4,974,241)
Movement in Prepaid-Reinsurance Cost	86,981	(6,685)	(196)	(36,024)	5,153	(13)	(32,255)	(78,634)	10,049	(51,624)
Reinsurance expenses (Note 33)	(1,095,063)	(559,856)	(196)	(404,010)	(404,735)	(5,290)	(262,257)	(2,279,282)	(15,176)	(5,025,865)
Net earned premium	554,157	435,448	2,012,332	526,201	215,394	5,399	209,038	1,457,242	13,334	5,428,545
Commissions received	334,168	170,094	1,450	134,846	901	1,750	71,297	115,930	3,793	834,229
Total underwriting income	888,325	605,542	2,013,782	661,047	216,295	7,149	280,335	1,573,172	17,127	6,262,774
Underwriting expenses										
Gross Claims incurred	(4,667,418)	(739,350)	(1,136,187)	(273,448)	(222,504)	4,605	(12,492)	(2,072,733)	(6,135)	(9,125,662)
Recovery on Claims incurred	2,344,261	199,305	82,013	58,246	114,683	(34)	(50,516)	1,340,975	3,477	4,092,410
Claims expenses (Note 35)	(2,323,157)	(540,045)	(1,054,174)	(215,202)	(107,821)	4,571	(63,008)	(731,758)	(2,658)	(5,033,252)
Maintenance expenses	(299,047)	(152,064)	(324,041)	(135,532)	(91,372)	(1,591)	(66,796)	(583,935)	(6,727)	(1,661,104)
Acquisition expenses (Note 36)	(351,573)	(230,329)	(275,496)	(262,015)	(114,438)	(1,590)	(93,786)	(818,698)	(4,680)	(2,152,605)
Underwriting (loss)/profit	(2,085,452)	(316,896)	360,071	48,298	(97,336)	8,539	56,745	(561,219)	3,062	(2,584,189)

31 Dec 2020

<i>In thousands of naira</i>	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Total
Direct receipted premium	1,253,081	847,328	1,522,097	592,927	505,561	5,553	509,955	2,797,073	8,033,575
Inward premium	32,257	20,180	81,231	89,466	18,305	-	3,133	53,694	298,266
Gross premium written	1,285,338	867,508	1,603,328	682,393	523,866	5,553	513,088	2,850,767	8,331,841
Changes in reserve for unexpired risk	(75,530)	(14,041)	(130,026)	(104,899)	14,702	1,891	(91,637)	20,689	(378,851)
Gross premium earned	1,209,808	853,467	1,473,302	577,494	538,568	7,444	421,451	2,871,456	7,952,990
Reinsurance expenses (Note 33)	(788,132)	(478,968)	(4,619)	(279,283)	(361,581)	(3,315)	(227,927)	(1,358,762)	(3,502,587)
Net earned premium	421,676	374,499	1,468,683	298,211	176,987	4,129	193,524	1,512,694	4,450,403
Commissions received	249,020	141,310	839	85,050	1,974	967	97,850	48,646	625,656
Total underwriting income	670,696	515,809	1,469,522	383,261	178,961	5,096	291,374	1,561,340	5,076,059
Underwriting expenses									
Claims expenses (Note 35)	(318,387)	(164,589)	(470,092)	(58,815)	(93,519)	(577)	(101,548)	(160,406)	(1,367,933)
Acquisition expenses (Note 36)	(242,028)	(201,507)	(209,203)	(157,133)	(87,376)	(1,383)	(70,963)	(639,030)	(1,608,623)
Maintenance expenses	(196,524)	(132,639)	(245,144)	(104,336)	(80,098)	(849)	(78,450)	(435,874)	(1,273,914)
Underwriting (loss)/profit	(86,243)	17,074	545,083	62,977	(82,032)	2,287	40,413	326,030	825,589