NEM INSURANCE PLC

FINANCIAL STATEMENTS
31 DECEMBER 2021

CERTIFIED BY:-

Director

Secretary

Contents

CERTIFIED BY:-

Corporate Information

Directors	Dr. Fidelis Ayebae	Chairman	
	Mr. Tope Smart	Group Managing Director/CEO	
	Mr. Andrew Ikekhua	Executive Director	
	Mr. Sunday Joshua Adebayo	Executive Director	Appointed on 1/12/2021
	Mr. Momoh Odamah	Executive Director	Appointed on 1/12/2021
	Mrs. Olayinka Aletor	Director	
	Alh. Ahmed Yakasai	Independent Director	
	Chief Ede Dafinone	Director	
	Mrs. Joy Teluwo	Director	
	Mr. Papa Ndiaye	Director	
	Mr. Kelechi Okoro	Director	

Company Secretary
Mrs. Olajumoke Philip-Akede
199, Ikorodu Road
Obanikoro, Lagos

Registered Office
NEM House
199, Ikorodu Road
Obanikoro, Lagos

FRCN Number
FRC/2012/0000000000249

Registration Number
6971

Corporate Head Office
NEM House
199, Ikorodu Road
Obanikoro, Lagos

Registrars
APEL Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent,
South West, Ikoyi
Lagos
Tel: 01-2932121
Mobile No: 07046126698

Bankers
Access Bank Plc
Polaris Bank Limited
Ecobank Nigeria Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Limited
Keystone Bank Limited
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

Auditors
BDO Professional Services
(Chartered Accountants)
ADOL House, 15 CIPM Avenue
Central Business District
Alausa, Ikeja, Lagos.
P.O.Box 4929,GPO, Marina Lagos.
www.bdo-ng.com

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Corporate Information (Cont'd)

Solicitors

Koya & Kuti Solicitors
5th Floor, 3, Ajele Street
Lagos.

Sola Abidakun & Co
9th Floor, UBA House
57, Marina
Lagos.

Reinsurers

African Reinsurers Corporation
Continental Reinsurance Corporation
SWISS Reinsurance Company
WAICA Reinsurance Plc

Subsidiary

NEM Asset Management Ltd
199, Ikorodu Road Obanikoro
Airport Residential Area
P.O. Box 654
Lagos
Tel: 01-4489574

Associate

Regency Nem Insurance (Ghana) Limited
No 65, Patrice Lumumba Road,
Airport Residential Area Accra
P.O. Box 6342,
Cantonments, Ghana

Branch Networks

Abuja - Garki
3, Ringim Close
Off Sokoto Street
Area 7, Garki, Abuja
Branch Manager: Michael A. Giwa
Mobile No: 08033208141

Abuja - Wuse
3, Ejura Close, Off Ajesa Street,
Opposite Airtel Office, Wuse 2, Abuja
Branch Manager: Mr. Martins Ilegoma
Mobile Nos: 08077284843
08078153184, 08037020262

Abuja - Central Business District
82, Imo State Liaison office
Opp. Federal Ministry of Finance
Central Business District
Branch Manager: Davies O. Dada
Mobile Nos: 08150849411

Apapa
2nd Floor
41/43 Itire Road
Surulere, Lagos
Tel: 01-7375546, 07028442653
Branch Manager: Uzor Enubuzo
Mobile No: 08059301673, 0802896842

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Corporate Information (Cont'd)

Calabar
2nd Floor, 26, Etta-Agbor Road
Calabar
Cross River
Branch Manager: Opeoluwa Olaku
Mobile Nos: 08054642551, 08033055444

Akure
3rd Floor, BIO Building Alagabaka
Akure, Ondo State
Tel: 034-215829
Branch Manager: Kehinde Agbelade
Mobile No: 08033509419

Ibadan
3rd Floor, Broking House
1, Alhaji Jimoh Odutola Street
PMB 5328, Ibadan
Oyo State
Tel: 02-2411992
Branch Manager: Rufus Olumide
Mobile Nos: 08033463697

Jos
10, Rwang Pam Street
P.O. Box 1261
Jos, Plateau State
Tel: 073-454216
Branch Manager: Oyeronke Oyegbamile-Bello
Mobile No: 08077284946

Lagos Mainland
199, Ikorodu Road
Obanikoro, Lagos
Tel: 01-8171844, 01-4824737, 01-2710060
Branch Manager: Lucky Okparavero
Mobile Nos: 08076175287, 08023123006
08077284829

Kano
3rd Floor, Union Bank Building
37, Niger Street
P.O. Box 1185, Kano
Branch Manager: Ahmed Bello
Mobile No: 08154971638, 080652940000

Onitsha
2nd Floor, (AIB) Building
107, Upper New Market Road, Onitsha
Tel: 046-410736
Branch Manager: Cyracus Akujobi
Mobile Nos: 08033457426, 08077284889

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Corporate Information (Cont'd)

Kaduna
Ground Floor, Turaki Ali House
3, Kanata Road
P.O Box 822, Kaduna
Tel: 062-217683
Branch Manager: Eyitayo Ogboyomi
Mobile Nos: 08059584722

Oshogbo
1st Floor, Former Afribank Building
Opposite Fakunle Comprehensive High School
Fakunle, Gbongan/Ibadan Road
Osogbo, Osun Sate
Tel: 035-214844
Branch Manager: Olubiyi Sonoiki
Mobile Nos: 08038436231, 08077284898

Warri
57, Effurun, Sapele Road
Effurun, Delta State
Branch Manager: Kayode Arimoro
Mobile No: 08034221374 0802388188

Port Harcourt
House 2, Road 2
Circular Road, Residential Estate
Port Harcourt, Rivers State
Branch Manager: Akintan Kolawole
Mobile Nos: 08037236009

Our Vision To be the preferred choice of the insuring public

Our Mission To build a customer-satisfying Insurance Institution that is passionate about adding value to the interests of all stakeholders.

Core Values
Discipline
Integrity
Humility
Excellence
Empathy
Courage

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NEM INSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2021
RESULTS AT A GLANCE

Financial Position	**2021** ₦'000	**2020** ₦'000	₦'000	**Changes** %
Cash and cash equivalents	7,895,469	7,352,189	543,280	7
- At fair value through profit or loss	5,354,017	4,479,121	874,896	20
- At fair value through other comprehensive income	84,884	81,318	3,566	4
- At amortised cost	8,143,491	6,105,529	2,037,962	33
Trade receivables	1,479,056	228,140	1,250,916	548
Reinsurance assets	7,565,820	5,107,870	2,457,950	48
Deferred acquisition cost	1,030,753	1,840,694	(809,941)	(44)
Other receivables and prepayments	414,712	470,727	(56,015)	(12)
Investment in Associate	-	412,741	(412,741)	(100)
Investment properties	1,706,167	1,617,609	88,558	5
Statutory deposit	320,000	320,000	-	-
Property, plant and equipment	3,794,957	2,922,422	872,535	30
Right-of-use Assets	209,920	-	209,920	100
Intangible asset	10	10	-	-
Deferred tax Assets	257,505	263,035	(5,530)	(2)
Total Assets	**38,256,761**	**31,201,405**		
Insurance contract liabilities	12,217,843	9,779,935	2,437,908	25
Trade payables	410,728	585,327	(174,599)	(30)
Other payables	1,893,238	1,672,134	221,104	13
Lease liabilities	139,623	47,963	91,660	191
Retirement benefit obligations	52,414	78,960	(26,546)	(34)
Income tax liability	623,508	675,783	(52,275)	(8)
Deferred tax liabilities	10,387	-	10,387	-
Total Liabilities	**15,347,741**	**12,840,102**		
Issued share capital	5,016,477	5,016,477	-	-
Share premium	-	-	-	-
Contingency reserve	6,098,784	5,213,927	884,857	17
FVOCI reserve	(36,612)	(40,178)	3,566	(9)
Asset revaluation reserve	2,107,964	1,094,475	1,013,489	93
Other Reserves - Employee benefit	72,495	71,147	1,348	2
Retained earnings	9,649,912	7,005,455	2,644,457	38
Shareholders' Fund	**22,909,020**	**18,361,303**		

INCOME STATEMENT	₦'000	₦'000	₦'000	%
Gross premium written	27,875,088	22,035,695	5,839,393	26
Gross premium income	26,545,254	21,682,189	4,863,065	22
Reinsurance expenses	(7,239,127)	(5,819,431)	(1,419,696)	(24)
Net premium income	**19,306,127**	**15,862,758**		
Fees and commission income	1,454,875	1,131,588	323,287	29
Net underwriting income	20,761,002	16,994,346		
Claims expenses	(5,560,885)	(6,054,469)	(493,584)	(8)
Underwriting expenses	(8,204,631)	(4,959,734)	3,244,897	65
Underwriting profit	**6,995,486**	**5,980,143**		
Investment income	1,134,507	1,004,344	130,163	13
Net Fair value gain	358,318	1,118,692	(760,374)	(68)
Other income	292,526	367,630	(75,104)	(20)
(Loss)/profit on disposal of properties, plant and equipment	(12,104)	(16,830)	4,726	(28)
Share of loss in Associate	-	(22,424)	22,424	(100)
Management expenses	(4,197,765)	(3,220,725)	977,040	30
Profit before taxation	**4,528,198**	**5,129,813**	**(601,614)**	**(12)**
Income taxes	(95,918)	(45,161)	(50,757)	112
Profit for the year after tax	**4,432,280**	**5,084,652**	**(652,371)**	**(13)**
Total other comprehensive income/(loss)	1,018,403	(29,018)	(1,047,421)	(3,610)
Total comprehensive income for the year	**5,450,683**	**5,055,634**	**395,050**	**8**
Basic Earnings Per Share (Kobo)	0.88	0.96	(0.08)	(8.24)
Diluted Basic Earnings Per Share (Kobo)	0.88	0.96	(0.08)	(8.24)

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Secretary

NEM INSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2021
REPORT OF DIRECTORS

The directors hereby present their annual reports on the affairs of NEM Insurance Plc with the company's financial statements and auditors' report.

1. **Legal form**

The company was incorporated in 1970 as a Nigerian Company in accordance with the Companies Act of 1968. The company became listed on the Nigerian Stock Exchange in 1989 following its privatization by the Federal Government of Nigeria.

2. **Principal activities and corporate development**

The company is engaged in the business of General Insurance which includes marine, motor vehicle, fire and burglary, oil and gas etc.

SUMMARY OF THE RESULT

Comprehensive Income	**2021**	**2020**
	N'000	**N'000**
Gross premium written	27,875,088	22,035,695
Gross premium income	26,545,254	21,682,189
Reinsurance expenses	(7,239,127)	(5,819,431)
Investment Income	1,134,507	1,004,344
Other revenue	2,093,615	2,578,656
Total Revenue	22,534,249	19,445,758
Claims paid	5,560,885	6,054,469
Underwriting expenses	8,204,631	4,959,734
Management expenses	4,195,410	3,250,566
Total Claims and Other Expenses	17,960,926	14,264,769
Profit before tax	4,573,323	5,180,989
Information Technology Development Levy	(45,125)	(51,176)
Income tax (expense)/income	(95,918)	(45,161)
Profit For the Year	4,432,280	5,084,652
Other Comprehensive income/(loss) for the year	1,018,403	(29,018)
Total comprehensive income for the year	5,450,683	5,055,634
Basic Earnings Per Share (Kobo)	0.88	0.96
Diluted Basic Earnings Per Share (Kobo)	0.88	0.96

3. **Corporate governance**

Introduction

The business of NEM Insurance Plc is conducted under a corporate governance structure that incorporates the Board, the Committees, and a functional Management System with the Board as the apex decision making body. This is in accordance with the Code of Corporate Governance for the Insurance industry in Nigeria, the Securities and Exchange Commission (SEC) Code of Corporate Governance and best practices. "At NEM Insurance Plc, we have ensured that our business activities are implicitly transparent".

For the financial year under review, 2021; the Board is of the opinion that NEM Insurance Plc has in all material respects, complied with the requirements of the Code of Corporate Governance for Insurance industry in Nigeria.
A summary of the key components of our Corporate Governance System is provided hereunder.

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THE BOARD OF DIRECTORS

The Board of the Company is responsible for establishing the policy framework that would ensure that the Company fully discharges its legal, financial, as well as regulatory responsibilities. The Board monitors the performance of the Company, monitors the effectiveness of the Governance Structure under which it operates and renders the Accounts of its stewardship of the organization's resources to the shareholders. The Board of Directors of the Company is composed of a mix of non-executives and executives whereby the number of non-executives exceeds the number of executives while the position of the Chairman of the Board is clearly delineated from the Chief Executive Officer.

The Chairman

The Chairman of NEM Insurance Plc was duly appointed. The Chairman's primary role is to ensure that the board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively to ensure that members made concrete contributions towards the decisions of the Board and that the Board operates in harmony.

The Chief Executive Officer

The CEO monitors the day-to-day operations of the Company and its strategic and financial plans with the cooperation and support of the Board. The CEO ensures transparency and the effective operation and management of the Company's resources to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

The Board appointed an independent Director who has remained independent since his appointment.

Annual Board Appraisal

In accordance with the requirements of the NAICOM Code, the Board renewed the mandate of New Version Consultants Ltd to conduct the appraisal of its performance for 2021. The Board embarked on implementation of some of the recommendations of the last Appraisal Report.

(a) **ACTIVITIES OF THE BOARD**

The Board meets regularly to discuss critical issues affecting the organization and performs other responsibilities that fall within its purview as provided in the Company's Article of Association and by other relevant regulatory authorities. Meetings were well attended with sufficient notice given well in advance of the meetings. Sufficient time was also allotted to meetings as required to cover the items on the Agenda.

Composition of the Board/Schedule of Attendance at Meetings

Name of Director	Status	Meetings Held	Meetings Attended
Dr. Fidelis Ayebae	Chairman	5	5
Mr. Tope Smart	Group Managing Director/CEO	5	5
Mr Andrew Ikekua	Executive Director	5	5
Mr. Sunday Joshua Adebayo	Executive Director	5	1
Mr. Momoh Odamah	Executive Director	5	1

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Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	5	5
Mrs Joy Teluwo	Non-Executive Director	5	5
Mrs. Yinka Aletor	Non-Executive Director	5	5
Chief Ede Dafinone	Non-Executive Director	5	5
Mr. Papa Ndiaye	Non-Executive Director	5	5
Mr. Kelechi Okoro	Non-Executive Director	5	5

Mr. Sunday Joshua Adebayo and Mr. Momoh Odamah were appointed as directors on the 1 December 2021.

(b) **Board Committees**

The Board's committee structure is as specified in the NAICOM Code and adequate for the complexity of the operations of the Company. The Committees and committee members for the 2021 financial year were:

- Finance, General Purpose and Investment Committee.
- Enterprise Risk Management Committee.
- Strategy and Corporate Governance Committee.
- Remuneration, Nomination And Governance Committee
- Audit and Compliance Committee.

The Committees listed above were provided with specified Terms of Reference to guide their activities.

Finance, General Purpose and Investment Committee

The key responsibilities of the Committee are:

- Monitoring the Company's Budget
- Setting investment policies and guidelines
- Monitoring sources of Income Generation.
- Overseeing investment and reinvestment of the funds of the company
- Ensuring Integrity of Financial Reporting.
- Expense Control.

The Committee met six times during the year:

Composition of Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mrs Yinka Aletor	Chairman	6	6
Mr. Tope Smart	Group Managing Director	6	6
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	6	6
Mr. Kelechi Okoro	Non-Executive Director	6	6

Enterprise Risk Management and Strategy Committee

The key responsibilities of the Committee are:

- Determine the policies in respect of Risk Profile and Risk Limits.
- Develop, recommend and implement strategic management plans
- Review policies as required by the Emerging dynamics of the operating environment.
- Study and give advice on the strategic plans for the long term development of the Company
- Ensure that all the Departments of the Company are adequately sensitized to the level of risks inherent in their operations.
- Assess Adequacy of Risk mitigants for major risk indicators.

The Committee met two times during the year

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Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Chief Ede Dafinone	Chairman	2	2
Mrs Joy Teluwo	Non-Executive Director	2	2
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	2	2
Mr Andrew Ikekhua	Executive Director	2	2

Strategy and Corporate Governance Committee

The Terms of Reference of the Committee are:

- Researching and making recommendations to the Board on the long-term development strategies and plans of the Company.
- Develop an overall strategic plan for the company by prioritizing key issues based on input from management.
- Monitor progress toward the achievement of strategic goals.
- Oversight of the Company's investment relations engagement activities.

The Committee met six times during the year

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mr. Kelechi Okoro	Chairman	6	6
Mr. Tope Smart	Group Managing Director	6	6
Mrs Yinka Aletor	Non-Executive Director	6	6
Mr. Andrew Ikekhua	Executive Director	6	6

Remuneration, Nomination and Governance Committee

The Terms of Reference of the Committee are:

- Approve, guide and influence key human resource policies and strategies.
- Ensure disclosure of remuneration in a proper, complete, accurate and transparent manner.
- To advise the Board on the Company's compliance with the NAICOM and SEC Corporate Governance Codes, and the Nigerian Stock Exchange Listed Company Rules and other applicable governance requirements.
- Make recommendations to the board on matters pertaining to appointments, removals, and resignations of executive and non-executive directors
- Ensure that the process of appointing executives is credible and transparent; and oversee induction and ongoing development of directors.

The Committee met three times during the year

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mr. Papa Ndiaye	Chairman	3	3
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	3	3
Mrs Yinka Aletor	Non-Executive Director	3	3
Mrs. Joy Teluwo	Non-Executive Director	3	3
Chief Ede Dafinone	Non-Executive Director	3	3

Audit and Compliance Committee

The NAICOM Code makes the following provisions in respect of the responsibilities of the Audit and Compliance Committee:

- The Committee shall have a written mandate and Terms of Reference.
- The Committee shall be responsible for the review of integrity of the data and information provided in the Audit and/or Financial Report.

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- The Committee shall provide oversight functions with regards to both the Company's Financial Statement and its Internal Control and Risk Management Functions.
- The Committee shall review the terms of engagement and recommend the appointment or reappointment and compensation of External Auditors to the Board and the Shareholders.
- Review the procedure put in place to encourage honest whistle blowing.
- The Audit Committee shall meet at least three times in a year and at least once with the External Auditors.
- The Committee performance shall be evaluated periodically.

S.404 (7) of the Companies and Allied Matters Act, 2020 provides for the functions of the Committee.

The Committee met five times during the year and covered the basic components of these responsibilities.

The Composition of the Committee and schedule of attendance are as follows:

Name	Status	Meetings Held	Meetings Attended
Mr. Christopher Ogba	Chairman	5	5
Mr. Taiwo Oderinde	Shareholders' Representative	5	5
Mr. Samuel Mpamaugo	Shareholders' Representative	5	5
Mr. Kelechi Okoro	Non-Executive Director	5	5
Mrs. Yinka Aletor	Non-Executive Director	5	5

4. **Directors and Directors' Interest**

Directors

No Director has disclosed any declarable interest in any contract with the Company during the year in pursuant to Section 303 of the Companies and Allied Matters Act, 2020.

Directors' interest

The Interest of the Directors in the issued share capital of the Company as recorded in the register of shareholders and/or as notified by them for the purposes of Sections 301 of the Companies and Allied Matters Act, 2020 are as follows:

NAME	Direct	Indirect	Total
MRS JOY TELUWO	106,990,287	320,201,645	427,191,932
MRS. YINKA ALETOR	-	364,318,306	364,318,306
CHIEF EDE DAFINONE	-	350,023,219	350,023,219
MR. TOPE SMART	120,411,652	-	120,411,652
DR. FIDELIS AYEBAE	23,155,158	-	23,155,158
MR ANDREW IKEKHUA	1,362,856	-	1,362,856
ALHAJI AHMED I. YAKASAI	-	-	-
MR PAPA NDIAYE	-	1,499,926,852	1,499,926,852
MR KELECHI OKORO	-	-	-
MR. ODAMAH MOMOH	2,225,120	-	2,225,120
MR. ADEBAYO SUNDAY JOSHUA	3,275,501	-	3,275,501
	257,420,574	**2,534,470,022**	**2,791,890,596**

5. **Directors Responsibilities**

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the income statement for that year and comply with the Insurance Act CAP I17 LFN 2004, Financial Reporting Council of Nigeria Act, No. 6, 2011 and the Companies And Allied Matters Act, 2020.

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6. **Shareholding**

The Registrars have advised that the called up and fully paid up shares of the Company as at 31 December, 2021 were beneficially held as follows:

SHARE RANGE ANALYSIS AS AT 31 DECEMBER 2021

	BEGINNING RANGE	TOTAL SHAREHOLDERS	% OF HOLDINGS	TOTAL SHAREHOLDINGS	% OF SHAREHOLDINGS
1	1000	5,258	12.28	2,861,729	0.06
1001	5000	10,957	25.58	33,567,766	0.67
5001	10000	8,112	18.94	65,583,438	1.31
10001	50000	13,434	31.37	328,223,865	6.54
50001	100000	2,895	6.76	222,509,808	4.44
100001	500000	1,800	4.20	372,822,666	7.43
500001	1000000	193	0.45	146,075,550	2.91
1000001	5000000	145	0.34	285,277,687	5.69
5000001	10000000	17	0.04	127,489,038	2.54
10000001	50000000	10	0.02	177,235,490	3.53
50000001	100000000	9	0.02	1,783,404,135	35.55
100000001	1000000000000	1	0.00	1,471,426,595	29.33
Grand Total		42,831	100	5,016,477,767	100

NEM SHARE CAPITAL HISTORY

YEAR	AUTHORISED SHARE CAPITAL	ISSUED AND FULLY PAID UP
1989		
1990	8,000,000	800,000
1991	9,200,000	200,000
1993		900,000
1996	100,000,000	2,500,000
1997		34,235,623
1998		46,996,377
2004	380,000,000	251,987,063
2005	2,000,000,000	
2006		706,206,767
2007	7,000,000,000	3,531,133,835
2008	7,000,000,000	
2009	8,400,000,000	4,976,922,766
2010	8,400,000,000	5,280,502,313
2011	8,400,000,000	5,280,502,313
2012	8,400,000,000	5,280,502,313
2013	8,400,000,000	5,280,502,313
2014	8,400,000,000	5,280,502,313
2015	8,400,000,000	5,280,502,313
2016	8,400,000,000	5,280,502,313
2017	8,400,000,000	5,280,502,313
2018	8,400,000,000	5,280,502,313
2019	8,400,000,000	5,280,502,313
2020	10,400,000,000	10,032,955,532
2021	10,400,000,000	5,016,477,767

We hereby declare that apart from Jeidoc Limited, Bukson Investment Limited, Capital Express Assurance Limited and AFIG Fund 11 LP (the shareholders with 5% and above), no other person or persons hold more than 5% and above in the issued and fully paid up shares of the company.

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S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	2979	JEIDOC LIMITED	CEDDI TOWERS 16, WHARF ROAD , APAPA LAGOS STATE LAGOS	350,023,219	6.98
2	147140	BUKSON INVESTMENT LIMITED	C/O NEM INSURANCE PLC BROAD STREET, LAGOS LAGOS	320,201,645	6.38
3	194768	CAPITAL EXPRESS ASSURANCE LIMITED	C/O NEM INSURANCE PLC, 138/146 BROAD STREET LAGOS ISLAND LAGOS	364,318,306	7.26
4		AFIG FUNDS	C/O ABOX CORPORATE SERVICES LIMITED TOWER 1, 6TH FLOOR, 1 CYBERCITY, EBENE, MAURITIUS	1,499,926,852	29.90
				2,534,470,022	50.52

Chief Ede Dafinone represents Jeidoc Limited, Mrs. Joy Teluwo represents Bukson Investment Limited, Mrs. Yinka Aletor represents Capital Express Assurance Company Limited while Mr. Papa Ndiaye and Mr. Kelechi Okoro represent AFIG Funds.

7. **Retirement by Rotation and Re-election**

In accordance with the Section 285 of the Companies and Allied Matters Act, 2020, Mr. Papa Ndiaye and Mr. Kelechi Okoro will retire by rotation and being eligible offers themselves for re-election. Their profiles are contained in the Annual Report and also on the Company's website

8. **Composition of Directors**

The Board of Directors of the company is currently comprised of the under listed individuals:

Dr. Fidelis Ayebae	Chairman
Mr. Tope Smart	Group Managing Director
Mr. Andrew Ikekhua	Executive Director
Mr. Sunday Joshua Adebayo	Executive Director
Mr. Momoh Odamah	Executive Director
Alh. Ahmed Yakasai	Independent Non-Executive Director
Mrs. Olayinka Aletor	Non-Executive Director
Chief Ede Dafinone	Non-Executive Director
Mrs. Joy Teluwo	Non-Executive Director
Mr. Papa Ndiaye	Non-Executive Director
Mr. Kelechi Okoro	Non-Executive Director

Records of the Directors Attendance

In accordance with Section 252 of the Companies and Allied Matters Act, 2020, the records of the Directors' attendance at Directors' meetings in 2021 are available for inspection at the Annual General Meeting.

9. **SECURITY TRADING POLICY**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Share, Rulebook of the Exchange 2015 (Issuers Rules), the company has a Security Trading Policy that applies to all employees and Directors, and this has been circulated to all employees that may at times possess any insider or material information about the company. The policy includes the need to enforce confidentiality against external advisers.

CERTIFIED BY:-
Director
Secretary

10. COMPLAINTS MANAGEMENT POLICY

In compliance with the Securities and Exchange Commission’s Rule on Complaints Management for Public Companies, the company has in place an investor complaint desk at its head office to resolve complaints arising from issues covered under the Investment and Securities Act 2017 (ISA)

11. DONATIONS

Donations during the year ended 31 December 2021 amounted to ₦31,476,150 (2020: ₦41,750,000) as follows:

ACTIONAID NIG COMMUNITY SPONSORSHIP	250,000
NIGERIA BRITAIN ASSOCIATION	5,406,150
HELPGATE FOUNDATION FOR YOUTH REHAB	400,000
NCRIB PH AREA COMMITTEE	250,000
AFRICAN INSURANCE ORGANISATION	12,000,000
LIFT ABOVE POVERTY ORGANIZATION	500,000
CHRIST AGAINST DRUGS ABUSE MIN	1,000,000
PROFESSIONAL INSURANCE LADIES ASSOCIATIO	250,000
ARROW OF GOD ORPHANAGE HOME	350,000
NIGERIAN COUNCIL OF REGISTERED INSURANCE BROKERS(NCRIB)	2,000,000
MIND BUILDERS SCHOOL	250,000
CHARTERED INSURANCE INSTITUTE OF NIGERIA(CIIN)	920,000
GREATER ILUPEJU TOWNSHIP ASSOCIATION	250,000
ECOWAS YOUTH COUNCIL	250,000
MUTECO76/81 INVESTMENT ASSOCIATES	200,000
ST CYRIL CANCER TREATMENT FOUNDATION	500,000
UNILAG IGNITE CAREER INITIATIVE	6,500,000
RACO CHILD AND RURAL INITIATIVE ORPHANAGES	200,000
	31,476,150

12. EVENTS AFTER REPORTING DATE

There were no significant events after reporting date which could have had a material effect on the consolidated financial statements for the year ended 31 December 2021 which have not been adequately provided for or disclosed in the financial statements.

13. EMPLOYMENT AND EMPLOYEES

It is the policy of the Group not to adopt discriminatory criteria for considering applications for employment including those from physically challenged persons. All employees whether physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion.

When an employee becomes disabled during his or her employment, the Group endeavors to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31 December, 2021 one physically challenged person was in the employment of the Company.

14. EMPLOYEES INVOLVEMENT, TRAINING AND DEVELOPMENT

i. Information dissemination

“The employees are regularly provided with information on matters that are of concern to them through established channels of communication.”

CERTIFIED BY:-
Director
Secretary

ii. Consultation with employees

There are regular consultations between the senior and junior staff unions and Management, particularly on matters affecting staff welfare.

iii. Encouraging employees' involvement and training

The employees are the Group's most valuable and cherished resource. The Company is therefore committed to their continuous training and development. In line with this policy of continuous development of the human resources, members of staff are sent on training programs. The courses are aimed at broadening their technical/professional knowledge and managerial skills.

iv. Health, safety at work and welfare of employees

The Group places high premium on health and welfare of its employees. Medical facilities are provided for staff and their families at private hospitals retained in their respective localities. Transportation, housing and lunch subsidies are provided to all levels of employees. Firefighting equipment are also installed in strategic positions in the office building.

15 AUDITORS

In compliance with Section 33(2) of the Securities and Exchange Commission's Code of Corporate Governance and Section 22(1) of National Insurance Commission 2010 guidelines on the tenure of External Auditors, Messrs. BDO Professional Services (Chartered Accountants) has shown willingness to continue in office as the auditors in accordance with Section 401(2) of the Companies and Allied Matters Act 2020, as amended. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

BY ORDER OF THE BOARD

OLAJUMOKE PHILIP-AKEDE
COMPANY SECRETARY
Lagos, Nigeria
FRC/2017/NBA/00000015972
Date: ......18/3...... 2022

CERTIFIED BY:-
Director
Secretary

NEM INSURANCE PLC

In compliance with the requirement of the NAICOM "Code of Good Governance for the Insurance Industry in Nigeria" "The Code". The Board of NEM Insurance Plc commissioned New Version Consultants Limited to conduct an appraisal of the performance of the Board of the company. The exercise was guided by the provisions of the NAICOM Code and other recognized Codes of Best Practices which promote enhanced governance values. Our findings are as follows:

i. The Board is composed of a mix of executives and non-executives which indicates that the non-executives are in greater proportion than the executives. The proportion of executives to non-executives is 3:4. Members are individuals of diverse professional backgrounds and business experience Among the non-executives are: A Legal practitioner, foremost industrialist and investment expert as well as astute businessman with interests in key sectors including: Insurance, Pharmaceuticals, Real Estate and Manufacturing who have established successful tract records in their chosen fields of endeavors and are well exposed to taking business and financial decisions in their day to day activities. The Executive Directors are qualified professionals with cognate experience in their areas of specialization and vast knowledge of Insurance business and its operating terrain. Members have been bringing their experience to bear in directing the affairs of the Company which has since stabilized its operations post-consolidation.

   In accordance with the NAICOM Code, the Board Chairman is a Non-Executive Director; there is a clear delineation of responsibilities between the position of the GMD and the Chairman while no one individual occupies the two positions at the same time avoiding the issue of executive duality. The two individuals are not members of the same family.

ii. The Operations/Processes of the Board were managed within the context of regulatory requirements and in accordance with Best Practices. Accordingly, the Board held four meetings during the year under review and attendance was outstanding whereby each member met the 75% minimum requirement prescribed in The Code in respect of attendance. A Committee structure comprising of the minimum requirement of the NAICOM Code was institutionalized and the committees were provided with the required Terms of Reference. The agenda contained issues meant for the attention of the Board and the preparation of the agenda was flexible in allowing all members to introduce relevant subject matters to the Board.

   "Adequate notice was given for meetings and Board materials were circulated promptly to members which allowed them adequate time to prepare for the meetings. Members were given equal opportunity and they made cogent contributions to deliberations and most decisions were arrived at by consensus. The Board enjoys a cordial working relationship and meetings were conducted in an atmosphere devoid of rancor. The above review suggests that the composition and Processes/Operations of the Board meet most of the parameters of the NAICOM Code."

iii. Members performed their oversight responsibilities with respect to the activities of management in particular as regards the Group's growth strategy, its Financial Performance, Business Prospects as well as status of Regulatory Compliance.

   Following the recommendation made to the Board, particularly the regularization of its size, we observed that the Board has instituted the required mechanism to address the issue in order to enhance its governance practices.

BY ORDER OF THE BOARD

BOLADE SUNMONU
FRC/2016/1CAN/00000014573
Lagos, Nigeria
Date:

CERTIFIED BY:-
Director
Secretary

Statement of Directors' Responsibilities

In accordance with the provisions of Section 377 of the Companies and Allied Matters Act, 2020 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act, 2011 and the yearly Operational Guidelines issued by NAICOM.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

- Insurance Act 2003
- International Financial Reporting Standards;
- Companies and Allied Matters Act, 2020;
- Banks and Other Financial Institutions Act, 1991;
- NAICOM Operational Guidelines; and
- Financial Reporting Council Act, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended 31 December 2021.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on 18 March 2022 by:

Mr. Tope Smart	Fidelis Ayebae
GMD	Chairman, Board of Directors
FRC/2013/CIIN/00000001331	FRC/2013/CIANG/00000002376

CERTIFIED BY:-

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:

- We have reviewed the report;

- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the 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.

- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries 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;
- 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, summarise 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. Tope Smart (GMD)	Mr. Idowu Semowo CFO
FRC/2013/CIIN/00000001331	FRC/2013/ICAN/00000001466

CERTIFIED BY:-
Director
Secretary

Environmental, Social and Governance (ESG) Report

NEM Insurance Plc is committed to the Environmental, Social and Governance (ESG) initiative. The core elements of this initiative are environmental protection, social protection and support and institutional strengthening. The Company's board drives the initiative and has ensured that a well-developed long-term strategy which encompasses all ESG issues is developed.

The Company has expanded its social performance approach by engaging in activities that enhance our client protection principles and support; such as transparency and development of beneficial products to protect our clients' diverse interests, privacy of clients' data and a feedback method which gives NEM Insurance Plc ways to address clients' complaints so that they can be served more effectively.

The Company also ensures protection and preservation of our environment through responsible water and electricity consumption. Adequate maintenance of generators and vehicles to minimize consumption of fuel is adhered to.

NEM Insurance Plc has installed first aid boxes and fire safety equipment in all branches and at the head office, our staff are being trained periodically on fire safety, surveillance and emergency first aid in the work place; inverters are being installed in order to reduce energy consumption as well as energy saving bulbs; industrial printers have been installed to reduce paper usage.

CERTIFIED BY:-
Director
Secretary

To the members of NEM Insurance Plc

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, 2020, we the Members of the Audit and Compliance Committee of NEM Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December 2021 and we confirm that they were adequate;
- The Company's and its Subsidiary's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2021

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

....
Chairman of the Audit and Compliance Committee
FRC/2013/00000002802

Date: 18/03/2022

Members of the Audit Committee

Mr. Christopher Ogba	(Shareholders' Representative)	Chairman
Mr. Samuel Mpamaugo	(Shareholders' Representative)	Member
Mr. Taiwo Oderinde	(Shareholders' Representative)	Member
Mr. Kelechi Okoro	(Non Executive Director)	Member
Mrs. Yinka Aletor	(Non Executive Director)	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.

CERTIFIED BY:-
Director
Secretary

Tel: +234 1 4483050-9
www.bdo-ng.com

ADOL House
15, CIPM Avenue
Central Business District
Alausa, Ikeja
P.O.Box 4929, GPO, Marina
Lagos, Nigeria

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEM INSURANCE PLC AND ITS SUBSIDIARY COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of NEM Insurance Plc ("the Company") and its Subsidiary (together "the group), which comprise, the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the financial position of the Company and its Subsidiary as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants 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 International Ethics Standards Board 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) **Revenue recognition**

In view of large number of policies underwritten by the Company, the gap between the underwriting and finance departments, and manual interference in the premium documentation, there is a risk that revenue may not be completely accounted for in the financial statements.

Response

- We have tested the design and implementation of key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical procedures on gross and unearned premium balances.
- We performed other substantive procedures to confirm completeness of revenue by:
  selecting some debit notes from hard copy files and traced to soft copy listing of premium and obtained a serially generated debit notes and investigated missing and duplicated debit notes.

BDO

- We ensured that an appropriate and consistent revenue recognition policy is in place and in line with the Company's and its Subsidiary's accounting policies.

(ii) **Valuation of investment properties**

Management has estimated the value of the Company's and its Subsidiary's investment properties to be N1.706billion as at 31 December 2021. Independent external valuations were obtained in order to support the value in the Company's and its Subsidiary's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 11 to be appropriate based on the assumptions and available evidence.

(iii) **Valuation of insurance contract liabilities**

Management has estimated the value of insurance contract liabilities in the Company's and its Subsidiary's financial statements to be N12.2billion as at 31 December 2021 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An allowance was made for IBNR(Incurred But Not Reported) claims to take care of the delay in reporting claims.

Our response

We ascertained the following

- Evaluated and validated controls over insurance contract liabilities,
- Checked the claims register for completeness and accuracy of claims accrued, additional adjustment was raised,
- Reviewed transactions after year end for claims paid but not accrued, additional audit adjustment was raised,
- Evaluated the independent external Actuary's competence, capability and objectivity,
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the results based on the assumptions.

(iv) **Impairment losses on financial assets carried at amortised costs**

The Company's investments in this class of financial assets include cash and short-term deposits and debt instruments carried at amortised costs. This totaled N15.985 billion as at 31 December 2021 representing 42% of the Company's total assets and the associated expected credit loss (ECL) is significant to the financial statements. This was considered a Key Audit Matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the impairment loss reserve.

CERTIFIED BY:-

Director

Secretary

The general approach to ECL was adopted. This approach involves identification of significant changes in credit risks using a multi factor model, for the purpose of determining whether financial assets will be classified as stage 1, stage 2 or stage 3. While twelve months ECLs are computed for financial assets in stage 1, lifetime ECLs are computed for financial assets in stage 2 and 3. Calculating ECL for this class of financial assets also involves determination of risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD). The approach also involves considerable level of judgements and estimation in determining inputs for ECL calculation such as:

•Determination of PD and LGD
•Adjusting the PD for forward looking information
•Selecting macroeconomics variables
•Incorporating multiple scenarios
•Considered cash flow estimation including timing and amount as well as
•Collateral valuation

Our response

We ascertained the following

- We reviewed the IFRS 9 ECL models and documentation prepared by the management for the computation of impairment losses on financial assets carried at amortised costs in line with the requirements of IFRS 9.

- We gained an understanding of how the client derived the risk parameters (i.e. PD's and LGD's) by performing a walkthrough exercise. We also challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization, the forecast, and assigned probability weight to the scenarios.
- In instances where we were not satisfied with the assumptions used by the management in its cash flow estimation and discounting, we challenged management assumptions by re-computing the cash flows to determine the recoverable amounts and all other parameters used.
- We focused on the most significant model assumptions including probability of default and loss given default.
- We performed detailed procedures on the completeness and accuracy of the information used.
- Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's statement and Directors' report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the consolidated and separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

CERTIFIED BY:-
Director
Secretary

In preparing the financial statements, the directors are responsible for assessing the Company's and its Subsidiary'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 and its Subsidiary or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its Subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company and its Subsidiary to cease to continue as a going concern.

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

CERTIFIED BY:-
Director
Secretary

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Contravention of laws and regulations

The Company did not contravene the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year and therefore no penalty was paid.

Compliance with the FRC guidance for reporting the effects of COVID-19 on business operations

The Company and its Subsidiary complied with the guidance provided by the Financial Reporting Council (FRC) for reporting the impact of COVID-19 on its operations. Also, we confirm that we have obtained sufficient appropriate audit evidence regarding going concern applicability. We conclude, based on the audit evidence obtained up to the date of our auditors' report, that no material uncertainty exists about the Company's ability to continue as a going concern.

Compliance with the requirements of the Companies and Allied Matters Act, 2020.

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

ii) in our opinion, proper books of account have been kept by the Company and its Subsidiary

iii) the Company's and its Subsidiary's statements of financial position, and its statements of profit or loss and other comprehensive income are in agreement with the books of account.

iv) to the best of our knowledge, the Company and its Subsidiary complied with the requirements of the relevant circulars issued by National Insurance Commission (NAICOM) and the regulations of the Insurance Act CAP I17 LFN 2004 during the year.

Olusegun Agbana-Anibaba
FRC/2013/ICAN/00000003667
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
19 March 2022

36/ICAN
1168036

CERTIFIED BY:-

The following are the significant accounting policies adopted by the Group in the preparation of these financial statements. These accounting policies have been consistently applied for all years presented.

1.0 General Information

(a) NEM Insurance Plc (“NEM” or ‘‘the Company”) is a public limited liability company domiciled in Nigeria. The Company’s registered and corporate office is 199, Ikorodu Road, Obanikoro, Lagos.

In 2016, the Company opened a subsidiary NEM Asset Management Ltd and NEM Insurance Ghana Limited became an Associate after merger with Regency Insurance to transact the same line of business.

The financial statements were authorised for issue by the Board of Directors on 18 March 2022.

(b) **Principal activity**

The Company is principally engaged in the business of General Insurance activities. Such services include provision of non-life insurance services for both corporate and individual customers.

1.1 Summary of Significant Accounting Policies

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

1.2 Going Concern

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations, the management believes that the going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operations of the group.

1.3 Basis of Preparation and Compliance with IFRS

The Group’s financial statements for the year 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commisson and Investment and Securities Act 2007.

1.3.1 Foreign currency translation

(a) **Functional and Presentation Currency**

The financial statements are presented in Nigerian currency (Naira) which is the Company’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand (₦ ‘000)

(b) **Transactions and balances in foreign currencies**

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit or loss. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial assets, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

CERTIFIED BY:-
Director
Secretary

1.3.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income;
- Financial assets which are measured at amortised costs; and
- Investment properties which are measured at fair value.
- In accordance with IFRS 4 Insurance contracts, the Group has applied existing accounting policies for its Non-life Insurance contracts, modified as appropriate to comply with the IFRS framework.

1.4 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.5.

1.5 Judgments, Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year or if the revision affects both current and future years.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

1.5.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

1.5.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

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The Group determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the 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, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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 amortisation of unearned premium on a basis other than time apportionment.

1.5.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

1.6 New standards, interpretations and amendments

1.6.1 New standards, interpretations and amendments adopted from 1 January 2021

New standards effective for adoption in the annual financial statements for the year ended 31 December 2021 but had no significant effect or impact on the Company are:

Standard/Interpretation		Date Issued by IASB	Effective date periods beginning on or after
IFRS 16	COVID-19 Related Rent Concessions	28 May 2020	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform	27 August 2020	1 January 2021

1.6.2 New standards, amendments and interpretations issued but not yet effective

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2021. They have not been adopted in preparing the financial statements for the year ended 31 December 2021.

In terms of International Financial Reporting Standards, the company is required to include in its financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at reporting date.

At the date of authorisation of the financial statements of NEM Insurance Plc for the year ended 31 December 2021, the following standards and interpretations were in issue but not yet effective:

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Standard/Interpretation		Date issued by IASB	Effective date periods beginning on or after
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	14 May 2020	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020	14 May 2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	14 May 2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework	14 May 2020	1 January 2022
IAS 1	Classification of Liabilities as Current or Non-current	23 January 2020	1 January 2023
IFRS 17	Insurance Contracts	June 2020	1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	12 February 2021	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)	7 May 2021	1 January 2023

*All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Entity).

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2 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

2.1 CONSOLIDATION

(i) Subsidiaries

The financial statements of the subsidiary is consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter- company transactions, balances and unrealised gains on transactions between Companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in the subsidiary in the separate financial statements of the Company entity is measured at cost.

Acquistion - related costs are expensed as incurred.
If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re- measured to fair value at the acquisition date through profit or loss.

(ii) Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity, accounted investment or as a financial asset under the Amortized Cost or Fair Value Through Other Comprehensive Income category depending on business model intended and the level of influence retained.

(iii) Special purpose entities

Special purpose entities that are created to accomplish a narrow and well- defined objective such as the securitisation of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee.

The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

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(iv) Associates

In the financial statements, the Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and at banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

2.3 FINANCIAL ASSETS

2.3.1 Recognition

The Group on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets shall be recognized on the settlement date. All other financial assets and liabilities, including derivatives, shall be initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

2.3.2 Classification and Measurement

Initial measurement of a financial asset or liability shall be at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs shall be recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

The Group classifies its financial assets into the following categories in line with the provisions of IFRS 9:

(a) Fair Value Through Profit or Loss (FVTPL)
(b) Amortized Cost
(c) Fair Value Through Other Comprehensive Income (FVOCI)

The Group shall classify its financial assets based on the business model for managing the assets and the asset's contractual cash flows characteristics.

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Business Model Assessment

Business model assessment shall involve determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group shall assess business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Group will take into consideration the following factors:

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that shall be funding those assets or realizing cash flows through the sale of the assets;

How the performance of assets in a portfolio will be evaluated and reported to the relevant heads of departments and other key decision makers within the Company's business lines;

The risks that affect the performance of assets held within a business model and how those risks shall be managed;

How compensation shall be determined for the Company's business lines, management that manages the assets; and

The frequency and volume of sales in prior periods and expectations about future sales activity.

Management shall determine the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

I) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows

II) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

III) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These shall be basically financial assets held with the sole objective to trade and to realize fair value changes.

The Group may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions shall be met:

(i) Where these sales shall be infrequent even if significant in value. A Sale of financial assets shall be considered infrequent if the sale shall be one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

(ii) Where these sales shall be insignificant in value both individually and in aggregate, even if frequent. A sale shall be considered insignificant if the portion of the financial assets sold shall be equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

(iii) When these sales shall be made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial asset has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

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Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial asset as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the Management

Cash flow Characteristics Assessment

The Group shall assess the contractual features of an instrument to determine if they give rise to cash that shall be consistent with a basic investment arrangement.
Contractual cash flows shall be consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal shall be defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest shall be defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

A. Classification of Financial Assets

a) Financial assets measured at amortised cost
Financial assets shall be measured at amortised cost if they are held within a business model whose objective shall be to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category shall be carried at amortized cost using the effective interest rate method. The effective interest rate shall be the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost shall be calculated taking into account any discount or premium on acquisition, transaction costs and fees that shall be an integral part of the effective interest rate. Amortization shall be included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost shall be calculated using the expected credit loss approach.
Financial assets measured at amortized cost shall be presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI
Financial assets shall be measured at FVOCI if they are to be held within a business model whose objective shall be to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that shall be solely payments of principal and interest.
Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI shall be recorded in Other Comprehensive Income (OCI).

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c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that shall be solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments shall be measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income.

d) Equity Investments

Equity instruments shall be measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value shall be recognized in the Consolidated Statement of Income. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election shall be made upon initial recognition, on an instrument-by-instrument basis and once made shall be irrevocable. Gains and losses on these instruments including when derecognized/sold shall be recorded in OCI and shall not be subsequently reclassified to the Consolidated Statement of Income.
Dividends received shall be recorded in Interest income in the Consolidated Statement of Income. Any transaction costs incurred upon purchase of the security shall be added to the cost basis of the security and shall not be reclassified to the Consolidated Statement of Income on sale of the security.

B. Classification of Financial Liabilities

Financial liabilities shall be classified into one of the following measurement categories:

a) Fair Value through Profit or Loss (FVTPL)
b) Amortised cost

(a) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:
Financial liabilities held for trading and Financial liabilities designated at fair value through profit or loss on inception
Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.
Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

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Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Group's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Group's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

(b) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and shall be measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost shall be debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

C. Reclassifications

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example: an acquisition of a private asset management company that might necessitate transfer and sale of assets to willing buyers, this action will constitute changes in business model and subsequent reclassification of the assets held from BM1 to BM2 Category.

Any other reason that might warrant a change in the Group's business model are determined by management based on facts and circumstances.

The following shall not be considered to be changes in the business model:

(a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)

(b) A temporary disappearance of a particular market for financial assets.

(c) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 30 April 2019, the reclassification date will be 1 January, 2020 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 30 April, 2019. Gains, losses or interest previously recognised shall not be restated when reclassification occurs.

2.3.3 IMPAIRMENT OF FINANCIAL ASSETS

In line with IFRS 9, the Group assess the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

1. Amortized cost financial assets; and
2. Debt securities classified as at FVOCI.

Equity instruments and financial assets measured at FVTPL shall not be subjected to impairment under the standard.

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Expected Credit Loss Impairment Model

The Group's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

Stage 1 – Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model shall be to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance shall be based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that shall be determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD – The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs – This is the estimated probability of default occurring with the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This shall be used to calculate 12-month ECLs.

Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for "stage 2" and stage 3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9

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EAD – The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Group shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Group shall determine allowance for credit losses using three probability-weighted forward looking scenarios. The Group shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Group shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Group shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Group's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

A backstop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for Default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

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Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

- Significant financial difficulty of the Issuer;
- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Group shall consider the following factors.

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Write-off

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

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2.4 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due based on the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.5 REINSURANCE ASSETS

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for the insurance contracts in accounting policy 2.14 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered in to by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Group assesses its reinsurance assets for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

(a) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at used for these financial assets. These processes are described in accounting policy.

2.6 DEFERRED ACQUISITION COSTS

Acquisition costs comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

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2.7 OTHER RECEIVABLES AND PREPAYMENTS

2.7.1 Other receivables

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

2.7.2 Prepayments

Prepayments are carried at cost less amortisation and accumulated impairment losses.

2.8 INVESTMENT IN ASSOCIATE

In the separate financial statements of NEM Insurance Plc, investment in associate is accounted for using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

2.9 INVESTMENT IN SUBSIDIARY

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between Companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the separate financial statements of NEM Insurance Plc, investment in subsidiary is accounted for at cost.

On loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in income statement.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as fair value through other comprehensive income financial asset depending on the level of influence retained.

2.10 INVESTMENT PROPERTIES

Properties that are held for long-term rental yields or for capital appreciation or both and that are insignificantly occupied by the entities in the consolidated group are classified as investment properties. These properties consist of land and buildings.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

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Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the date of the consolidated statement of financial position.

Gains or losses arising from the changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The fair value of investment property is based on the nature, location and condition of the specific asset.

Rent receivable is recognized in profit or loss and is spread on a straight-line basis over the period of the lease. Where lease incentive, such as a rent free period are given to a Lessee, the carrying value of the related investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

2.11 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act of Nigeria CAP I17, 2004. Statutory deposit is measured at cost.

2.12 INTANGIBLE ASSETS

(i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. 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 profit or loss 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 future economic benefits embodied in the asset. The maximum useful life of software is five years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the Company acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses in goodwill are not reversed.

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Director
Secretary

2.13 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are initially recorded at cost. Land is subsequently carried at revalued amount being the fair value at the date of revaluation,while buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group revalues its property, plant and equipment every three years in line with relevant provisions of International Accounting Standard (IAS) 16

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any increase in an asset's carrying amount, as a result of revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognized in profit or loss to the extent that it reverses a decrease of the same asset previously recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets.Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. No depreciation is charged on property, plant and equipment until they are available for use. The average useful lives per class of asset are as follows:

Assets class		**Average useful life**
Land	-	Nil
Building under Construction	-	Nil
Buildings	-	2%
Machinery and equipment	-	20%
Motor vehicles	-	20%
Furniture and fittings	-	20%
Computer equipment	-	20%

(iv) De-recognition

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

2.14 INSURANCE CONTRACT LIABILITIES

The Group underwrites risks that individuals, corporate and other entities wish to transfer to an insurer. These risks relate to property, personal accident, motor, liability, marine and other perils which may arise from an insured event. The Group is therefore exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The major risk is that the frequency and severity of claims may be greater than estimated or expected. The Group is engaged in the general insurance business and most of the risks it underwrites are insurance which claims are settled within one year of the occurrence of the events giving rise to the claims.

In accordance with IFRS 4 on insurance contracts, the Group has continued to apply certain accounting policies which are applied in accordance with pre-changeover Nigerian GAAP.

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Technical Reserves

Technical Reserves are statutory amounts which are computed in accordance with the provisions of Sections 20(1) (a) of the Insurance Act of Nigeria CAP I17 LFN 2004 as follows:

a) Insurance Funds

i) Reserves for unearned premium

Reserves for unearned premium is made on the basis of percentage of net premiums written on time apportionment in accordance with section 20(1) (a) of the Insurance Act of Nigeria CAP I17 LFN 2004.

ii) Reserves for additional unexpired risk

A provision for additional unexpired risk reserves (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve ("UPR")

iii) Reserves for outstanding claims

Reserves for outstanding claims is maintained as the total amount of oustanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the statement of financial position date. The IBNR is based on the liability adequacy test.

b) Liability adequacy test

This is an assessment of whether the carrying amount of an insurance liablity needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows. At each reporting date the Group performs a liability adequacy test on its insurance liabilities less deferred policy acquisition expenses to ensure that the carrying amount is adequate. If the assessment shows that the carrying amount is inadequate, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position at amortised cost. The impairment loss is calculated under the same method.

The provisions of the Insurance Act CAP I17 LFN, 2004 requires an actuarial valuation for life reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act of Nigeria, CAP I17 LFN,2004 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act CAP I17 LFN, 2004 it well serves the Group's prudential concerns.

2.15 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

2.16 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS

The Group operates the following contribution and benefit schemes for its employees:

(i) **Defined benefit gratuity scheme**

The Group has a defined benefit gratuity scheme for management and non-management staff. Under this scheme, a specified amount as determined by actuarial valuation is contributed by the Group and charged to the income statement over the service life of each employee.

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Employees are entitled to gratuity after completing a minimum of five continuous full years of service. The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratutity obligation is determined by discounting the estimated future cash outflows using market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate is based on market yields on Government bonds). The liability recognised in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the date of the statement of the financial position less the fair value of plan assets. Actuarial gains or losses arising from the valuation are credited or charged to income statement (Other comprehensive statement) in the financial year in which they arise.

(ii) **Defined contribution pension scheme**
In line with the provisions of the Nigerian Pension Reform Act, 2014, the Group has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Group at the rate of 8% by employees and 10% by the Group of basic salary, transport and housing allowances invested outside the Group through Pension Fund Administrators (PFAs) of the employee's choice. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(iii) **Short-term benefits**

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

2.17 INCOME TAX
Income tax expense comprises current and deferred tax

(i) Current income tax
Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

(ii) Deferred income tax
Deferred income tax is provided using liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

(a) Temporary differences arising on the initial recognition of goodwill

(b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

(c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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Director
Secretary

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.18 SHARE CAPITAL AND PREMIUM

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Group raises in excess of par value.

2.19 CONTINGENCY RESERVE

Contingency reserve is credited at the higher of 3% of total premiums during the year and 20% of net profit per year, until it reaches the higher of the minimum paid up capital or 50% of net premium in accordance with Section 21 (2) of the Insurance Act CAP I17, LFN 2004.

When the Group's land and building are revalued by independent professional valuer, surpluses arising on the revaluation of these assets are credited to the asset revaluation reserve account. When assets previously revalued are disposed off, any revaluation surplus relating to the disposed assets is transferred to retained earnings.

2.20 RETAINED EARNINGS

This represents the amount available for dividend distribution to the equity shareholders of the Company.

2.21 FVOCI RESERVE

FVOCI reserve comprises the cumulative net change in the fair value of the Group’s investments categorised as Fair Value Through Other Comprehensive Income (FVTOCI). Net fair value movements are recycled to income statement if an investment categorized as Amortised Cost is either derecognized or impaired.

2.22 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS

Actuarial surplus/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax assets/liability on employee benefit obligation, are recognized in other comprehensive income.

2.23 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's presentation currency.

(b) 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 gains and losses resulting from the settlement of such transactions and from the translation at year-ends exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

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Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or ' Other operating expenses'.

2.24 REVENUE RECOGNITION

Revenue comprises the fair value of services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognized as follows:

(a) Rendering of services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

Recognition and Measurement of Insurance Contracts

(i) Gross premium written

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium.

(ii) Gross premium earned

Gross premium earned is stated at premium written on direct and indirect business after deducting premium relating to unexpired risks which is determined on time apportionment basis.

(iii) Net premium earned

Net premium represents total amount invoiced to policy holders less reinsurance and is recognized as an income from the date of attachment of risk.

(iv) Reinsurance premium

The Group cedes reinsurance in the normal course of business with retention limits varying by line of business for the purpose of limiting its net loss potential. Reinsurance arrangements however do not relieve the Group from its direct obligation to its policy holders. This is recognized as an expense or deduction from the gross premium and it relates to premium on business ceded on treaty and facultative and is recognized on part apportionment basis.

2.25 REINSURANCE EXPENSES

Reinsurance cost represents outward premium paid to reinsurance Companies less the unexpired portion as at the end of the accounting year.

2.26 FEES AND COMMISSION INCOME

Fees and commission income represents the income the Company is entitled to for ceding businesses to the reinsurers and other insurance Companies. Fees and commission income is recognized over time, in accordance with IFRS 15 (Revenue from Contracts with Customers), covering the policy period over which services are expected to be provided, using the time apportionment basis. Fees and commission covering the reporting period are recognized in profit or loss as fees and commission income earned, while the unearned portion of fees and commission income is reported in the statement of financial position as deferred commission income.

2.27 CLAIMS AND LOSS ADJUSTMENT EXPENSES

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claim settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group 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 Group 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 (such as court decisions).

(a) **Salvages**

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim.

The Group may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expenses when the claim is settled.

2.28 **UNDERWRITING EXPENSES**

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract.

(a) **Commission expenses**

Commission expenses are brokerage fees paid to brokers and agents which are certain percentages based on the class of business underwritten.

(b) **Maintenance expenses**

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the revenue account in the accounting period in which they are incurred.

2.29 **INVESTMENT INCOME**

(a) **Dividend income**

Dividend income from equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities.

(b) **Interest income and expense**

Interest income on financial assets that are classified as amortised cost and interest expense on financial liabilities other than those at FVTPL are determined using the effective Interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e net of the expected credit loss provision). Interest income on assets classified as amortised cost are recognised in investment income.

2.30 **MANAGEMENT EXPENSES**

Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include rents, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service or at the date of their origin.

2.31 **SEGMENT REPORTING**

An operating segment is a component of the Group that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about the resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

2.32 **CONTINGENT LIABILITIES**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the ocurrence or non-ocurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

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Director
Secretary

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Parent	
		2021	2020	2021	2020
	Notes	N'000	N'000	N'000	N'000
Gross premiums written	28	27,875,088	22,035,695	27,875,088	22,035,695
Increase in unearned premium	29(a)	(1,329,834)	(353,506)	(1,329,834)	(353,506)
Gross premium income	29	26,545,254	21,682,189	26,545,254	21,682,189
Reinsurance expenses	30	(7,239,127)	(5,819,431)	(7,239,127)	(5,819,431)
Net premium income		19,306,127	15,862,758	19,306,127	15,862,758
Fees and commission income	31	1,454,875	1,131,588	1,454,875	1,131,588
Net underwriting income		20,761,002	16,994,346	20,761,002	16,994,346
Claims expenses	32	(5,560,885)	(6,054,469)	(5,560,885)	(6,054,469)
Underwriting expenses	33	(8,204,631)	(4,959,734)	(8,204,631)	(4,959,734)
Underwriting profit		6,995,486	5,980,143	6,995,486	5,980,143
Investment income	34	1,134,507	1,004,344	1,134,507	1,004,344
Net Fair value gain	35	358,318	1,118,692	358,318	1,118,692
Other income	36	292,526	367,630	251,147	326,623
Loss on disposal of property, plant and equipment	38	(12,104)	(16,830)	(12,104)	(16,830)
Share of loss in Associate	9	-	(22,424)	-	(22,424)
Management expenses	37	(4,197,765)	(3,220,725)	(4,172,106)	(3,191,896)
(Allowance)/write back for credit losses - Cash	3	(6,030)	22,281	(6,030)	22,281
Write back/(allowance) for credit losses - Bonds	4.3(e)	22,122	(39,936)	22,122	(39,936)
Allowance for credit losses - Fixed deposits	4.3(f)	(9,997)	(12,186)	(9,997)	(12,186)
Finance cost		(3,740)	-	(3,740)	-
Profit before *NITDA and taxation*		4,573,323	5,180,989	4,557,603	5,168,811
Information Technology Development Levy	19(a)	(45,125)	(51,176)	(45,125)	(51,176)
Profit before taxation		4,528,198	5,129,813	4,512,478	5,117,635
Income taxes	19(b)	(95,918)	(45,161)	(88,192)	(42,240)
Profit for the year after tax		4,432,280	5,084,652	4,424,286	5,075,395
Other comprehensive income:					
Items within OCI that may be reclassified to the Profit or loss:					
Actuarial gain/(loss)-change in assumption	18	10,293	(17,624)	10,293	(17,624)
Actuarial loss - experience adjustment	18	(8,795)	(22,684)	(8,795)	(22,684)
Deferred tax	20	(150)	-	(150)	-
Gain on FVTOCI		3,566	11,290	3,566	11,290
Items within OCI that will not be reclassified to the Profit or loss:					
Gain on revaluation of land and buildings	26	1,023,726	-	1,023,726	-
Deferred tax	26	(10,237)		(10,237)	
Total other comprehensive income/(loss) for the year		1,018,403	(29,018)	1,018,403	(29,018)
Total comprehensive income for the year		5,450,683	5,055,634	5,442,689	5,046,377
Basic earnings per share (Kobo)		0.88	0.96	0.88	0.96
Diluted earnings per shares (Kobo)		0.88	0.96	0.88	0.96

The accompanying notes and significant accounting policies on pages 6 to 89 and other national disclosures on pages 90 to 95 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

CERTIFIED BY:-
Director
Secretary

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Group		Parent	
		2021	2020	2021	2020
Assets	**Notes**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	3	7,895,469	7,352,189	7,841,181	7,326,758
Financial assets					
- At fair value through profit or loss	4	5,354,017	4,479,121	5,354,017	4,479,121
- At fair value through other comprehensive income	4	84,884	81,318	84,884	81,318
- At amortised cost	4	8,143,491	6,105,529	8,143,491	6,105,529
Trade receivables	5	1,479,056	228,140	1,479,056	228,140
Reinsurance assets	6	7,565,820	5,107,870	7,565,820	5,107,870
Deferred acquisition cost	7	1,030,753	1,840,694	1,030,753	1,840,694
Other receivables and prepayments	8	414,712	470,727	263,776	374,862
Investment in Associate	9	-	412,741	-	412,741
Investment in Subsidiary	10	-	-	150,000	100,000
Investment properties	11	1,706,167	1,617,609	1,706,167	1,617,609
Statutory deposit	12	320,000	320,000	320,000	320,000
Intangible asset	13	10	10	10	10
Property, Plant and Equipment	14	3,794,957	2,922,422	3,784,962	2,922,422
Right-of-use Assets	14(c)	209,920	-	209,920	-
Deferred tax assets	20	257,505	263,035	253,568	253,568
Total Assets		**38,256,761**	**31,201,405**	**38,187,605**	**31,170,642**
Liabilities					
Insurance contract liabilities	15	12,217,843	9,779,935	12,217,843	9,779,935
Trade payables	16	410,728	585,327	410,728	585,327
Other payables	17	1,893,238	1,672,134	1,860,814	1,670,834
Lease liabilities	17(d)	139,623	47,963	139,623	47,963
Retirement benefit obligations	18	52,414	78,960	52,414	78,960
Income tax liability	19	623,508	675,783	618,736	670,286
Deferred tax liabilities	20	10,387	-	10,387	-
		15,347,741	12,840,102	15,310,545	12,833,305
Share capital	21	5,016,477	5,016,477	5,016,477	5,016,477
Share premium	22	-	-	-	-
Statutory contingency reserve	23	6,098,784	5,213,927	6,098,784	5,213,927
Retained earnings	24	9,649,912	7,005,455	9,617,952	6,981,489
FVOCI reserve	25	(36,612)	(40,178)	(36,612)	(40,178)
Asset revaluation reserve	26	2,107,964	1,094,475	2,107,964	1,094,475
Other Reserves - gratuity	27	72,495	71,147	72,495	71,147
Total Equity		22,909,020	18,361,303	22,877,060	18,337,337
Total Equity and Liabilities		**38,256,761**	**31,201,405**	**38,187,605**	**31,170,642**

The financial statements on pages 28 to 95 were approved by the Board of Directors and authorised for issue on ...18..... March 2022 and signed on its behalf by:

Dr. Fidelis Ayebae (Chairman)
FRC/2013/CIANG/00000002376

Mr. Tope Smart (GMD/CEO)
FRC/2013/CIIN/00000001331

Mr. Idowu Semowo (CFO)
FRC/2013/ICAN/00000001466

The accompanying notes and significant accounting policies on pages 6 to 89 and other national disclosures on pages 90 to 95 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

CERTIFIED BY:-
Director
Secretary

NEM INSURANCE PLC
Consolidated Statement of Changes in Equity
for the year ended 31 December 2021
Group

	Share capital	Share premium	Contingency reserve	Other reserve - Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January 2021	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	7,005,455	18,361,303
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	4,432,280	4,432,280
Transfer to contingency reserve	-	-	884,857		-	-	(884,857)	-
Dividend paid during the year	-	-	-	-	-	-	(902,966)	(902,966)
Transfer to share capital	-	-	-	-	-	-	-	-
Fair value gain on FVOCI	-	-	-	-	3,566	-	-	3,566
Changes in valuation of gratuity	-	-	-	1,348	-	-	-	1,348
Changes in valuation of land and building	-	-	-	-	-	1,013,489	-	1,013,489
Balance 31 December 2021	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,649,912	22,909,020
Balance 1 January 2020	2,640,251	272,551	4,198,848	111,455	(51,468)	1,094,475	5,831,632	14,097,744
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	5,084,652	5,084,652
Transfer to contingency reserve	-	-	1,015,079	-	-	-	(1,015,079)	-
Dividend paid during the year	-	-	-	-	-	-	(792,075)	(792,075)
Transfer to share capital	2,376,226	(272,551)	-	-	-	-	(2,103,675)	-
Fair value gain on FVOCI	-	-	-	-	11,290	-	-	11,290
Changes in valuation of gratuity	-	-	-	(40,308)	-	-	-	(40,308)
Balance 31 December 2020	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	7,005,455	18,361,303

The accompanying notes and significant accounting policies on pages 6 to 89 and other national disclosures on pages 90 to 95 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

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NEM INSURANCE PLC
Statement of Changes in Equity
for the year ended 31 December 2021
Parent

	Share capital	Share premium	Contingency reserve	Other reserve - Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January 2021	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	6,981,489	18,337,337
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	4,424,286	4,424,286
Transfer to contingency reserve	-	-	884,857	-	-	-	(884,857)	-
Dividend paid during the year	-	-	-		-	-	(902,966)	(902,966)
Transfer to share capital								
Fair value gain on FVOCI	-	-	-	-	3,566	-	-	3,566
Changes in valuation of gratuity	-	-	-	1,348	-	-	-	1,348
Changes in valuation of land and building	-	-	-	-	-	1,013,489	-	1,013,489
Balance 31 December 2021	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,617,952	22,877,060
Balance 1 January 2020	2,640,251	272,551	4,198,848	111,455	(51,468)	1,094,475	5,816,923	14,083,035
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	5,075,395	5,075,395
Transfer to contingency reserve	-	-	1,015,079	-	-	-	(1,015,079)	-
Dividend paid during the year	-	-	-	-	-	-	(792,075)	(792,075.00)
Transfer to share capital	2,376,226	(272,551)					(2,103,675)	-
Fair value gain on FVOCI	-	-	-	-	11,290	-	-	11,290
Changes in valuation of gratuity	-	-	-	(40,308)	-	-	-	(40,308)
Balance 31 December 2020	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	6,981,489	18,337,337

The accompanying notes and significant accounting policies on pages 6 to 89 and other national disclosures on pages 90 to 95 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

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NEM INSURANCE PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Parent	
		2021	2020	2021	2020
Cash flows from Operating Activities:	**Notes**	**N'000**	**N'000**	**N'000**	**N'000**
Premium received from policy holders	5(a)	26,467,387	21,742,403	26,467,387	21,742,403
Deposit premium	16	156,785	263,170	156,785	263,170
Reinsurance Premium Paid	30(a)	(7,503,726)	(5,933,894)	(7,503,726)	(5,933,894)
Fees and Commission Received	31	1,411,751	1,259,296	1,411,751	1,259,296
Direct Claims Paid	32	(11,603,949)	(8,484,357)	(11,603,949)	(8,484,357)
Claims paid on behalf of co-assurance companies	6.5	(421,751)	(549,998)	(421,751)	(549,998)
Claims Received from Reinsurers	32(d)	2,192,000	2,555,947	2,192,000	2,555,947
Claims Received from co-assurance companies	32(c)	2,550,179	1,271,065	2,550,179	1,271,065
Commission Paid	33(b)	(4,315,230)	(3,417,935)	(4,315,230)	(3,417,935)
Maintenance Expenses Paid	33(c)	(2,973,048)	(2,572,396)	(2,973,048)	(2,572,396)
Cash paid to and on behalf of Employees	37(a)	(1,893,066)	(1,496,154)	(1,882,727)	(1,484,792)
Other Operating Expenses paid		(752,374)	(305,585)	(806,985)	(337,579)
Company Income Tax Paid	19(a)	(187,788)	(211,305)	(184,867)	(209,449)
Net cash inflow from operating activities		3,127,170	4,120,257	3,085,819	4,101,481
Cash flows from Investing Activities:					
Purchase of FVTPL	4(a)	(590,000)	(899,574)	(590,000)	(899,574)
Investment in short term placement above 90 days	4.3(d)	(1,287,525)	(735,248)	(1,287,525)	(735,248)
Purchase of financial assets at amortised cost	4.3(a)	(738,312)	(3,291,548)	(738,312)	(3,291,548)
Investment Income received	34	1,134,507	1,004,344	1,134,507	1,004,344
Acquisition of Investment properties	11	(15,136)	(3,622)	(15,136)	(3,622)
Acquisition of property, plant and equipment	14	(108,986)	(156,569)	(96,492)	(156,569)
Proceeds from disposal on PPE	38	5,994	4,339	5,994	4,339
Net cash outflow from investing activities		**(1,599,458)**	**(4,077,878)**	**(1,586,964)**	**(4,077,878)**
Cash flows from financing activities					
Lease initial deposit payment	17(d)	(65,560)	-	(65,560)	-
Lease initial deposit payment	17(d)	(121,529)	-	(121,529)	-
Dividends paid to equity holders of the parent	24	(797,343)	(792,075)	(797,343)	(792,075)
Net cash outflow from financing activities		**(984,432)**	**(792,075)**	**(984,432)**	**(792,075)**
Total cash (outflow)/inflow		543,280	(749,696)	514,423	(768,472)
Cash and cash equivalents at 1 January		7,352,189	8,101,885	7,326,758	8,095,230
Cash and cash equivalents at 31 December		7,895,469	7,352,189	7,841,181	7,326,758
Represented by:					
Cash and cash equivalents at 31 December	3	7,895,469	7,352,189	7,841,181	7,326,758

The accompanying notes and significant accounting policies on pages 6 to 89 and other national disclosures on pages 90 to 95 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

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3. Cash and Cash Equivalents

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Cash - petty cash	1,914	1,868	1,910	1,867
Balances with Local banks	1,130,959	1,459,137	1,076,675	1,433,707
Domiciliary accounts with local banks	626,832	384,803	626,832	384,803
Placement with banks	5,119,330	4,443,220	5,119,330	4,443,220
Placement with other institutions	1,024,377	1,065,074	1,024,377	1,065,074
	7,903,412	7,354,102	7,849,124	7,328,671
Allowance for credit losses (Note 3(c))	(7,943)	(1,913)	(7,943)	(1,913)
Total cash and cash equivalents	7,895,469	7,352,189	7,841,181	7,326,758
Current	7,895,469	7,352,189	7,841,181	7,326,758
Non-current	-	-	-	-

Short-term deposits are made for varying periods averaging between 1 - 90 days depending on the immediate cash requirements of the Group. All deposits are subject to an average interest rate of 9%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(a) **Attributable to policyholders**	N'000	N'000	N'000	N'000
Balances with Local Banks	1,132,873	1,461,005	1,078,585	1,435,574
Domiciliary Accounts with local banks	626,832	384,803	626,832	384,803
Placement with Banks	5,119,330	4,443,220	5,119,330	4,443,220
	6,879,035	6,289,028	6,824,747	6,263,597
(b) **Attributable to shareholders**	N'000	N'000	N'000	N'000
Balances with local banks	-	-	-	-
Placement with other institutions	1,024,377	1,065,074	1,024,377	1,065,074
Cash and cash equivalents	7,903,412	7,354,102	7,849,124	7,328,671
(c) **Impairment allowance for cash & cash equivalents**	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2021	1,913	24,194	1,913	24,194
Additions/ (write back) during the year (Note 37(c))	6,030	(22,281)	6,030	(22,281)
Balance at the end of the year	7,943	1,913	7,943	1,913

4. Financial Assets

The Company's financial assets are summarised by categories as follows:

	N'000	N'000	N'000	N'000
Fair value through profit or loss (Note 4.1)	5,354,017	4,479,121	5,354,017	4,479,121
Fair value through other comprehensive income (Note 4.2)	84,884	81,318	84,884	81,318
Financial assets at amortised cost (Note 4.3)	8,143,491	6,105,529	8,143,491	6,105,529
	13,582,392	10,665,968	13,582,392	10,665,968
Current	85,272	88,595	85,272	88,595
Non- current	13,497,120	10,577,373	13,497,120	10,577,373
	13,582,392	10,665,968	13,582,392	10,665,968

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4.1 Financial assets at fair value through profit or loss

	Group		Parent	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	4,479,121	2,485,564	4,479,121	2,485,564
Purchases	590,000	899,574	590,000	899,574
Fair value gains (Note 35)	284,896	1,093,983	284,896	1,093,983
Balance at the end of the year	5,354,017	4,479,121	5,354,017	4,479,121
Attributable to policyholders	5,354,017	4,479,121	5,354,017	4,479,121
Attributable to shareholders	-	-	-	-

Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market - classified as level 1 in the fair value hierarchy.

4.2 Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

(a) Equity securities which are not held for trading, and which the group has elected at initial recognition to recognise as FVOCI. These are strategic investments and the group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investments:

	Group		Parent	
Equity securities	**2021**	**2020**	**2021**	**2020**
Fair value	**N'000**	**N'000**	**N'000**	**N'000**
CSCS	43,434	35,818	43,434	35,818
WAMCO	41,450	45,500	41,450	45,500
	84,884	**81,318**	**84,884**	**81,318**

The fair value gains in the carrying amount of financial assets at fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income and accumulated under the heading of FVOCI reserve.

	Group		Parent	
	2021	**2020**	**2021**	**2020**
(b) **Equity instrument measured at fair value through other comprehensive income**				
	N'000	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	81,318	70,028	81,318	70,028
Fair value gain (Note 25)	3,566	11,290	3,566	11,290
Balance at the end of the year	84,884	81,318	84,884	81,318
Attributable to policy holders	-	-	-	-
Attributable to shareholders	84,884	81,318	84,884	81,318

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	Group		Parent	
	2021	2020	2021	2020
4.3 Financial assets at amortised cost	**N'000**	**N'000**	**N'000**	**N'000**
Bonds (Note 4.3(a))	4,237,430	3,476,996	4,237,430	3,476,996
Fixed deposits and Treasury bills (Note 4.3(d))	3,906,061	2,628,533	3,906,061	2,628,533
	8,143,491	6,105,529	8,143,491	6,105,529

(a) Bonds	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	3,517,338	225,790	3,517,338	225,790
Purchases during the year	738,312	3,291,548	738,312	3,291,548
Accrued interest capitalised (Note 34)	-	-	-	-
	4,255,650	3,517,338	4,255,650	3,517,338
Allowance for credit losses (Note 4.3(e))	(18,220)	(40,342)	(18,220)	(40,342)
Balance at the end of the year	4,237,430	3,476,996	4,237,430	3,476,996

		2021		Parent 2021	Parent 2020
(b) Breakdown of the bonds	**Maturity date**	**Coupon Rate**	**Frequency**	**N'000**	**N'000**
Fidelity Eurobond	October 2026	7.625%	Half yearly	46,984	46,984
Ondo State Government	August 2022	15.5%	Half yearly	388	777
Niger State Government	September 2021	14.00%	Half yearly	-	6,500
UBA Bond	May 2025	12.5%	Half yearly	76,070	92,502
Sterling Bond	October 2025	16.25%	Half yearly	29,933	29,933
Wema Bond	October 2023	18.50%	Half yearly	49,894	49,894
Ondo State Government	January 2027	13.00%	Half yearly	42,651	47,703
Federal Government (Capex)	Various	Various	Half yearly	227,588	794,489
Federal Government (Apel)	June 2027	11.20%	Half yearly	150,000	150,000
Flourmill Bond	February 25	11.10%	Half yearly	100,000	100,000
Nova Merchant Bank Bond	June 2027	12.00%	Half yearly	52,000	52,000
FSDH Eurobond	Various	Various	Half yearly	1,711,557	746,556
ValueFund Property Bond	January 2023	13.50%	Half yearly	50,000	50,000
Lagos State Bond	January 2030	12.25%	Half yearly	50,000	50,000
Edo State Bond	December 2025	9.00%	Half yearly	50,000	50,000
Cadinal Stone Bond	December 2025	7.00%	Half yearly	150,000	150,000
Sokoto State Bond	May 2023	12.50%	Half yearly	77,608	100,000
ATG Telecoms	April 2021		Half yearly	-	1,000,000
Powercorp Green Bond	April 2031	12.00%	Half yearly	346,750	-
CEGAM Insurance Note(Bond)	May 2023	12.00%	Half yearly	171,429	-
Garden City Bond	February 2024	6.00%	Half yearly	500,000	-
Kwara State Bond	July 2028	15.00%	Half yearly	50,000	-
Ecobank Euro Bond	February 2026	0.07125	Half yearly	120,798	-
Chapel Hill Bond	September 2028	0.06125	Half yearly	82,000	-
EduMed Bond	October 2022	14.00%	Half yearly	50,000	-
Value fund	January 2023	13.50%	Half yearly	50,000	-
Lagos State Bond	December 2031	13.00%	Half yearly	20,000	-
				4,255,650	3,517,338

(c) The bonds were issued at par with no discount and they are redeemable at par on their respective due dates. Based on all these facts, management is of the opinion that the fair values of these bonds are equal to their face values.

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	Group		Parent	
	2021	2020	2021	2020
(d) **Fixed deposits and Treasury bills**	N'000	N'000	N'000	N'000
Balance at the beginning of the year	2,645,248	1,910,000	2,645,248	1,910,000
Additions during the year	1,287,525	735,248	1,287,525	735,248
	3,932,773	2,645,248	3,932,773	2,645,248
Allowance for credit losses (Note 4.3(f))	(26,712)	(16,715)	(26,712)	(16,715)
Balance at the end of the year	3,906,061	2,628,533	3,906,061	2,628,533
Attributable to policyholders	-	-	-	-
Attributable to shareholders	8,143,491	6,105,529	8,143,491	6,105,529

(e) **Impairment allowance on Bond:**	N'000	N'000	N'000	N'000
ECL allowance as at 1 January	40,342	406	40,342	406
(Write back)/ additions during the year	(22,122)	39,936	(22,122)	39,936
Balance at the end of the year (Note 4.3(a))	18,220	40,342	18,220	40,342

(f) **Impairment allowance on Fixed deposits and Treasury bills:**	N'000	N'000	N'000	N'000
ECL allowance as at 1 January	16,715	4,529	16,715	4,529
Additions during the year	9,997	12,186	9,997	12,186
Balance at the end of the year (Note 4.3(d))	26,712	16,715	26,712	16,715

5 Trade Receivables

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Premium Receivable (Note 5(a))	1,479,056	228,140	1,479,056	228,140
Receivable from reinsurer	-	-	-	-
	1,479,056	228,140	1,479,056	228,140

(a) **Premium Receivable**	N'000	N'000	N'000	N'000
Balance at the beginning of the year	228,140	207,484	228,140	207,484
Gross premium written during the year (Note 29)	27,875,088	22,035,695	27,875,088	22,035,695
Premium received in the year	(26,624,172)	(22,015,039)	(26,624,172)	(22,015,039)
Balance at the end of the year	1,479,056	228,140	1,479,056	228,140
Current	1,479,056	228,140	1,479,056	228,140
Non-current	-	-	-	-

(b) **Analysis of Trade Receivables**	N'000	N'000	N'000	N'000
Amount due from reinsurance Companies	-	-	-	-
Amount due from Insurance Brokers	1,479,056	228,140	1,479,056	228,140

(c) The Group's policy in line with the provisions of “No Premium, No Cover” on impairment of trade receivables recognizes trade receivables from Brokers only. Such receivables should not exceed a period of 30 days.

Age of Trade Receivables	N'000	N'000	N'000	N'000
Within 30 days	1,479,056	228,140	1,479,056	228,140
Above 30 days	-	-	-	-
	1,479,056	228,140	1,479,056	228,140

(d) Trade receivables are receivables from insurance contracts as at the year end from brokers and these have been collected subsequent to the year ended 31 December 2021.

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		Group		Parent	
		2021	2020	2021	2020
6	**Reinsurance Assets**	N'000	N'000	N'000	N'000
	Reinsurance share of UPR (Note 6.1)	1,583,477	1,493,504	1,583,477	1,493,504
	Reinsurance share of IBNR (Note 6.2)	1,951,123	680,276	1,951,123	680,276
	Reinsurance share of Outstanding Claim (Note 6.3)	1,615,475	1,573,438	1,615,475	1,573,438
		5,150,075	3,747,218	5,150,075	3,747,218
	Reinsurance share of Claims paid (Note 6.4)	2,038,968	1,018,429	2,038,968	1,018,429
	Co-assurance receivables (Note 6.5)	376,777	342,223	376,777	342,223
	Reinsurance receivables (Note 6.6)	-	-	-	-
		7,565,820	5,107,870	7,565,820	5,107,870
	Current	1,960,254	1,835,727	1,960,254	1,835,727
	Non-current	5,605,566	3,272,143	5,605,566	3,272,143
6.1	**Prepaid Reinsurance expense**	N'000	N'000	N'000	N'000
	Reinsurance share of UPR (Note 6.1(a))	1,583,477	1,493,504	1,583,477	1,493,504
	Prepaid reinsurance premium (Note (6.1(b))	-	-	-	-
		1,583,477	1,493,504	1,583,477	1,493,504
(a)	**Reinsurance share of UPR**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,493,504	1,082,294	1,493,504	1,082,294
	Movement during the year (Note 30)	89,973	411,210	89,973	411,210
	Balance at the end of year	1,583,477	1,493,504	1,583,477	1,493,504
(b)	**Balance at the end of the year**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	-	-	-	-
	Changes during the year (Note 30)	-	-	-	-
		-	-	-	-

i Prepaid reinsurance premium of N1,583,477,000 (2020: N1,493,504,000) was as result of time apportionment on reinsurance outward ceded out amounting to N7,329,100,000 (2020: N6,230,641,000).

		Group 2021	Group 2020	Parent 2021	Parent 2020
(c)	**Prepaid reinsurance premium**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	-	-	-	-
	Premium ceded during the year (Note 30)	7,329,100	6,230,641	7,329,100	6,230,641
	Balance at the end of the year (Note 6.1(b))	-	-	-	-
	Amortised Reinsurance	7,329,100	6,230,641	7,329,100	6,230,641
	Movement in UPR during the year (Note 30)	(89,973)	(411,210)	(89,973)	(411,210)
	Reinsurance Expenses (Note 30)	7,239,127	5,819,431	7,239,127	5,819,431
6.2	**Reinsurance share of IBNR**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	680,276	973,497	680,276	973,497
	Movement during the year (Note 32(d))	1,270,847	(293,221)	1,270,847	(293,221)
	Balance at the end of year (Note 6)	1,951,123	680,276	1,951,123	680,276
6.3	**Reinsurance share of Outstanding Claim**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,573,438	1,579,148	1,573,438	1,579,148
	Movement during the year (Note 32(d))	42,037	(5,710)	42,037	(5,710)
	Balance at the end of year (Note 6)	1,615,475	1,573,438	1,615,475	1,573,438
6.4	**Reinsurance share of Claims paid**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,018,429	1,063,775	1,018,429	1,063,775
	Movement during the year (Note 32(d))	1,306,950	6,391	1,306,950	6,391
		2,325,379	1,070,166	2,325,379	1,070,166
	Allowance for impairment Note (6.4(a))	(286,411)	(51,737)	(286,411)	(51,737)
	Balance at the end of year (Note 6)	2,038,968	1,018,429	2,038,968	1,018,429

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		Group		Parent	
		2021	2020	2021	2020
(a)	**Impairment allowance on Reinsurance share of Claims paid:**	N'000	N'000	N'000	N'000
	Impairment allowance as at 1 January	51,737	-	51,737	-
	Additions during the year (Note 37(b))	234,674	51,737	234,674	51,737
	Balance at the end of the year	286,411	51,737	286,411	51,737
6.5	**Co assurance receivables**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	497,501	726,851	497,501	726,851
	Claims paid on behalf of Co-assurance Companies	421,751	549,998	421,751	549,998
	Claims recovered from co-assurance companies (Note 32(c))	(210,875)	(779,348)	(210,875)	(779,348)
		708,377	497,501	708,377	497,501
	Allowance for impairment (Note 6.5(b))	(331,600)	(155,278)	(331,600)	(155,278)
	Balance at the end of year (Note 6)	376,777	342,223	376,777	342,223

(a) Co-assurance receivables relate to amount paid on behalf of co-assurance companies where NEM Insurance Plc is leading which are yet to be received at year end.

		Group 2021	Group 2020	Parent 2021	Parent 2020
(b)	**Movement in allowance for impairment of co-assurance receivables**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	155,278	-	155,278	-
	Allowance for impairment during the year (Note 37(b))	176,322	155,278	176,322	155,278
	Balance at the end of the year	331,600	155,278	331,600	155,278

6.6 The reinsurance receivables comprise of amount due to NEM Insurance Plc after year end reconciliation with Scib Nigeria & Co. Limited .

		Group 2021	Group 2020	Parent 2021	Parent 2020
7	**Deferred acquisition cost**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,840,694	810,097	1,840,694	810,097
	Commission paid during the year (Note 33(a))	4,421,642	3,417,935	4,421,642	3,417,935
	Amortised acquisition cost during the year (Note 33(a))	(5,231,583)	(2,387,338)	(5,231,583)	(2,387,338)
	Balance at the end of the year	1,030,753	1,840,694	1,030,753	1,840,694
8	**Other receivables and prepayments**				
	Prepayments (Note 8(a))	39,561	67,602	39,561	67,602
	Interest receivable (Note 8(b))	90,720	81,992	90,720	81,992
	Withholding Tax Receivable	12,697	12,697	12,697	12,697
	Other receivables (Note 8(c))	268,534	305,236	117,598	209,371
	Stock brokers' current accounts (Note 8(d))	3,200	3,200	3,200	3,200
		414,712	470,727	263,776	374,862
(a)	**Prepayments**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	67,602	66,608	67,602	66,608
	Payment during the year	48,706	31,817	48,706	31,817
	Amortisation during the year (Note 8(ii))	(76,747)	(30,823)	(76,747)	(30,823)
	Balance at the end of the year	39,561	67,602	39,561	67,602
(i)	**Breakdown of prepayments**	N'000	N'000	N'000	N'000
	Prepaid Commission	28,256	49,876	28,256	49,876
	Rent and rates	11,305	17,726	11,305	17,726
		39,561	67,602	39,561	67,602
(ii)	**Breakdown of amortisation during the year**	N'000	N'000	N'000	N'000
	Commission	43,974	-	43,974	-
	Rent and rates (Note 37(b))	32,773	30,823	32,773	30,823
		76,747	30,823	76,747	30,823

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(iii) Prepaid commission represent commission paid to brokers on deposit premium received during the year which will be recognised respectively when the business commence.

	Group		Parent	
	2021	2020	2021	2020
(b) **Interest receivable**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	81,992	109,430	81,992	109,430
Interest received during the year	(81,992)	(27,438)	(81,992)	(27,438)
Accrued interest during the year	90,720	-	90,720	-
Balance at the end of the year	90,720	81,992	90,720	81,992

(i) Interest receivable represents accrued interest on various placements as at the reporting date. The net movements during the year of N81.99million and N90.72million have been included in investment income reported in Note 34.

(c) **Other Receivables**	**N'000**	**N'000**	**N'000**	**N'000**
Staff loans and advances (Note 8(c)(i))	23,343	68,023	23,343	68,023
Others (Note 8(c)(ii))	245,191	237,213	11,755	8,848
Deposit for shares in NEM Asset Management Ltd (Note 8(c)(iii))	-	-	82,500	132,500
	268,534	305,236	117,598	209,371
(i) **Staff loans and advances**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	68,023	63,545	68,023	63,545
Additions during the year	26,243	45,739	26,243	45,739
Repayment during the year	(64,845)	(41,261)	(64,845)	(41,261)
Write-off during the year (Note 8(c)(iv) & 37(b))	(6,078)	-	(6,078)	-
Balance at the end of the year	23,343	68,023	23,343	68,023

(ii) The N245million group balance reported includes amount of N234million due from NEM Asset Management Limited's customers.

(iii) Deposit for shares in NEM Asset Management Ltd represents amount given to NEM Asset Management Limited for future increase in shares. Movement during the year represent issue of additional shares.

(iv) Write-off during the year represents staff loans and advances no longer recoverable from the staff who have left the services of the Company

	N'000	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	-	-	132,500	182,500
Reclassification during the year (Note 10)	-	-	(50,000)	(50,000)
Balance at the end of the year	-	-	82,500	132,500
(d) **Stock brokers' current accounts**	**N'000**	**N'000**	**N'000**	**N'000**
Centrepoint Investment Limited	3,200	3,200	3,200	3,200
	3,200	3,200	3,200	3,200

i Stock brokers' current accounts comprise of amount due to NEM Insurance Plc after year end reconciliation with brokers.

(e) As other receivables are short term in nature, highly active and recoverable on a monthly basis from staff salaries and ultimately from staff final entitlement, no assessment for impairment using Expected Credit Loss (ECL) approach was carried out at the reporting date.

9 **Investment in Associate**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	412,741	435,165	412,741	435,165
Impairment during the year (Note 37(b))	(412,741)	-	(412,741)	-
Share of loss during the year	-	(22,424)	-	(22,424)
Balance at the end of the year	-	412,741	-	412,741

Nem Insurance Plc holds 40% interest in Regency NEM Insurance Ghana Limited. This investment has been fully impaired as a result of the going concern issues faced by the Company resulting in non performance of the investment.

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10 **Investment in subsidiary**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	-	-	100,000	50,000
Reclassification during the year (Note 8(c)(iii))	-	-	50,000	50,000
Balance at the end of the year	-	-	150,000	100,000

(a) NEM Insurance Plc acquired 100% interest in NEM Asset Management in 2016. The principal activity of NEM Asset Management is asset leasing and LPO financing. The Assets and Liabilities of the new Subsidiary (NEM Asset Management) are consolidated in these Financial Statements. During the year, the subsidiary made a Profit after tax of N7.99million (2020: N9million). Reclassification during the year represent additional issued shares by NEM Asset Management from the initial deposit for shares.

		Group		Parent	
		2021	2020	2021	2020
11	**Investment Properties**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	1,617,609	1,589,278	1,617,609	1,589,278
	Addition during the year (Note 11(f))	15,136	3,622	15,136	3,622
	Revaluation gain (Note 35)	73,422	24,709	73,422	24,709
	Balance at the end of the year	1,706,167	1,617,609	1,706,167	1,617,609

	Carrying amount of investment properties	Status of Title	Balance at the begining of the year	Additions	Fair value changes	Carrying amount
(a)			**N'000**	**N'000**	**N'000**	**N'000**
	Oniru-Block Xv1, Plot 11, Aremo Adesegun Oniru Crecent, Off Onigefon Road, Oniru, Lagos	Not Perfected	232,995	7,433	6,268	246,696
	Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos	Perfected	400,731	270	151	401,152
	Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State	Perfected	56,883	-	1,058	57,941
	Plot 10, Elegba Festival Drive, Off Oba Idowu Abiodun Oniru Street, Victoria Island, Lagos	Not Perfected	927,000	7,433	65,945	1,000,378
			1,617,609	15,136	73,422	1,706,167

	Group		Parent	
	2021	2020	2021	2020
	N'000	**N'000**	**N'000**	**N'000**
The Company's investment properties are allocated as follows:				
Attributable to policyholders	-	-	-	-
Attributable to shareholders	1,706,167	1,617,609	1,706,167	1,617,609

(b) Investment properties are held at fair value which has been determined based on valuations performed by independent valuation experts, Diya Fatimilehin & Co. (Estate Surveyors & Valuers) ; Plot 237B, Muri Okunola Street, Victoria Island , Lagos; The Valuers Fatimilehin Adegboyega and Diya Maurise Kolawole are registered with Financial reporting Council of Nigeria with registration Numbers FRC/2013/NIESV/00000000754 and FRC/2013/NIESV/00000002773 respectively.

(c) The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.

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(d) This is an investment in land and building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the Company. This is carried in the statement of financial position at their market value.

(e) In the year, there is revaluation surplus on investment properties of N73,422,000.

(f) The Company incurred N14,866,000 to perfect title documents and N270,000 to renovate its investments properties during the year

		Group		Parent	
		2021	2020	2021	2020
12	**Statutory deposit**	**N'000**	**N'000**	**N'000**	**N'000**
	Statutory deposit	320,000	320,000	320,000	320,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2021: (2020: N 320m) which was in accordance with section 9(1) and section 10 (3) of Insurance Act CAP I17 LFN 2004. Statutory deposits are measured at cost.

13	**Intangible asset**				
	Cost	**N'000**	**N'000**	**N'000**	**N'000**
	At 1 January 1	79,051	79,051	61,596	61,596
	Addition	-	-	-	-
	At 31 December	79,051	79,051	61,596	61,596
	Amortisation				
	At 1 January	79,041	77,826	61,586	60,371
	Amortisation during the year	-	1,215	-	1,215
	At 31 December	79,041	79,041	61,586	61,586
	Carrying Amount	10	10	10	10

(a) The only intangible asset of the Company was a software named "IES' used in posting the business transactions of the Company.

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14(a) **Property, plant and equipment (Group)**

Cost/Valuation	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000		N'000
At 1 January 2020	417,900	2,197,100	138,959	750,939	422,261	426,809	4,353,968
Additions	-	-	4,891	117,859	2,309	31,510	156,569
Disposals	-	-	(120,518)	(69,036)	(396,040)	(305,583)	(891,177)
At 31 December 2020	417,900	2,197,100	23,332	799,762	28,530	152,736	3,619,360
At 1 January 2021	417,900	2,197,100	23,332	799,762	28,530	152,736	3,619,360
Additions	-	-	300	70,252	6,208	32,226	108,986
Disposals	-	-	(2,980)	(177,316)	(11,597)	(29,814)	(221,707)
Revaluation Surplus(Note 26)	254,300	637,600	-	-	-	-	891,900
At 31 December 2021	672,200	2,834,700	20,652	692,698	23,141	155,148	4,398,539
Accumulated depreciation							
At 1 January 2020	-	43,942	121,762	389,058	409,531	357,837	1,322,130
Charge for the year	-	43,942	4,666	159,954	5,817	30,437	244,816
Disposals	-	-	(120,518)	(47,867)	(396,040)	(305,583)	(870,008)
At 31 December 2020	-	87,884	5,910	501,145	19,308	82,691	696,938
At 1 January 2021	-	87,884	5,910	501,145	19,308	82,691	696,938
Charge for the year	-	43,942	4,130	159,079	4,611	30,317	242,079
Disposals	-	-	(2,981)	(159,217)	(11,597)	(29,814)	(203,609)
Transfer to revaluation reser	-	(131,826)	-	-	-	-	(131,826)
At 31 December 2021	-	-	7,059	501,007	12,322	83,194	603,582
Carrying amounts at:							
31 December 2021	672,200	2,834,700	13,593	191,691	10,819	71,954	3,794,957
31 December 2020	417,900	2,109,216	17,422	298,617	9,222	70,045	2,922,422

(i) Land and buildings were professionally valued by Jide Taiwo & Co. (Estate Surveyors and Valuers) on 31 December 2021 on the basis of their open market values. The revised value of the land buildings was N3,506,900,000 resulting in a surplus on revaluation of N891,900,000 which has been credited to the property, plant and equipment revaluation reserve account. The Valuer Jide Taiwo & Co. is registered with Financial Reporting Council of Nigeria with registration Number FRC/2012/0000000000254.

(ii) The Group had no capital commitments as at the statement of financial position date (2020: Nil). As at the reporting date land is being carried at revalued amount.

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(b) **Property, plant and equipment (Parent)**

Cost/Valuation	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	417,900	2,197,100	138,957	746,338	422,175	426,005	4,348,475
Additions	-	-	4,891	117,859	2,309	31,510	156,569
Disposals	-	-	(120,518)	(69,036)	(396,040)	(305,583)	(891,177)
At 31 December 2020	417,900	2,197,100	23,330	795,161	28,444	151,932	3,613,867
At 1 January 2021	417,900	2,197,100	23,330	795,161	28,444	151,932	3,613,867
Additions	-	-	300	58,499	6,208	31,485	96,492
Disposals	-	-	(2,980)	(172,716)	(11,597)	(29,814)	(217,107)
Revaluation Surplus	254,300	637,600	-	-	-	-	891,900
At 31 December 2021	672,200	2,834,700	20,650	680,944	23,055	153,603	4,385,152
Accumulated depreciation							
At 1 January 2020	-	43,942	121,762	385,379	409,478	357,177	1,317,738
Charge for the year	-	43,942	4,666	159,032	5,799	30,276	243,715
Disposals	-	-	(120,518)	(47,867)	(396,040)	(305,583)	(870,008)
At 31 December 2020	-	87,884	5,910	496,544	19,237	81,870	691,445
At 1 January 2021	-	87,884	5,910	496,544	19,237	81,870	691,445
Charge for the year	-	43,942	4,130	156,728	4,611	30,169	239,580
Disposals	-	-	(2,981)	(154,617)	(11,597)	(29,814)	(199,009)
Revaluation	-	(131,826)	-	-	-	-	(131,826)
At 31 December 2021	-	-	7,059	498,655	12,251	82,225	600,190
Carrying amounts at:							
31 December 2021	672,200	2,834,700	13,591	182,289	10,804	71,378	3,784,962
31 December 2020	417,900	2,109,216	17,420	298,617	9,207	70,062	2,922,422

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14(c) Right-of-Use Assets

	Group		Parent	
	2021	2020	2021	2020
Cost	N'000	N'000	N'000	N'000
At 1 January 2021	-	-	-	-
Additions during the year	262,400	-	262,400	-
Reclassifications during the year	-	-	-	-
At 31 December 2021	262,400	-	262,400	-
Accumulated depreciation	N'000	N'000	N'000	N'000
At 1 January 2021	-	-	-	-
Charge for the year	52,480	-	52,480	-
Reclassifications during the year	-	-	-	-
At 31 December 2021	52,480	-	52,480	-
Carrying amounts at:				
At 31 December 2021	209,920	-	209,920	-

15 Insurance Contract Liabilities

	N'000	N'000	N'000	N'000
Outstanding Claims reserve (Note 15.1)	2,512,860	2,860,898	2,512,860	2,860,898
Incurred but not reported (IBNR) (Note 15.1(b))	3,375,076	1,918,964	3,375,076	1,918,964
Total outstanding Claims (including IBNR)	5,887,936	4,779,862	5,887,936	4,779,862
Unearned Premium Reserve (Note 15.2)	6,329,907	5,000,073	6,329,907	5,000,073
	12,217,843	9,779,935	12,217,843	9,779,935

The firm Ernst & Young (Formally HR Nigeria Limited), an actuarial service organisation did the valuation for the reporting date. The actuarial valuation reports were authorised by Mr. Okpaise Olurotimi, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2012/NAS/00000000738.

15.1 Outstanding Claims reserve

	N'000	N'000	N'000	N'000
Fire	979,906	1,402,243	979,906	1,402,243
Accident	504,414	493,373	504,414	493,373
Marine and Aviation	214,457	235,291	214,457	235,291
Motor	761,550	680,684	761,550	680,684
Oil and Gas	52,458	49,307	52,458	49,307
Agriculture	75	-	75	-
	2,512,860	2,860,898	2,512,860	2,860,898

(a) **Movement in outstanding Claims reserve**

	N'000	N'000	N'000	N'000
Opening balance	2,860,898	2,615,469	2,860,898	2,615,469
(Decrease)/increase in the year (Note 32)	(348,038)	245,429	(348,038)	245,429
Closing balance	2,512,860	2,860,898	2,512,860	2,860,898

(b) **Movement in Incurred but not reported**

	N'000	N'000	N'000	N'000
Opening balance	1,918,964	1,738,829	1,918,964	1,738,829
Increase in the year (Note 32)	1,456,112	180,135	1,456,112	180,135
Closing balance	3,375,076	1,918,964	3,375,076	1,918,964

(c) The Age Analysis of Outstanding Claims in thousands of Nigerian Naira as at 31 December 2021 is as follows:

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge vouchers not returned by the customers	Total N'000	2020 N'000
0 - 90 days	130,153	481,105	118,253	729,511	1,290,068
91 - 180 days	220,143	212,856	247,705	680,704	539,516
181 - 270 days	244,134	176,266	196,575	616,975	408,210
270 - 365 days	122,472	131,645	153,110	407,227	336,940
365 days and above	35,126	18,538	24,779	78,443	286,164
	752,028	1,020,410	740,422	2,512,860	2,860,898

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	Group		Parent	
	2021	2020	2021	2020
15.2 Unearned Premium reserve	N'000	N'000	N'000	N'000
Balance at the beginning of the year(Note 29(a))	5,000,073	4,646,567	5,000,073	4,646,567
Changes in unearned premium (Note 29(a))	1,329,834	353,506	1,329,834	353,506
Balance at the end of the year (Note 29(a))	6,329,907	5,000,073	6,329,907	5,000,073

The above balances represent the amounts payable on direct insurance business and assumed reinsurance business. The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

	Group		Parent	
	2021	2020	2021	2020
16 Trade Payables	**N'000**	**N'000**	**N'000**	**N'000**
Due to Reinsurance Broker - A.O.N.(Note 16(a)(i)	128,213	205,514	128,213	205,514
Due to Reinsurance Broker - SCIB (Note 16(a)(ii)	19,318	116,643	19,318	116,643
Premium Deposit (Note 16(b))	156,785	263,170	156,785	263,170
Commission payable	106,412	-	106,412	-
	410,728	585,327	410,728	585,327

(a) Trade payable represents premium payable to both reinsurance companies and brokers and commission payable to insurance brokers. The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year and payment process has commenced subsequent to the year end

(i) Due to Reinsurance Broker - A.O.N.	N'000	N'000	N'000	N'000
Premium	115,059	198,958	115,059	198,958
Commission	13,154	6,556	13,154	6,556
	128,213	205,514	128,213	205,514

(ii) Due to Reinsurance Broker - SCIB	N'000	N'000	N'000	N'000
Premium	13,059	114,943	13,059	114,943
Commission	6,259	1,700	6,259	1,700
	19,318	116,643	19,318	116,643

(b) Premium deposit represents advance received in 2021 for 2022 production.

17 Other Payables	**N'000**	**N'000**	**N'000**	**N'000**
Accruals (Note 17(b))	590,005	433,710	543,274	429,679
Dividend payable (Note 17(b(i))	833,920	728,297	833,920	728,297
Other creditors (Note 17(c))	107,603	105,293	121,910	108,024
Deferred commission Income (Note 17(g) and Note 31)	361,710	404,834	361,710	404,834
	1,893,238	1,672,134	1,860,814	1,670,834

(a) The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

(b) **Accruals**	**N'000**	**N'000**	**N'000**	**N'000**
Audit fees	4,000	3,600	4,000	3,600
Profit Sharing	200,000	150,000	200,000	150,000
Performance bonus	33,547	-	33,547	-
Medical expenses	7,033	-	7,033	-
Naicom Levy	278,750	220,357	278,750	220,357
PAYE payable	-	4,000	-	4,000
VAT payable	-	9,944	-	9,944
Pension payable	9,110	8,812	9,110	8,812
Cooperative	347	17,341	-	17,341
Others	57,218	19,656	10,834	15,625
	590,005	433,710	543,274	429,679

(b(i)) Dividend payable represents Unclaimed Dividend returned to the Group by Apel Capital & Trust Limited for investment as required by Securities and Exchange Commission.

Movement in dividend payable:	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	728,297	390,482	728,297	390,482
Dividend declared	902,966	792,075	902,966	792,075
Dividend paid	(797,343)	(454,260)	(797,343)	(454,260)
Balance at the end of the year	833,920	728,297	833,920	728,297

(c) **Other Creditors**	**N'000**	**N'000**	**N'000**	**N'000**
Due to NEM Assets Management Ltd (Note 17 (e))	-	-	14,307	2,731
Deferred Income (Note 17(f))	107,603	105,293	107,603	105,293
	107,603	105,293	121,910	108,024

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(d) **Lease liabilities**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	47,963	117,636	47,963	117,636
Additions during the year	262,400	49,469	262,400	49,469
Interest charged during the year (Note 37)	16,349	19,832	16,349	19,832
Lease initial deposit payment	(65,560)	-	(65,560)	-
Lease payment during the year	(121,529)	(138,974)	(121,529)	(138,974)
Balance as at the end of the year	139,623	47,963	139,623	47,963

(e) NEM Asset Management Ltd financed the purchase of some motor cars for NEM Insurance Plc. The total amount outstanding as at 31 December 2021 was N14,307,000 (2020: N2,731,000). NEM Asset Management Limited is a subsidiary of NEM Insurance Plc.

(f) The Deferred income represents rental income received in advance from the occupants of the Company's properties.

(g) Deferred commission Income represents unexpired commission received on reinsurance expenses.

18 Retirement Benefit Obligations

The Company has a defined benefit gratuity scheme covering its entire employees who have spent a minimum number of five years continuous service. The scheme is unfunded, therefore, no contribution is made to any fund.The Company has stopped gratuity since 2014 and the balance outstanding on it is subjected to valuation at year end.

The amounts recognised in the income statement (Management expenses) are as follows:

	Group		**Parent**	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Current service cost	-	-	-	-
Interest cost on benefit obligation (Note 37(a))	5,590	9,933	5,590	9,933
	5,590	9,933	5,590	9,933

The amounts recognised in the statement of financial position at the reporting date are as follows:

	N'000	**N'000**	**N'000**	**N'000**
Present value of the defined benefit obligation				
Total defined benefit obligation	52,414	78,960	52,414	78,960

The movement in the defined benefit obligation is as follows:

	N'000	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	78,960	81,635	78,960	81,635
Current service cost	-	-	-	-
Interest cost	5,590	9,933	5,590	9,933
Benefits paid (Note 42)	(30,638)	(52,916)	(30,638)	(52,916)
Actuarial (gain)/loss - Due to change in assumption	(10,293)	17,624	(10,293)	17,624
Actuarial losses - Due to experience adjustment	8,795	22,684	8,795	22,684
Balance at the end of the year	52,414	78,960	52,414	78,960

Actuary Report Extracts

Valuation Assumption

The Valuation assumptions fall under two broad categories:

A Financial Assumptions

B Demographic Assumptions

The assumptions depict the estimate of the likely future experience of the Company.

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A	Financial Assumptions	Group		Parent	
	Average Long-Term Future	**2021**	**2020**	**2021**	**2020**
	Discount Rate (p.a)	12.55%	7.12%	12.55%	7.12%
	Interest Credit Rate (p.a)	0.00%	0%	0.00%	0%

In order to measure the liability, the projected benefit must be discounted to a net present value as at the statement of financial position date, using an interest assumption (called the discount rate under IAS 19).

The discount rate should be determined on the Company's statement of financial position date by reference to market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds). The discount rate should reflect the duration of the liabilities of the benefit programme.

We calculated the weighted average liability duration and adopted the corresponding Nigerian Government bonds market yield at the valuation date.

The weighted average liability duration for the Plan is 4.24years. The average weighted duration of the closest Nigerian Government bond as at 31 December 2021 was 4.34 years with a gross redemption yield of 12.48%.

We have prudently adopted a discount rate of 12.55% for the current valuation.

B **Demographic Assumptions**

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample Age	No of Deaths in year of age out of 10,000 lives		No of Deaths in year of age out of 10,000 lives	
	2021	**2020**	**2021**	**2020**
25	7	7	7	7
30	7	7	7	7
35	9	9	9	9
40	14	14	14	14
45	26	26	26	26

Withdrawal from Service

Age Band	Rate		Rate	
	2021	**2020**	**2021**	**2020**
Less than or equal to 30	3%	3%	3%	3%
31-39	2%	2%	2%	2%
40-44	2%	2%	2%	2%
45-50	0%	0%	0%	0%
51-59	0%	0%	0%	0%

Valuation Method

As required by IAS 19, we have adopted the Projected Unit Credit (PUC) method to establish the value of the accrued liabilities. In calculating the liabilities, the method:

i estimates the expected gratuity benefit payable in future (and we have not allowed for notional interest credits since it is not granted) between the review dates and the eventual exit date of the employee via withdrawal, death or retirement and then discounts the expected benefit payments to the review date.

ii The emerging total value (for each individual) is described by IAS 19 as the **Defined Benefit Obligation (DBO).**

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MEMBERSHIP DATA

The calculations are based on the membership data as at 31 December 2021 as summarised below.

	Number of Employees	**Crystallised Gratuity as 31 December 2014**
<u>**Summary by Category**</u>		**N**
Category		
Male	17	55,576,601
Female	11	28,584,436
Total	28	84,161,037
<u>**Data Reconciliation Summary**</u>		**N**
As at 31 December 2020	40	112,756,485
Exits	(12)	(28,595,448)
As at 31 December 2021	**28**	**84,161,037**

Had the plan discontinued as at 31 December 2021, we estimate the accrued benefits payable as N84.2million. This is the sum of the crystallised gratuity benefits of all qualified employees as at the review date.

The statement of financial position liability of N52.4million is lower because it is the discounted value of the crystallised gratuity benefits (with no interest credit) from their expected payment date to the review date.

ACTUARY'S STATEMENT

The calculations reported above have been made on a basis consistent with the understanding of the statement purpose of fulfilling the employer's financial accounting standards.

Figures required for other purposes should be calculated in accordance with the specific requirements for such purposes and it should not be assumed that the figures herein have any relevance beyond the scope of the International Accounting Standards requirements.

The firm Ernst & Young (Formerly HR Nigeria Limited), an actuarial service organisation did the valuation of Gratuity for the reporting period. The actuarial valuation reports were authorised by Mr. Okpaise Olurotimi Olatokunbo, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2012/NAS/00000000738.

	19 Taxation	**Group**		**Parent**	
		2021	**2020**	**2021**	**2020**
(a)	**Per Financial Position**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	675,783	462,419	670,286	457,987
	Income tax for the year	489,933	340,109	488,101	337,453
	Education tax for the year	58,442	33,384	58,078	33,119
	Prior year over-provision	(457,987)	-	(457,987)	-
	Information technology levy (Note 19(d))	45,125	51,176	45,125	51,176
	Paid during the year	(187,788)	(211,305)	(184,867)	(209,449)
	Balance at the end of the year	623,508	675,783	618,736	670,286
(b)	**Per Income Statement**	**N'000**	**N'000**	**N'000**	**N'000**
	Income tax	489,933	340,109	488,101	337,453
	Education tax	58,442	33,384	58,078	33,119
	Prior year over-provision	(457,987)	-	(457,987)	-
		90,388	373,493	88,192	370,572
	Deferred tax asset (Note 20 (i))	5,530	28,168	-	28,168
	Deferred tax liabilities (Note 20 (ii))	-	(356,500)	-	(356,500)
	Charge for the year	95,918	45,161	88,192	42,240

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(c) Profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group 2021	Group 2020	Parent 2021	Parent 2020
	N'000	N'000	N'000	N'000
Profit before income tax	4,573,323	5,180,989	4,557,603	5,168,811
Tax calculated at the corporate tax rate	1,369,717	1,553,079	1,367,281	1,550,643
Effect of:				
Non-deductible expenses	95,162	44,477	94,920	44,235
Effect of Education tax levy	58,321	33,362	58,078	33,119
Effect of Capital allowance on income tax	(227,148)	(159,536)	(227,148)	(159,536)
Effect of Balancing and Investment Allowance	(915)	(1,092)	(915)	(1,092)
Effect of Deferred tax	5,530	(328,332)	-	(328,332)
Tax exempt income	(746,762)	(1,096,797)	(746,037)	(1,096,797)
Overprovision in prior years	(457,987)	-	(457,987)	-
Total income tax expense in income statement	95,918	45,161	88,192	42,240
Effective tax rate (%)	2.10	0.87	1.94	0.82

(d) **Information Technology Levy**

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12 (2a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

20 Deferred Taxation

	Group 2021	Group 2020	Parent 2021	Parent 2020
i Deferred tax Assets	N'000	N'000	N'000	N'000
Balance at the beginning of the year	(263,035)	(291,203)	(253,568)	(281,736)
Write back/ (charge for the year)	5,530	28,168	-	28,168
Balance at the end of the year	(257,505)	(263,035)	(253,568)	(253,568)

	Group 2021	Group 2020	Parent 2021	Parent 2020
ii Deferred tax Liabilities	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	356,500	-	356,500
Charge for the year	-	(356,500)	-	(356,500)
Revaluation surplus (Note 26)	10,237	-	10,237	-
Other reserves-gratuity (Note 27)	150	-	150	-
Balance at the end of the year	10,387	-	10,387	-

	Group 2021	Group 2020	Parent 2021	Parent 2020
21 Share Capital	N'000	N'000	N'000	N'000
Authorised Share Capital				
10,000,000,000 ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
400,000,000 ordinary shares of 50k each(Note 24(a))	200,000	200,000	200,000	200,000
	5,200,000	5,200,000	5,200,000	5,200,000

	Group 2021	Group 2020	Parent 2021	Parent 2020
(a) Ordinary shares issued and fully paid	N'000	N'000	N'000	N'000
5,280,502,913 ordinary shares of 50k each at the beginning of the year	-	2,640,251	-	2,640,251
Bonus issue/recapitalisation of share premium	-	272,551	-	272,551
Bonus issue/recapitalisation of retained earnings (Note 24(a))	-	2,103,675	-	2,103,675
Share reconstruction-5,016,477,767 ordinary shares of N1 each (Note 21(b))	5,016,477	-	5,016,477	-
	5,016,477	5,016,477	5,016,477	5,016,477

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(b) During the year, the Company implemented a share capital reconstruction on the Daily Official List of Nigerian Exchange Limited (NGX). Consequently, the entire issued shares 10,032,955,535 ordinary shares of 50 kobo each at N2.42 per share were delisted from the Daily Official List on 29 December 2021 while the Company's 5,016,477,767 ordinary shares of N1.00 each arising from the share capital reconstruction were listed on the Daily Official List on the same day at N4.84 per share. With the implementation of the Company's share capital reconstrcution, the total issued and fully paid-up shares of the Company was reduced from 10,032,955,535 ordinary shares of 50kobo each to 5,016,477,767 of N1 each.

	Group		Parent	
	2021	2020	2021	2020
22 Share Premium	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	-	272,551	-	272,551
Bonus issue/recapitalisation of share premium (Note 21(a))	-	(272,551)	-	(272,551)
Balance at the end of the year	-	-	-	-

23 Statutory contingency reserve	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	5,213,927	4,198,848	5,213,927	4,198,848
Transfer from revenue reserve (Note 24)	884,857	1,015,079	884,857	1,015,079
Balance at the end of the year	6,098,784	5,213,927	6,098,784	5,213,927

Statutory contingency reserve is calculated in accordance with the provisions of Section 21(2) of the Insurance Act, 2003 at the higher of 3% of the total premium or 20% of total profit after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium.
During the current year, this was calculated based on 3% of the gross premium.

24 Retained earnings	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	7,005,455	5,831,632	6,981,489	5,816,923
Profit for the year	4,432,280	5,084,652	4,424,286	5,075,395
Transfer to contingency reserve (Note 23)	(884,857)	(1,015,079)	(884,857)	(1,015,079)
Bonus issue/recapitalisation of retained earnings	-	(2,103,675)	-	(2,103,675)
Dividend declared (Note 17(b)(i))	(902,966)	(792,075)	(902,966)	(792,075)
Balance at the end of the year	9,649,912	7,005,455	9,617,952	6,981,489

25 FVOCI reserve	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	(40,178)	(51,468)	(40,178)	(51,468)
Write back during the year (Note4.2(b)	3,566	11,290	3,566	11,290
Balance at the end of the year	(36,612)	(40,178)	(36,612)	(40,178)

(a) The fair value reserve shows the effect from the fair value measurement of financial instruments of the category FVOCI. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired. The negative movement was due to change in the long term Unquoted Investment.

26 Asset revaluation reserve	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	1,094,475	1,094,475	1,094,475	1,094,475
Additions during the year: Cost- revaluation surplus (Note 14)	891,900	-	891,900	-
Accumulated depreciation (Note 14)	131,826	-	131,826	-
	1,023,726	-	1,023,726	-
Deferred tax (Note 20(ii))	(10,237)	-	(10,237)	-
	1,013,489	-	1,013,489	-
Balance at the end of the year	2,107,964	1,094,475	2,107,964	1,094,475

(a) This comprise cumulative fair value changes on valuation of leasehold land & building net of deferred tax asset/liabilities.

27 Other Reserves - gratuity	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	71,147	111,455	71,147	111,455
Loss during the year	1,498	(40,308)	1,498	(40,308)
Deferred tax (Note 20(ii))	(150)	-	(150)	-
Balance at the end of the year	72,495	71,147	72,495	71,147

(a) This comprise of the cumulative actuarial gain on change in assumptions and experience adjustment.

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	Group		Parent	
	2021	2020	2021	2020
28 Gross Premium written	**N'000**	**N'000**	**N'000**	**N'000**
Direct premium (Note 28(a))	27,412,551	21,776,459	27,412,551	21,776,459
Inward reinsurance (Note 28(a))	462,537	259,236	462,537	259,236
	27,875,088	22,035,695	27,875,088	22,035,695

Gross premium written increased when compared with previous year majorly because of the new businesses won during the year due to aggressive marketing embarked upon by the Company.

(a) **Gross Premium written**	**N'000**	**N'000**	**N'000**	**N'000**
Fire	6,334,528	4,630,064	6,334,528	4,630,064
Oil and Gas	4,340,340	3,560,975	4,340,340	3,560,975
General accident	4,880,822	4,478,009	4,880,822	4,478,009
Marine	3,834,348	2,196,887	3,834,348	2,196,887
Motor	7,951,224	6,908,099	7,951,224	6,908,099
Agricuture	71,289	2,425	71,289	2,425
Direct premium (Note 28)	27,412,551	21,776,459	27,412,551	21,776,459
Inward reinsurance (Note 28)	462,537	259,236	462,537	259,236
	27,875,088	22,035,695	27,875,088	22,035,695

29 Gross premium income	**N'000**	**N'000**	**N'000**	**N'000**
Premium written during the year (Note 28)	27,875,088	22,035,695	27,875,088	22,035,695
Changes in unearned premium (Note 29(a))	(1,329,834)	(353,506)	(1,329,834)	(353,506)
	26,545,254	21,682,189	26,545,254	21,682,189
(a) **Movement in Unearned premium**	**N'000**	**N'000**	**N'000**	**N'000**
Unearned premium brought forward (Note 15.2)	5,000,073	4,646,567	5,000,073	4,646,567
Unearned premium carried forward (Note 15.2)	(6,329,907)	(5,000,073)	(6,329,907)	(5,000,073)
Increase in unearned premium	(1,329,834)	(353,506)	(1,329,834)	(353,506)

30 Reinsurance expenses	**N'000**	**N'000**	**N'000**	**N'000**
Reinsurance premium (Cost) during the year (Note 30(a))	7,329,100	6,230,641	7,329,100	6,230,641
Change in Reinsurance Share of UPR (Note 6.1(a))	(89,973)	(411,210)	(89,973)	(411,210)
Change in Prepaid Reinsurance Premium (Note 6.1(b))	-	-	-	-
	7,239,127	5,819,431	7,239,127	5,819,431
(a) Reinsurance expense	**N'000**	**N'000**	**N'000**	**N'000**
Motor	46,237	4,257	46,237	4,257
Marine	1,048,439	961,086	1,048,439	961,086
Fire	2,376,956	2,247,009	2,376,956	2,247,009
General Accident	1,696,105	1,466,275	1,696,105	1,466,275
Oil & Gas	2,122,169	1,552,014	2,122,169	1,552,014
Agric	39,194	-	39,194	-
	7,329,100	6,230,641	7,329,100	6,230,641
Opening-Due to Reinsurance Broker-A.O.N (Note 16)	205,514	-	205,514	-
Opening-Due to Reinsurance Broker - SCIB (Note 16)	116,643	-	116,643	-
Closing-Due to Reinsurance Broker - A.O.N. (Note 16)	(128,213)	-	(128,213)	-
Closing-Due to Reinsurance Broker - SCIB (Note 16)	(19,318)	-	(19,318)	-
Reinsurance expense paid during the year	7,503,726	6,230,641	7,503,726	6,230,641

(b) Reinsurance expenses of N7,503.726,000 was paid during the year, N495,203,449 was paid to the foreign insurers while N7,008,522,551 was paid to local insurers. In 2020 reinsurance expense stood at N6,230,641,000 (Foreign N4,064,884,000 · Local N2,165,757,000).

31 Fees and commission income

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	N'000	**N'000**	**N'000**	**N'000**
Deferred Commission as at 1 January	404,834	277,126	404,834	277,126
Fees and Commission Income received during the year (Note 31(b))	1,411,751	1,259,296	1,411,751	1,259,296
Deferred Commission as at 31 December (Note 17)	(361,710)	(404,834)	(361,710)	(404,834)
Fees and Commission Income earned during the year	1,454,875	1,131,588	1,454,875	1,131,588

(a) Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

	Group		Parent	
	2021	2020	2021	2020
(b) **Classes**	**N'000**	**N'000**	**N'000**	**N'000**
Motor	2,786	1,206	2,786	1,206
Marine	244,492	239,515	244,492	239,515
Fire	614,397	616,313	614,397	616,313
General Accident	516,254	402,262	516,254	402,262
Oil and Gas	25,983	-	25,983	-
Agric	7,839	-	7,839	-
	1,411,751	1,259,296	1,411,751	1,259,296

32 Claims Expenses	**N'000**	**N'000**	**N'000**	**N'000**
Gross Claims paid (Note 32(a))	11,603,949	8,484,357	11,603,949	8,484,357
Increase in outstanding claims (Note 15.1(a))	(348,038)	245,429	(348,038)	245,429
Changes in IBNR (Note 15.1(b))	1,456,112	180,135	1,456,112	180,135
Gross claims incurred during the year	12,712,023	8,909,921	12,712,023	8,909,921
Claims recovered (Note 32(c))	(2,339,304)	(491,717)	(2,339,304)	(491,717)
Recoverables from Reinsurance (Note 32(d))	(4,811,834)	(2,363,735)	(4,811,834)	(2,363,735)
Net Claims expenses	5,560,885	6,054,469	5,560,885	6,054,469

(a) **Claims Paid**

Classes	**N'000**	**N'000**	**N'000**	**N'000**
Motor	4,299,764	3,615,747	4,299,764	3,615,747
Marine	503,209	428,235	503,209	428,235
Fire	4,357,726	2,769,468	4,357,726	2,769,468
General Accident	1,504,825	1,057,175	1,504,825	1,057,175
Oil and Gas	929,124	613,732	929,124	613,732
Agric	9,301	-	9,301	-
	11,603,949	8,484,357	11,603,949	8,484,357

(b) Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.

(c) **Claims recovered**

Classes	**N'000**	**N'000**	**N'000**	**N'000**
Motor	790,555	394,030	790,555	394,030
Marine	255,018	127,107	255,018	127,107
Fire	535,538	266,924	535,538	266,924
General Accident	535,538	266,924	535,538	266,924
Oil and Gas	433,530	216,081	433,530	216,081
	2,550,179	1,271,065	2,550,179	1,271,065
Claims recovered from co-assurance companies (Note 6.5)	(210,875)	(779,348)	(210,875)	(779,348)
	2,339,304	491,717	2,339,304	491,717

i Claims recovered represent recoveries from co-assurance companies where NEM Insurance Plc is the lead underwriter.

(d) **Reinsurance Recoverable**	**N'000**	**N'000**	**N'000**	**N'000**
Claims recovered from reinsurance	2,192,000	2,555,947	2,192,000	2,555,947
Changes in Reinsurance share of Outstanding Claims (Note 6.3)	42,037	(5,710)	42,037	(5,710)
Changes in Reinsurance share of IBNR (Note 6.2)	1,270,847	(293,221)	1,270,847	(293,221)
Change in Reinsurance share of Claims paid not yet recovered (Note 6.4)	1,306,950	6,391	1,306,950	6,391
Changes in reinsurance receivables (Note 6.6)	-	100,328	-	100,328
	4,811,834	2,363,735	4,811,834	2,363,735

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	Group		Parent	
	2021	2020	2021	2020
33 Underwriting Expenses	N'000	N'000	N'000	N'000
Commission expense (Note 33(a))	5,231,583	2,387,338	5,231,583	2,387,338
Maintenance expense (Note 33(c))	2,973,048	2,572,396	2,973,048	2,572,396
	8,204,631	4,959,734	8,204,631	4,959,734
(a) Commission expense	N'000	N'000	N'000	N'000
Commission cost incurred during the year (Note 33(b))	4,421,642	3,417,935	4,421,642	3,417,935
Changes in deferred acquisition cost	809,941	(1,030,597)	809,941	(1,030,597)
	5,231,583	2,387,338	5,231,583	2,387,338
(b) Commission expense				
The analysis of commission expenses by business class is as follows:	N'000	N'000	N'000	N'000
Motor	1,011,690	867,590	1,011,690	867,590
Marine	724,851	423,499	724,851	423,499
Fire	1,432,020	983,275	1,432,020	983,275
General Accident	1,047,899	951,190	1,047,899	951,190
Oil & Gas	194,138	191,630	194,138	191,630
Agriculture	11,044	751	11,044	751
Commission cost incurrred during the year	4,421,642	3,417,935	4,421,642	3,417,935
Commission payable (Note 16)	(106,412)	-	(106,412)	-
Commission paid during the year	4,315,230	3,417,935	4,315,230	3,417,935
(c) The analysis of Maintenance expenses by business class is as follows:	N'000	N'000	N'000	N'000
Motor	951,375	823,167	951,375	823,167
Marine	297,305	257,240	297,305	257,240
Fire	624,340	540,203	624,340	540,203
General Accident	624,340	540,203	624,340	540,203
Oil & Gas	475,688	411,583	475,688	411,583
	2,973,048	2,572,396	2,973,048	2,572,396

(d) Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost. Underwriting expenses for insurance contracts are recognised as expense when incurred.

34 Investment Income	N'000	N'000	N'000	N'000
Dividend income	622,121	99,193	622,121	99,193
Interest from fixed deposit	477,788	486,558	477,788	486,558
Interest from Amortised cost financial assets	15,355	376,842	15,355	376,842
Interest from statutory deposit	19,243	41,751	19,243	41,751
	1,134,507	1,004,344	1,134,507	1,004,344
Amortised cost financial assets - Accrued interest (Note 4.3(a))	-	-	-	-
	1,134,507	1,004,344	1,134,507	1,004,344

The increase in Interest from Amotised cost financial assets was as a result of about N4billion increase in Financial assets at Amortised cost during the year.

(a) Investment Income	N'000	N'000	N'000	N'000
Attributable to Policy holders	635,324	560,811	635,324	560,811
Attributable to Share holders	499,183	443,533	499,183	443,533
	1,134,507	1,004,344	1,134,507	1,004,344

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		Group		Parent	
		2021	2020	2021	2020
35	**Net Fair Value Gain**				
	Investment properties	**N'000**	**N'000**	**N'000**	**N'000**
	Fair Value Gain (Note 11)	73,422	24,709	73,422	24,709
	Fair Value through Profit or Loss:				
	Quoted Equity Securities (4.1(a))	284,896	1,093,983	284,896	1,093,983
		358,318	1,118,692	358,318	1,118,692

36	**Other Income**	**N'000**	**N'000**	**N'000**	**N'000**
	Sundry Income	23,807	75,996	18,946	72,279
	Interest and Similar Income	38,209	38,699	-	-
	Rental Income (Note 36(a))	47,198	42,110	48,889	43,519
	Gain on equity disposed (Note (4.1(b))	-	-	-	-
	Unrealised exchange gain (Note 36(b))	183,312	210,825	183,312	210,825
		292,526	367,630	251,147	326,623
(a)	**Rental income**	**N'000**	**N'000**	**N'000**	**N'000**
	Ebute Meta property	7,650	5,000	7,650	5,000
	Head office	11,167	16,210	12,858	17,619
	Abuja office (Sub lease)	506	900	506	900
	Oniru property	27,875	20,000	27,875	20,000
		47,198	42,110	48,889	43,519

(b) Unrealised exchange gain represents exchange difference from translation of cash and cash equivalents denominated in foreign currencies.

37	**Management Expenses**	**N'000**	**N'000**	**N'000**	**N'000**
	Employee benefit expenses (Note 37(a))	1,898,656	1,506,087	1,888,317	1,494,725
	Other Management Expenses (Note 37(b))	1,841,804	1,325,168	1,830,183	1,310,002
	Directors emoluments	100,745	103,993	100,745	103,993
	AGM expenses	34,452	29,246	34,452	29,246
	Auditors Remuneration (Note 39(a)and (b)	11,200	10,200	10,000	9,000
	Depreciation of property, plant and equipment (Note 14)	242,079	244,816	239,580	243,715
	Depreciation of Right-of-use Assets (Note 14(c)	52,480	-	52,480	-
	Interest expense (Note 17(d))	16,349	-	16,349	-
	Amortisation (Note 13)	-	1,215	-	1,215
		4,197,765	3,220,725	4,172,106	3,191,896
(a)	**Employee benefit expenses**	**N'000**	**N'000**	**N'000**	**N'000**
	Salaries and Wages	1,104,168	892,859	1,095,153	883,867
	Medical Expenses	92,963	50,999	92,842	50,827
	Staff Training	122,105	129,539	122,105	129,202
	Staff Welfare	514,415	348,516	513,694	347,137
	Employers' Pension Contribution	59,415	74,241	58,933	73,759
		1,893,066	1,496,154	1,882,727	1,484,792
	Gratuity (Note 18)	5,590	9,933	5,590	9,933
		1,898,656	1,506,087	1,888,317	1,494,725

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		Group		Parent
	2021	2020	2021	2020
(b) Other Management Expenses	**N'000**	**N'000**	**N'000**	**N'000**
Advertising	205,991	185,906	205,130	185,906
Bank charges	52,748	48,879	52,467	48,620
Business permit	2,242	1,070	2,242	1,070
Computer Expenses	23,999	21,545	23,796	21,375
Dailies and Subscription	103,405	79,878	103,115	79,758
Donations	31,476	41,750	31,476	41,750
ECOWAS Brown Card	4,772	4,354	4,772	4,354
Electricity expenses	42,910	27,506	42,910	27,506
Filing Fees	1,400	23,470	1,400	23,470
Fine & penalty	-	232	-	232
Generator Expenses	171,874	219,597	171,874	219,597
Hotel expenses	29,356	30,476	29,356	30,476
Insurance Expenses	88,972	107,629	88,972	107,629
Impairment provision on claim recoverable (Note 6.4(a))	234,674	51,737	234,674	51,737
Impairment provision on Co-assurance (Note 6.5)	176,322	155,278	176,322	155,278
Impairment of investment in associate (Note 9)	412,741	-	412,741	-
Motor running expenses	15,617	12,787	15,617	12,717
Motor Repair & Maintenance	38,863	35,453	38,400	35,131
Nigerian Insurers Association Levy	11,096	8,543	11,096	8,543
Office General Expenses	83,333	67,878	83,265	67,859
Withholding tax written off	-	118,555	-	118,555
Postages & telephone	11,232	14,586	11,232	14,586
Rent, rates and other expenses (Note 8(a(ii))	32,773	30,823	32,773	30,823
Repair & Maintenance	31,522	22,650	31,522	22,650
Staff loan written off (Note 8 (c)(i))	6,078	-	6,078	-
Other Expenses	28,408	14,586	18,953	380
	1,841,804	1,325,168	1,830,183	1,310,002
(c) Expected credit loss expense	**N'000**	**N'000**	**N'000**	**N'000**
Allowance for credit losses - Cash (Note 3(c))	6,030	(22,281)	6,030	(22,281)
Allowance for credit losses - Fixed deposits and treasury bills (Note 4.3(f))	9,997	12,186	9,997	12,186
Allowance for credit losses - Bonds (Note 4.3(e))	(22,122)	39,936	(22,122)	39,936
Allowance for credit losses - Reinsurance share of Claims paid (Note 6.4(a))	234,674	51,737	234,674	51,737
Impairment provision on Co-assurance (Note 6.5)	176,322	155,278	176,322	155,278
Impairment of investment in associate (Note 9)	412,741	-	412,741	-
	817,642	236,856	817,642	236,856

	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6,030	-	-	6,030
Financial Assets measured at amortised costs	9,997	-	-	9,997
Financial Assets measured at amortised costs-Bonds	(22,122)	-	-	(22,122)
Financial Assets-Reinsurance share of Claims paid	234,674	-	-	234,674
Financial Assets-Co-assurance Receivable	176,322	-	-	176,322
Financial Assets-Investment in associate	412,741	-	-	412,741
	817,642	-	-	817,642

		Group		Parent
	2021	2020	2021	2020
38 Loss on disposal of Property, Plant and Equipment	**N'000**	**N'000**	**N'000**	**N'000**
Cost (Note 14(b))	(221,707)	(891,177)	(217,107)	(891,177)
Accumulated depreciation (Note 14(b))	203,609	870,008	199,009	870,008
Carrying amount	(18,098)	(21,169)	(18,098)	(21,169)
Sale proceeds	5,994	4,339	5,994	4,339
	(12,104)	(16,830)	(12,104)	(16,830)

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	Group		Parent	
	2021	2020	2021	2020
39 Supplementary profit or loss information	N'000	N'000	N'000	N'000
(a) Profit before taxation is arrived at after charging:				
Depreciation (Note 14)	242,079	244,816	239,580	243,715
Amortisation (Note 13)	-	1,215	-	1,215
Auditors' fees (Note 37)	11,200	10,200	10,000	9,000
Loss on disposal of property, plant and equipment (Note 38)	(12,104)	(16,830)	(12,104)	(16,830)
Directors' emoluments (Note 37)	100,745	103,993	100,745	103,993
	N'000	N'000	N'000	N'000
and after crediting:				
Unrealised exchange gain(Note 36)	183,312	210,825	183,312	210,825
Gain on investment properties (Note 35)	73,422	24,709	73,422	24,709

(b) BDO Professional Services was appointed to carry out only the statutory audit of the financial statements of the Company. The Auditors did not provide any non-audit services to the Company during the year (2020:Nil).

(c) **Staff Costs**

The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows:	Number	Number	Number	Number
Managerial	15	12	14	11
Senior	181	173	180	172
Junior	18	21	16	19
	214	206	210	202

(d) **Employees Remunerated at Higher Rates**

The number of employees in receipt of emoluments excluding allowance and pension within the following ranges were:

N - N	Number	Number	Number	Number
60,001 - 500,000	-	-	-	-
500,001 - 1,000,000	6	-	6	-
1,000,001 - 1,500,000	12	9	10	7
1,500,001 - 2,000,000	74	4	74	4
2,000,001 - 2,500,000	34	46	34	46
2,500,001 - 3,000,000	1	33	-	32
3,000,001 - Above	87	114	86	113
	214	206	210	202

(e) **Chairman's and Directors' Emoluments**

i Aggregate emoluments of the directors were:	N'000	N'000	N'000	N'000
Fees				
Chairman	6,500	6,000	6,500	6,000
Other Directors	30,000	28,000	30,000	28,000
	36,500	34,000	36,500	34,000
Emoluments as Executives	81,567	82,000	81,567	82,000
	118,067	116,000	118,067	116,000

ii The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

N - N	Number	Number	Number	Number
2,000,000 - 4,000,000	6	6	6	6
4,000,001 - 6,000,000	-	-	-	-
6,000,001 - 8,000,000	-	-	-	-
8,000,001 and Above	4	4	-	4
	10	10	6	10

The Highest paid Director earned N40,500,000 in 2021 (2020:N38,000,000)

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	Group		Parent	
	2021	2020	2021	2020
40 Basic/Diluted earnings per ordinary share	N'000	N'000	N'000	N'000

Basic/Diluted earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.

	'000	'000	'000	'000
Net profit attributable to ordinary shareholders for basic and diluted EPS	4,432,280	5,084,652	4,424,286	5,075,395
Weighted average number of ordinary shares for EPS	5,016,477	5,280,503	5,016,477	5,280,503
Basic Earnings Per Share (kobo)	0.88	0.96	0.88	0.96
Diluted Basic Earnings Per Share (kobo)	0.88	0.96	0.88	0.96

(a) There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

41 Related party disclosures

(a) *Parent*

Related parties include the Board of Directors, the Group Managing Director, Group Finance Director, Managing Director, close family members and Companies which are controlled by these individuals.

(b) *Subsidiary*

During the year, the Company conducted transactions with its related Company and also with its subsidiary Company, Details of amount due from and to these related parties are as disclosed in Notes 9, 10 and 17(c)) to the financial statements. Lease financing transactions with related parties were carried out in the ordinary course of business and were on an arm's length basis. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

	N'000	N'000	N'000	N'000
Due to NEM Assets Management Limited	-	-	14,307	2,731
Investment in Subsidiary	-	-	150,000	100,000
Investment in Associate	-	412,741	-	412,741

(c) ***Transactions with key management personnel***

The Company's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family and entity over which control can be exercised. The key management personnel have been identified as the executive directors of the Company. Close members of family are those members who may be expected to influence or be influenced by that individual in their dealings with Nem Insurance Plc.

(d) **Short term Benefits (Board of Directors)**

Fees:	N'000	N'000	N'000	N'000
Chairman	6,500	6,000	6,500	6,000
Other Directors	30,000	28,000	30,000	28,000
	36,500	34,000	36,500	34,000
Other Emoluments:				
Other Directors	81,567	82,000	81,567	82,000
	118,067	116,000	118,067	116,000
Short term Benefits (Management Team)				
Salaries and Allowances:	243,187	231,607	236,934	225,651
Post Employment Benefits (Management Team)				
Pension	21,733	20,698	21,098	20,093
Total Benefits to Key Personnel	382,987	368,305	376,099	361,744

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	Notes	Group 2021	Group 2020	Parent 2021	Parent 2020
42 Cash flow from Operating activities		**N'000**	**N'000**	**N'000**	**N'000**
Operating profit before tax		4,528,198	5,129,813	4,512,478	5,117,635
Adjustment for non-operating items:					
Depreciation - Property, plant & equipment	14	242,079	244,816	239,580	243,715
Interest charged during the year	37	16,349	-	16,349	-
Depreciation - Right-of-use Assets	14	52,480	-	52,480	-
Amortisation - Intangible assets	13	-	1,215	-	1,215
Reclassification of deposit for shares	10	-	-	(50,000)	(50,000)
Loss on disposal of property and equipment	38	12,104	16,830	12,104	16,830
Share of loss in Associate	9	-	22,424	-	22,424
Fair value gain on investment properties	11	(73,422)	(24,709)	(73,422)	(24,709)
Fair value gain on quoted investment	4.1(a)	(284,896)	(1,058,421)	(284,896)	(1,093,983)
Information Technology Development Levy	19(a)	45,125	51,176	45,125	51,176
Allowance for credit losses		(12,125)	29,841	(12,125)	52,122
Impairment of Associate		412,741	-	412,741	-
Service & Interest cost on retirement benefit	18	5,590	9,933	5,590	9,933
Investment Income	34	(1,134,507)	(1,004,344)	(1,134,507)	(1,004,344)
Cash flow changes before changes in working capital		3,809,716	3,418,574	3,741,497	3,342,014
Changes in operating assets and liabilities					
Increase in Trade receivables		(1,250,916)	(20,656)	(1,250,916)	(20,656)
(Increase)/decrease in Reinsurance assets		(2,457,950)	418,023	(2,457,950)	418,023
Decrease/(increase) in Deferred acquisition cost		809,941	(1,030,597)	809,941	(1,030,597)
Decrease in Other receivables and prepayments		56,015	212,648	111,086	252,391
Increase in Insurance contract liabilities		2,437,908	765,789	2,437,908	779,070
(Decrease)/increase in Trade payables		(174,599)	287,281	(174,599)	287,281
Lease liabilities		-	69,673	-	69,673
Increase in Other payables		115,481	263,743	84,357	266,647
Net cash inflows from operating activities		3,345,596	4,384,478	3,301,324	4,363,846
Gratuity benefit to employees (Note 18)		(30,638)	(52,916)	(30,638)	(52,916)
Tax paid		(187,788)	(211,305)	(184,867)	(209,449)
		3,127,170	4,120,257	3,085,819	4,101,481

	Notes	Group 2021	Group 2020	Parent 2021	Parent 2020
(a) **Premium received from policy holders**		**N'000**	**N'000**	**N'000**	**N'000**
Trade receivable at the beginning	5(a)	228,140	207,484	228,140	207,484
Gross premium written	28	27,875,088	22,035,695	27,875,088	22,035,695
Trade receivable at the end	5(a)	(1,479,056)	(228,140)	(1,479,056)	(228,140)
Deposit premium	16	(156,785)	(272,636)	(156,785)	(272,636)
		26,467,387	21,742,403	26,467,387	21,742,403

43 Capital Commitments

There were no material capital commitments at 31 December 2021 (2020: Nil).

44 Contingent liabilities

There were contingent liabilities in respect of legal actions against the Company, the monetary amount of which cannot be quantified. No provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe any material liability will eventually be borne by the Company.

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45 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

46 Legal proceedings and regulations

(a) **Legal Proceedings**

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

(b) **Regulations**

The Company is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(c) The directors are of the opinion that the Company will not incur any significant loss with respect to these claims and accordingly, no provision has been made in these Consolidated Financial Statements.

47 Events after the reporting date

The directors are not aware of any events which occurred since 31 December 2021 which may have material effect on the financial statements at that date or which may need to be mentioned in the financial statements in order not to make them misleading as to the operations or financial position at 31 December 2021.

In compliance with the requirements of the Financial Reporting Council of Nigeria (FRC) and the Institute of Chartered Accountants of Nigeria (ICAN) in respect of COVID-19, the directors have assessed its impact on the financial statements as a whole and are of the opinion that it has no material effect.

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48 Segment reporting

For management purposes, the Company is organised into business units based on their products and services and reportable operating segments as follows:

Segments Report - Underwriting Result per class of business

Group	MOTOR N'000	MARINE N'000	FIRE N'000	GENERAL ACCIDENT N'000	OIL & GAS N'000	AGRICULTURE N'000	2021 N'000	2020 N'000
Direct Business Premium	7,951,224	3,834,348	6,334,528	4,880,822	4,340,340	71,289	**27,412,551**	21,776,459
Reinsurance Inward	48,944	13,123	258,434	139,001	1,690	1,345	**462,537**	259,236
Gross Premium written	8,000,168	3,847,471	6,592,962	5,019,823	4,342,030	72,634	**27,875,088**	**22,035,695**
Increase in Unexpired Risk	(159,814)	(636,688)	(208,843)	(127,744)	(186,785)	(9,960)	**(1,329,834)**	(353,506)
Gross Premium Earned	7,840,354	3,210,783	6,384,119	4,892,079	4,155,245	62,674	**26,545,254**	**21,682,189**
Reinsurance Cost	(50,455)	(1,002,991)	(2,013,574)	(1,695,517)	(1,847,850)	(628,740)	**(7,239,127)**	**(5,819,431)**
Net Premium Earned	7,789,899	2,207,792	4,370,545	3,196,562	2,307,395	(566,066)	**19,306,127**	**15,862,758**
Commission Received	421,914	203,683	258,690	261,878	267,848	40,863	**1,454,875**	1,131,588
	8,211,813	2,411,475	4,629,235	3,458,440	2,575,243	(525,203)	**20,761,002**	**16,994,346**
Direct Claim Paid	(4,299,764)	(503,209)	(4,357,726)	(1,504,825)	(929,124)	(9,301)	**(11,603,949)**	(8,484,357)
Increase in Outstanding Claims & IBNR	(138,294)	(79,973)	(486,066)	(159,756)	(240,920)	(3,065)	**(1,108,074)**	(425,564)
Gross Claim Incurred	(4,438,058)	(583,182)	(4,843,792)	(1,664,581)	(1,170,044)	(12,366)	**(12,712,023)**	**(8,909,921)**
Claim recoveries	530,724	356,869	714,887	457,426	279,338	60	**2,339,304**	491,717
Reinsurance Recoveries	1,811,011	549,941	280,435	548,045	1,615,089	7,313	**4,811,834**	2,363,735
Net Claim Expense	(2,096,323)	323,628	(3,848,470)	(659,110)	724,383	**(4,993)**	**(5,560,885)**	**(6,054,469)**
Acquisition Cost	(1,358,953)	(732,422)	(1,346,060)	(941,685)	(801,985)	(50,478)	**(5,231,583)**	(2,387,338)
Underwriting Expenses	(951,375)	(297,305)	(624,340)	(624,340)	(475,688)	-	**(2,973,048)**	(2,572,396)
Total Deduction	(4,406,651)	(706,098)	(5,818,870)	(2,225,135)	(553,290)	55,471	**(13,765,516)**	**(11,014,203)**
Underwriting Profit	**3,805,161**	**1,705,376**	**(1,189,635)**	**1,233,304**	**2,021,953**	**(469,732)**	**6,995,486**	**5,980,143**

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49 Claim Development Table

Extracts from EY Nigeria Limited Valuation Report

49.1 Data Reconciliation

As part of our verification process, we have reconciled the gross written premium and the claims paid in the technical data, with the figures indicated in the financial accounts. We illustrate both set of figures below.

(a) **Claims Data**

Class of Business	Gross Claims Paid Data N'000	Gross Claims Paid Account N'000	Precentage Difference
General Accident	1,504,901	1,504,825	0%
Fire	4,357,726	4,357,726	0%
Marine	503,208	503,209	0%
Motor	4,299,764	4,299,764	0%
Oil and Gas	929,124	929,124	0%
Agriculture	9,301	9,301	0%
Total	11,604,024	11,603,949	0%

Whilst we are investigating the cause of the difference above, we are of the view that they will not materially impact the reserve figures advised.

(b) Premium Data

Class of Business	Gross Premium Written Data N'000	Gross Premium Written Account N'000	Precentage Difference
General Accident	5,019,823	5,019,823	0%
Fire	6,592,961	6,592,962	0%
Marine	3,847,471	3,847,471	0%
Motor	8,000,168	8,000,168	0%
Oil and Gas	4,342,030	4,342,030	0%
Agriculture	72,634	72,634	0%
Total	27,875,087	27,875,088	

(c) **Comments on Claims Data**

The claims data was divided into six risk groups - (Marine, Motor, Fire, General Accident, Agriculture and Oil & Gas) in accordance with the Nigerian Insurance Act 2003.

To enhance data credibility, we have not subdivided the claims data into sub risk group e.g. comprehensive, third party, private and commercial vehicles.

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(d) Business Trend

We illustrate in the table below, the Gross Written Premium as at 31 December 2021 and 2020 respectively. All lines of business experienced increases and there was an overall increase in GWP by 26%.

Class of Business	**Gross Premium Written Data 2021**	**Gross Premium Written Data 2020**	**Precentage Difference**
	N'000	**N'000**	
General Accident	5,019,823	4,606,047	9%
Fire	6,592,961	4,729,614	39%
Marine	3,847,471	2,198,755	75%
Motor	8,000,168	6,935,939	15%
Agriculture	72,634	3,832	1795%
Oil and Gas	4,342,030	3,561,508	22%
Total	27,875,087	22,035,695	26%

49.2 Valuation Methodology

We describe in this section the methods used for calculating Premium and Claim Reserve.

(a) Premium Reserves

i Our reserves consist of Unearned Premium Reserve (“UPR”), Unexpired Risk Reserve (“URR”) and Additional Unexpired Risk Reserve (“AURR”), which are all described in section 2.

ii We adopted the 365th (time apportionment) method. Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date. The UPR is calculated as the premium *(Unexpired duration)/ full policy duration.

iii Each policy's URR= Unearned Premium* Assumed Loss Ratio. Typically, the Unearned Risk Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 2.

(b) Claims Reserves

The claim reserves comprise of:

i Outstanding Claims Reported (OCR)
ii Incurred But Not Reported (IBNR)

Reserving method

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods were considered:

i Basic Chain Ladder Method (BCL)
ii Loss Ratio Method
iii Bornhuetter-Ferguson Method
iv Frequency and Severity Method

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49.3 Valuation Results

(a) Inflation Adjusted Chain Ladder Method - Result table

Discounted Inflation Adjusted Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims N'000	Estimated Reinsurance Recoveries N'000	Net Outstanding Claims N'000
General Accident	1,228,074	(837,714)	390,360
Fire	2,400,152	(1,524,097)	876,055
Marine	604,141	(362,484)	241,657
Motor	1,220,307	(645,306)	575,001
Agriculture	3,226	(2,581)	645
Oil and Gas*	432,036	(194,416)	237,620
Total	**5,887,936**	**(3,566,598)**	**2,321,338**
Accounts (Outstanding Claims)	2,512,860	(1,615,475)	897,385
Difference	3,375,076	(1,951,123)	1,423,953

* Estimated using Expected loss ratio method and discounted

(b) Incurred But Not Reported (IBNR) Table

Class of Business	Outstanding Claim Reserves N'000	Outstanding Reported Claim Reserves N'000	Gross IBNR N'000
General Accident	1,228,074	504,414	723,660
Fire	2,400,152	979,906	1,420,246
Marine	604,141	214,457	389,684
Motor	1,220,307	761,550	458,757
Agriculture	3,226	75	3,151
Oil and Gas	432,036	52,458	379,578
Total	5,887,936	2,512,860	3,375,076

(c) Reinsurance IBNR table

Class of Business	Total Outstanding Reinsurance Recoveries N'000	Outstanding Reported Reinsurance Recoveries N'000	Reinsurance IBNR N'000
General Accident	837,714	382,676	455,038
Fire	1,524,097	765,461	758,636
Marine	362,484	132,098	230,386
Motor	645,306	335,180	310,126
Agriculture	2,581	60	2,521
Oil and Gas	194,416	-	194,416
Total	3,566,598	1,615,475	1,951,123

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(d) UPR (Gross and Reinsurance UPR) - Result table

Class of Business	Gross UPR	Reinsurance UPR	Net UPR
	N'000	N'000	N'000
General Accident	1,061,807	(489,479)	572,328
Fire	1,322,112	(540,492)	781,620
Marine	1,085,200	(308,432)	776,768
Motor	2,081,833	(730)	2,081,103
Agriculture	12,987	(9,308)	3,679
Oil and Gas	765,968	(235,036)	530,932
Total	6,329,907	(1,583,477)	4,746,430

(e) Additional Unexpired Risk Reserve (AURR)

We derived our expense ratio as the average of the management expense ratio for the past four years using the information provided by NEM Insurance Plc. The expense ratio was calculated to be 20.8%. We do not have the breakdown of management expenses by line of business.

We have illustrated the combined ratio for each line of business with a maximum combined ratio of 92% for Motor in the table below:

Class of Business	Claims Ratio	Combined Ratio	AURR N
General Accident	21%	42%	-
Fire	55%	76%	-
Marine	10%	31%	-
Motor	71%	92%	-
Agriculture	34%	55%	-
Oil and Gas	34%	55%	-

(f) DAC (Deferred Acquisition Cost) and DAR (Deferred Acquisition Revenue)

We summarise our DAC and DAR calculated using the 365th method in the table below:

Estimated DAC and DAR

Class of Business	DAC	DAR
	N'000	N'000
General Accident	215,389	134,971
Fire	274,666	142,212
Marine	212,097	78,933
Motor	261,745	182
Agriculture	1,939	1,862
Oil and Gas	64,917	3,550
Total	1,030,753	361,710

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49.4 Conclusion

We are adopting the reserves from the Inflation Adjusted Discounted Chain Ladder method in this report. This method as indicated earlier

i - anticipates that total claim payments may be exposed to future inflationary pressures

ii - recognises that reserves should represent the present value and timing of future claim payments

Technical Reserves

We are reporting Gross Reserves of N12.22 billion and Reinsurance Assets of N5.15 billion as shown in the table below. Our estimates meet the Liability Adequacy Test.

Reserves	Gross	Reinsurance Assets	Net
	N'000	N'000	N'000
Claims	5,887,936	(3,566,598)	2,321,338
UPR	6,329,907	(1,583,477)	4,746,430
Total	12,217,843	(5,150,075)	7,067,768

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50 Financial Risk Management Policy
Management of financial and insurance risk

NEM Insurance Plc issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Company manages them.

(a) Insurance risk

The risk, under any insurance contract, is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company manages its insurance risk by means of established internal procedures that include underwriting authority levels, pricing policy, approved reinsurers list and monitoring.

NEM is exposed to underwriting risk through the insurance contracts that are underwritten. The risks within the underwriting risk category are associated with both the perils covered by the specific lines of insurance including General Accident, Motor, Fire, Marine and Aviation, Oil and Gas and Miscellaneous insurance, as well as the specific processes associated with the conduct of the insurance business. The various subsets of underwriting risks are listed below;

i **Underwriting Process Risk:** risk from exposure to financial losses related to the selection and acceptance of risks to be insured.

ii **Mispricing Risk:** risk that insurance premiums will be too low to cover the Company's expenses related to underwriting, claims, claims handling and administration.

Individual risk: This includes the identification of the risk inherent in an insured property (movable or unmovable), we shall ensure surveys are performed and reviewed as at when due and that risks are adequately priced.

Claims Risk (for each peril): Risk that many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses to the Company. The underwriting risk assessment shall also determine the likelihood of a claim arising from an insured risk by considering various factors and probabilities, determined by information obtained from the insured party, historical information on similar risks and available external data.

Concentration risk (including geographical risk): This includes identification of the concentration of risks insured by NEM. NEM utilizes data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk is consistent with the overall risk appetite as established by the Company.

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Underwriting Risk Appetite

- The following statements amongst others shall underpin NEM's underwriting risk appetite:
- We do not underwrite risks which we do not understand;
- We are cautious in underwriting unquantifiable risks;
- We are extremely cautious in underwriting risk observed to poorly managed at proposal state e.g. those with low safety standards, shoddy construction or businesses with excessively high risk profile;
- We carefully evaluate businesses or opportunities that could create systemic risk exposures i.e. incidents of multiple claims occurring from one event e.g. natural catastrophe risks, and risks dependent on the macroeconomic environment);
- We consider all applicable regulatory guidelines while carrying out our underwriting activities;
- We established and adhere to internal standards for co-insurance, reinsurance transactions;
- We exercise extreme caution when underwriting discrete (one-off) risks, particularly where we do not have the requisite experience or know-how;
- Where the broker has inadequate knowledge of the trade of the client or the class of business, we exercise caution in taking on such risks into our books;
- We exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and
- We ensure compliance with NAICOM's guideline on KYC for consistency.

Underwriting Strategy

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Any risks exceeding the underwriting limits require head office approval. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Products and Services

NEM Insurance Plc is presently operating as a non-life insurance company and we have a wide range of insurance products and services that are tailored to meet the specific needs of the company's clients. Insurance contracts are issued on an annual contract either directly to the customer or through accredited insurance brokers and agents. Premiums from brokers and agents are payable within 30 days, whereas from direct customers immediately. The following is a broad spectrum of the products and services the company is offering:

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Fire/Extraneous Perils Policy

This type of policy will provide indemnity to the insured in the event of loss or damage to property covered under it as a direct result of fire outbreak, lightning or explosion. Other extraneous perils such as social disturbances like strike and riot, and natural disasters like storm damage, flood and earthquake can also be covered by an extension of the standard scope of the cover. The items to be insured are usually made up of the following:

a) Buildings
b) Office Furniture, Electrical & Electronic Equipment
c) Plant and Machinery
d) Stock of Raw Materials and finished goods
e) Loss of Annual Rent for alternative accommodation.

The policy also contains various other extensions that are granted at no extra cost to the policyholder. The replacement cost of the items to be insured will have to be supplied to us for assessment to facilitate quotation of the premium payable.

Consequential Loss Policy

This type of policy, often referred to as "business interruption insurance" is designed to indemnify the insured against loss of productive capacity or future earning power which may occur as a result of loss or damage to the premises and property insured under the Fire/Extraneous Perils in 1 above. This policy is normally taken out in conjunction with the Fire Policy so that when the latter pays for the material damage to property insured under it, this will pick up the intangible loss that will flow from the primary loss of the Fire perils. The items usually covered under this policy are as follows:

a)Gross Profit
b)Salary and Wages
c)Auditor's fees

The sum insured to be indicated against the items of Gross Profit should represent the difference in turnover and the total of standing and variable charges. The sum insured on Salary and Wages will be that which is required to maintain some key staff pending resumption of business while the sum insured on Auditor's Fees will represent charges that any firm of accountants will make in preparing papers for insurance claim.

Burglary/Housebreaking Policy

This type of policy is designed to indemnify the insured against loss or damage resulting from theft or attempted theft which is accompanied by actual forcible or violent entry into or out of the premises or any attempt theft. The items usually covered under this policy are similar to those under the Fire/Extraneous Perils policy above with the exception of Buildings and Loss of Rent. The replacement cost of the relative items would have to be supplied to enable us submit our quotation.

Fidelity Guarantee Policy

This is a form of policy that protects an organization against loss of money or valuable stock as a result of dishonesty or fraudulent activity of employees. It is possible to grant cover on named basis, positions basis or on a blanket basis. In any of these cases, the number of persons and the limit of guarantee any one loss would be advised as well as aggregate amount of guarantee in a given year. Once we have this information, we would be in a position to quote for premium payable.

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Public Liability Policy

This policy also covers the insured against legal liability to third party for cost and expenses incurred in respect of accidental death, bodily injury and accidental damage to property occurring within the insured's premises or at work-away premises. The vicarious liability of the insured's employee can also be covered provided it arose in the course of carrying out his official duties. The Company usually require the insured to indicate the limit of cover required to enable her advise the premium payable.

Money Policy

This is another type of All Risks policy which is designed to cover any fortuitous event that could result in the loss of cash while in the course of transit either to or from the bank. The cover will also operate while the money is on the premises of the insured and while in a securely locked safe. The policy can also be extended to cover cash in the personal custody of selected management staff.

Goods in Transit Policy

This is also an "All Risks" policy covering goods being carried from one location to another. Any loss not specifically excluded under the policy is covered and the insurance is suitable for any organization that is engaged in movement of goods either by road or rail and the cover will operate when the goods are being conveyed by the insured's owned or hired vehicles. Losses arising from Fire and Theft are covered under this policy.

Group Personal Accident Policy

This type of policy is designed to foster the welfare of employees as well as reduce the financial constrain that an organization could undergo in the event of death or bodily injury to a member of staff arising as a result of any injury sustained through accidental, violent, external and visible means. The policy provides a world-wide cover on 24 hours basis and benefits payable in respect of Death and Permanent Disability are usually expressed as multiple of salaries. Cover also extends to pay weekly benefit in the event of temporary total disability resulting from bodily injury to the insured person as well as certain allowance for expenses incurred on medical treatment as a result of accidental injury. Death or injuries from natural causes are however not covered.

Motor Insurance Policy

This class of insurance is made compulsory by Government through the legislation known as the Motor Vehicle (Third Party) Insurance Act of 1945. Third Party Only cover which is the minimum type of insurance legislated upon provides indemnity to policyholder against legal liability to Third Parties for death, bodily injury and property damage.

The most popular type of cover under this policy is comprehensive insurance which, in addition to the cover provided under the Third Party Only, will also indemnify the policyholder for loss or damage to the vehicle resulting from road accident, fire and theft. The premium payable for the various forms of cover under this policy is regulated by a statistical table of rate known as "tariff" which is approved by Government.

Marine Policies

CARGO: The policy issued here is to provide indemnity for loss or damage to imported goods being conveyed by sea or air. The All Risks type of cover known as Clauses "A" provides indemnity to the insured in the event of total or partial loss of the goods while the restricted cover known as Clauses "C" would provide indemnity in the event of total loss only. To enable us determine the premium payable in this regard, we would require information on the nature and value of goods being imported as well as the type of cover required.

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HULL: This type of policy is issued on vessels and yachts to provide indemnity for any loss, damage or liability that may arise from their use. The scope of cover provided is either an "all risks" or "total loss only" while the policy usually carries a deductible of about 10% of the value of the vessel or yacht.

Aviation Policy

This policy provides comprehensive cover against loss or damage to insured aircraft while operating anywhere in the world. Cover also extends to include the operator's legal liability to Third Parties for death, bodily injury and property damage. Liability to passengers is also covered up to a certain limit selected. In order to ensure full protection for our clients, we reinsure as much as 90% of this type of risk in the London Aviation Market through one of our overseas associates. The essence of this arrangement is to obviate the problem of absorption in the Nigerian Market which has limited capacity for Aviation Insurance and also to afford our clients the opportunity of having a dollar/sterling based insurance policy.

Machinery Breakdown Policy

This policy is designed to cover any damage to a plant or equipment while working or at rest, or being dismantled for the purpose of cleaning, repairing or overhauling. In the same vein, boiler and pressure vessels can be covered under a separate but similar policy.

Electronic Equipment Policy

This policy is designed to cover any loss or damage that could result while any computer and or equipment insured is working or at rest. The cover under this policy also extends to include loss or damage to external data media such as diskettes and tapes containing processed information while such are kept within the premises. The increase in cost of working, as a result of damage to the main computer equipment, is also covered and indemnity is provided for alternative means of carrying on operation. With payment of an additional premium, this policy can be extended to cover the risk of theft.

Energy Risks

The policies on offer in this area have been specifically developed to take advantage of the insurance opportunities created by the Nigerian Content Policy. The Nigerian content policy is aimed at utilizing Nigerian human and material resources in creating values in the country through all contracts awarded in the Oil and Gas industry and the Power sector of the economy. NEM Insurance Plc has carved a niche as the Leader in provision of Oil & Gas and Energy Insurance in Nigeria.

- Our focus is on the following areas:
- Upstream Risks which includes Construction/Erection All Risks, Operators Extra Expense Insurance, Property Insurance and General Third Party Liability Insurance.
- Downstream Risks which includes the downstream properties (Refineries and Petrochemical plants, Onshore pipelines, Oil tank farm, Gas processing plants, Pumping and Metering stations, Gas turbines and Boilers, Damage to Asset and other related downstream sector risks.
- Power, Solid Mineral and Other special products.

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The above products have been packaged for marketing to the public sector as well as various manufacturing, industrial and commercial concerns. Financial institutions such as banks, mortgage and stock broking firms are also being offered these products. Our company is innovative in approach and we specialize in packaging policies in line with the needs of the various segments of the economy. NEM Insurance Plc also provides comprehensive risk management services. The company carries out various risk surveys and make appropriate recommendations towards risk improvement and minimization of loss impacts.

Approach to Management of Underwriting Risks

The Company's underwriting risk shall be managed by adhering to policies, principles and guidelines spelt out in the Annual Underwriting Plan.

Where the broker has inadequate knowledge of the trade of the client or the class of business and the client not willing to disclose such information, the Company shall exercise caution in taking on such risks.

The Company shall exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and The Company shall ensure compliance with the National Insurance Commission's guidelines on "Know Your Customer" (KYC) requirement to get enough information about the transaction.

The company carries out timely pre-loss inspection/survey exercise of risks, preferably before commencement of cover but not later than 48 hours after commencement of risks.

We limit acceptance of risks to a more convenient value/share while spreading excess through co-insurance or facultative basis. We ensure application/introduction/review of policy terms and conditions including clauses/warranties that will deal with areas of concern which will at the end of the day make the risk worthy of being in the company's portfolio.

Risk Acceptance Rules

The company shall follow the provisions (terms and conditions) of the reinsurance treaties that were arranged for the classes of insurance that any risk offered for insurance falls under in deciding whether to accept the risk or not. This shall be the case on all cases where the sum insured of the risk is more than the company's retention as contained and evidenced by the treaty cover notes.

For any risk that Reinsurance Treaty could not be arranged for, acceptance of such risks shall be limited to any limit set by the company for such risks at the beginning of each year and shown in the underwriting plan.

Marine Insurance Risks

No Marine insurance risk (Hull or Cargo), Marine Cargo or any other special risks of different nature but relating to Marine Insurance e.g. Marine Cargo Insurance export, shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments. The company shall not accept Marine Cargo business in respect of fish head risks whether as import or export. Where it must be covered for any reason, cover shall be limited to ICC "C" and on rate of premium of a minimum of 0.20%.

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Aviation Risks

No Aviation risk, Marine Hull risk, Marine Cargo export and any other special risks of different nature shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments.

Approaches to Risk Mitigation

Generally, we shall apply any of the following four (4) approaches to risk mitigations:

a) **Risk Termination (Avoidance)**
Under the risk termination approach, we will take measures to avoid risks that are outside our risk appetite, not aligned to our strategy or offer rewards that are unattractive when compared to the risk undertaken. Specifically, we will discontinue activities that generate these risks, such as divesting from certain geographical markets, product lines or businesses. Generally, we will utilise these approach for high-risk events that remain unacceptably high even after we have applied controls.

b) **Risk Treatment (Reduction)**
Under the risk treatment approach, we would accept the risks inherent in our transactions, but shall take measures, through our system of internal controls, to reduce the likelihood and/or impact of these risks. Generally, we would utilise this approach for risks that occur frequently and have low impact. Some of the measures we shall take under this approach may include formulating or enhancing policies, defining boundaries and authority limits, assigning accountabilities and measuring performance, improving processes, strengthening existing controls or implementing new controls and continuing education and training.

c) **Risk Transfer (Sharing)**
Under the risk transfer approach, we would accept the risks inherent in our transactions, but shall take measures to transfer whole or portions of the risk to an independent counterparty. Specifically, we shall transfer our risks to an independent counterparty such as co-insurance and reinsurance companies by utilising contracts and arrangements. We will retain accountability for the outsourced risk and that outsourcing does not eliminate risk but only changes our risk profile. The relevant business units shall be responsible for identifying and incorporating the risks arising from such risk transfer arrangements in their risk registers. The business units shall also be responsible for managing the resultant risks and reviewing the risk transfer arrangement to ensure that it is still capable of mitigating the initial risk.

d) **Risk Tolerance (Acceptance)**
Under the risk tolerance approach, we would accept the risks inherent in our transactions and would not take any action to change the likelihood and/or impact of the risks. We shall adopt this approach where the risk is low and the cost of further managing the risk exceeds the potential benefit should the risk crystallize.

e) **Reinsurance Treaty Cover**
We have arranged very adequate reinsurance treaties to enable us accommodate risks with high necessary support in the event of large claims. Our treaties are arranged by UAIB RE and placed with a consortium of reputable reinsurance companies.

The types of re-insurance on NEM Treaty are:
1) Quota share
2) Surplus
3) Excess of loss

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1) **Quota share**

This is the simplest type of Re-insurance whereby a Reinsurer agrees to reinsure a fixed proportion of every risk accepted by the ceding Company, sharing proportionately in all losses and receiving in the same proportion of all direct net premium, less the agreed reinsurance commission.

2) **Surplus**

Under this arrangement the ceding Company can retain a risk up to the level of its agreed Retention amount. The proportion of the risk which is beyond the Retention amount is then ceded into the Surplus treaty and reinsurer receives a proportionate share of the premium, less reinsurance commission.

3) **Excess of Loss**

This arrangement protects the ceding Company against a loss where the ceding company's claims liability exceeds its retention.

Concentration of insurance risk

The Company monitors concentrations of insurance risk by product and sector. An analysis of concentrations of insurance risk at 31 December 2021 and 2020 for Gross Premiums written is set out below:

(a) By product

	2021	**2020**
	N'000	N'000
Motor business	8,000,168	6,935,939
Fire & Property	6,592,962	4,729,615
Marine & Aviation	3,847,471	2,198,754
General Accident	5,019,823	4,606,047
Energy business	4,342,030	3,561,508
Agriculture	72,634	3,832.00
	27,875,088	22,035,695

(b) By sector	N’000	N’000
Energy	4,134,684	2,620,044
Financial Services	8,191,865	6,302,209
IT/Telecoms & Other Corp.	6,265,829	5,244,495
Manufacturing	6,729,965	5,663,173
Retail	2,552,745	2,205,774
	27,875,088	22,035,695

51 Financial risk management

NEM Insurance Plc operates in a highly complex and competitive environment driven by the need to meet all claim obligations, maximize returns to shareholders and comply with all statutory and regulatory requirements. The Company is in the business of managing risks for public and private entities as well as individuals. In the ordinary course of its business activities, the Company is exposed to a variety of financial risks, including currency risk, liquidity risk, credit risk, country risk and market risk as well as operational and compliance risks.

Risk is the level of exposure to opportunity, threat and uncertainty – that should be identified, understood, measured and effectively managed, in the course of executing the Company's business strategies. In terms of opportunity, we see risk in relation to returns in that the greater the risk, the greater the potential return. We therefore manage risk by using several methods to maximize the positive aspects within the constraints of our risk appetite and business environment.

In terms of threat, we see risk as the potential for the occurrence of negative events such as financial loss, fraud, damage to reputation or public image and loss of competitive advantage. We therefore manage risk in this context by introducing risk management techniques to reduce the probability of these negative events occurring without incurring excessive costs or stifling the initiative, innovation, and entrepreneurial flair of our staff.

In terms of uncertainty, we see risk as the distribution of all possible outcomes both positive and negative. In this context, we manage uncertainty by seeking to reduce the variance between anticipated outcomes and actual results.

Our risk management philosophy and culture consist of our shared beliefs, values, attitudes and practices with respect to how we consider risk in everything we do, from strategy development and implementation to every aspect of our day-to-day activities.

"We shall underwrite all profitable transactions that we consider prudent and meets our risk appetite and profile. We shall take calculated and informed risk while seeking to maximize returns and shareholders' value. We shall continuously evaluate the risk and rewards inherent in our business transactions, from strategy development and implementation to our day-today activities. We believe that to achieve this objective would require a good understanding of the risks we are taking and the effective management of these risks both at the individual and enterprise levels".

We therefore manage and control risk by introducing new risk management techniques, enhancing existing risk management practices and placing a greater emphasis on cooperation among departments to comprehensively manage the Company's full range of risks as a whole. The Company proactively formulates strategies and plans that enable the identification and management of events/factors/occurrences that impact our ability to attain our business and strategic objectives.

(a) **Risk Management Strategy**

The Company adopts the following strategy for managing risks:

i. Establish a clearly defined risk management process for identifying, measuring, controlling, monitoring and reporting risks.
ii. Entrench and incorporate risk management principles in all functions across the Company
iii. Comprehensive implementation and maintenance of our risk management framework
iv. Ensure good corporate governance practices
v. Board and senior management support to promote sound risk management
vi. Zero tolerance for non-compliance with risk and control procedures
vii. Avoid concentration of risk to any industry, market, sector or individual entity.
viii. Deployed a risk management systems to facilitate the effective management of risks

Short-term insurance contracts

For short-term insurance contracts, the Company funds the insurance liabilities with a portfolio of equity and debt securities exposed to market risk. The following tables indicate the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of short-term insurance contracts.

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At 31 December 2021	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
Financial assets							
Cash & bank balances	1,705,417	-	1,705,417	-	-	-	-
Short Term Deposits	6,143,707	-	3,497,088	-	-	-	-
Trade receivables	1,479,056	-	1,479,056	-	-	-	-
Other Receivables	263,776	-	142,978	3,200	117,598	-	-
Amortised Cost Assets	8,143,491	-	-	3,906,061	-	-	4,237,430
Equity securities							
Financial Assets -FVTPL	5,354,017	5,354,017	-	-	-	-	-
Financial Assets -FVOCI	84,884	84,884	-	-	-	-	-
	23,174,348	**5,438,901**	**6,824,539**	**3,909,261**	**117,598**	**-**	**4,237,430**
Insurance liabilities							
Insurance Contract liability	12,217,843	-	12,217,843	-	-	-	-
Reinsurance Assets	(7,565,820)	-	(7,565,820)	-	-	-	-
	4,652,023	**-**	**4,652,023**	**-**	**-**	**-**	**-**

At 31 December 2020	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
Financial assets							
Cash & bank balances	1,820,377	-	1,820,377	-	-	-	-
Short Term Deposits	5,508,294	-	3,497,088	-	-	-	-
Trade receivables	228,140	-	228,140	-	-	-	-
Other Receivables	374,862	-	162,291	3,200	209,371	-	-
Amortised Cost Assets	6,105,529	-	-	2,628,533	-	-	3,476,996
Equity securities							
Financial Assets -FVTPL	4,479,121	4,479,121	-	-	-	-	-
Financial Assets -FVOCI	81,318	81,318	-	-	-	-	-
	18,597,641	**4,560,439**	**5,707,896**	**2,631,733**	**209,371**	**-**	**3,476,996**
Insurance liabilities							
Insurance Contract liability	9,779,935	-	9,779,935	-	-	-	-
Reinsurance Assets	(5,107,870)	-	(5,107,870)	-	-	-	-
	4,672,065	**-**	**4,672,065**	**-**	**-**	**-**	**-**

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(b) ***Sensitivity analysis - interest-rate risk***

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

31 December 2021 (N'000)

Assets	**Carrying amount**	**Fixed rate**	**Floating rate**
Cash and cash equivalents	7,841,181	-	-
Trade receivables	1,479,056	-	-
Reinsurance Assets	7,565,820	-	-
Amortised Cost Assets	8,143,491	8,143,491	-
	25,029,548	**8,143,491**	**-**
Liabilities			
Non-life insurance liability	12,217,843	-	-
Other liabilities	2,271,542	-	-
Bank Overdraft	-		-
Debt security in issue	-	-	-
	14,489,385	**-**	**-**

31 December 2020 (N'000)

Assets	**Carrying amount**	**Fixed rate**	**Floating rate**
Cash and cash equivalents	7,326,758	-	-
Trade receivables	228,140	-	-
Reinsurance Assets	5,107,870	-	-
Amortised Cost Assets	6,105,529	6,105,529	-
	18,768,297	**6,105,529**	**-**
Liabilities			
Non-life insurance liability	9,779,935	-	-
Other liabilities	2,256,161	-	-
Bank Overdraft	-		-
Debt security in issue	-	-	-
	12,036,096	**-**	**-**

The impact on the Company's profit before tax if interest rates on financial instruments held at amortised cost or at fair value had increased or decreased by 100 basis points, with all other variables held constant are considered insignificant. This is due to the short term nature of the majority of the financial assets measured at amortised cost.

(c) ***Sensitivity analysis - equity risk***

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of financial assets and equity price risk movements by
assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company's equity instruments in that particular index moving proportionally.

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As at 31 December 2021, the market value of quoted securities held by the Company is N5.4 billion (2020: N4.48 billion). If the all share index of the NSE moves by 100 basis points at 31 December 2021, the effect on profit or loss would have been N54 million (2020: N 44.8 million).

Credit Risk

The Company's assets are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the statement of financial position. The main sources of the Company's incoming cash flows are the amounts of receivables from insured and reinsurers. The Company manages the credit risk arising from such sources by aging and monitoring the receivables. The Company conducts the review of current and non-current receivables on a monthly basis and monitors the progress in the process of collection of the premiums in accordance with the procedure stated in the Company's internal control policy. The non-current receivables are checked and assessed for impairment.

The overdue premiums are considered by the Company on case by case basis. If an overdue premium is recognized by the Company as uncollectible, a notification is sent to the policyholder and the insurance agreement is cancelled from the date of notification. The premium related to the period from the beginning of insurance cover until the date of cancellation of the insurance agreement is considered a bad debt, and further steps right up to legal actions are planned with regard to that bad debt.

Other areas where the Company is exposed to credit risk are:

- amounts due from reinsurers for the insurance risks ceded;
- amounts due from insurance intermediaries.
- amounts due from insured
- amounts of deposits held in banks and correspondent accounts

NEM is exposed to the following categories of credit risk;

Direct Default Risk - risk that NEM will not receive the cash flows or assets to which it is entitled because brokers, clients and other debtors which NEM has a bilateral contract default on their obligations.

Concentration Risk – is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc

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

(a) **Credit Risk Principles**

The following principles underpin the Company's credit risk management policies:

- Individuals who create the credit risk and those who manage the risk clearly understand the nature of the
- The Company's credit risk exposure is within the limits as approved by the Board;
- Credit decisions are clear and explicit and in line with the business strategy and objectives as approved by the Board;
- Credit risk exposures shall be within the defined limits to ensure there is no excessive concentration and that credit control procedures for managing large exposures and related counterparties are adhered to;

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- Appropriate classification of credit risk through periodic evaluation of the collectability of risk assets; and
- Adequate loan loss provisioning to ensure that provisions or allowances are made to absorb anticipated
- The expected payoffs more than compensate for the credit risks taken by the Company;
- Credit risk taking decisions are explicit and clear;
- There shall be clear delegated authorization limits for transactions;
- Sufficient capital as a buffer is available to take credit risk;

The Company's credit risk appetite shall be in line with its strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, NEM takes into consideration its corporate solvency level, risk capital and liquidity level , credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients. In setting the credit limit, a few conditions were put into consideration and these actually assisted in the selection of the brokers that made this list. From the records available for this purpose, the conditions used as yardstick are as follows:

1. Speed of payment;
2. Relationship management;
3. Volume of business and
4. Size of the accounts

From the above conditions, the few Insurance Brokers identified have been categorized into three (3) groups namely A, B and C. Maximum exposure to credit risk before collateral held or other credit enhancements The table below provides information regarding the credit risk exposure of the Company in relation with comparative exposure::

Maximum exposure to credit risk before collateral held or other credit enhancements:	**Maximum exposure**	
	2021	**2020**
	N'000	**N'000**
Cash and cash equivalents	7,841,181	7,326,758
Trade receivables	1,479,056	228,140
Debt measured at amortised cost	8,143,491	6,105,529
Loans and other receivables	263,776	374,862
Total assets bearing credit risk	17,727,504	14,035,289

Age analysis for past due and impaired	**Cash and cash equivalents**	**Trade receivables**	**Loans and other**	**Amortised cost**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
31 December 2021	7,841,181	1,479,056	263,776	8,143,491	17,727,504
Neither past due nor impaired	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Impaired	-	-	-	-	-
Net	7,841,181	1,479,056	263,776	8,143,491	17,727,504

Business Risk Management

Business risk is managed by Management Underwriting & Investment Committee through consistent monitoring of product lines' profitability, stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control and prompt response to changes in the external environment.

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Reputational Risk Management

NEM Insurance Plc norms and values set a tone for acceptable behaviours required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

The Group identifies, assesses and manages reputational risks predominately within its business processes. Management of reputational risks is based on the Group's risk governance framework. In addition, company-wide risks are identified and assessed qualitatively as part of the annual risk & control self-assessment. The Group's risk functions analyses the overall risk profile and regularly informs management about the current profile and potential exposures to the risk. Risk functions' presentation of potential reputational risk guides management decisions in executing business operations and strategies.

The Group has laid great emphasis on effective management of its exposure to credit risk especially premium related debts. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement. Credit risk exposure to direct business is low as the Company requires debtors to provide payment plans before inception of insurance policies. The Company's exposure to credit risk arising from brokerage business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

The Group credit risk originates from reinsurance recoverable transactions, retail clients, corporate clients, brokers and agents.

Management of credit risk due to outstanding premium
Credit Rating

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers while others are explored for possible potentials.

Receivables are reviewed and categorized into grade A, B, C and D on the basis of:
a) Previous year contribution
b) Payment mode
c) Outstanding as at December of the previous year
d) Future prospect
e) Recommendation

The Group credit risk is constantly reviewed and approved during the weekly Management Operations meeting. The monthly Group management meeting is responsible for the assessment and continual review of the Company premium debt and direct appropriate actions in respect of delinquent ones. It also ensured that adequate provisions are taken in line with the regulatory guidelines. Other credit risk management includes:

a) Formulating credit policies with strategic business units, underwriters, brokers covering, brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.

b) Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.

c) Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.

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d) Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during management meeting.
e) Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three models:

a) The Probability of Default(PD), the likelihood that the insured will fail to make full and timely payment of financial obligations

b)The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default

c)The Loss Given Default (LGD) which states the amount of the loss if there is a default, expressed as a percentage of the (EAD).

Impairment Model

Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The Group adopts simplified provision matrix for calculating expected losses on premium receivables as a practical expedient in line with IFRS 9. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables which is adjusted for forward-looking estimates

Credit quality

The Group loan and receivables has no collateral as security and other credit enhancements, thus the group has no loan or receivables that are past due but not impaired. Insurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is low.

Operational Risk Management

A summary of the analytical tools that the Group employed in operational risk management are discussed

Issue tracking report/action plan report:
Issues can surface from the internal self-assessment process, an audit, or regulators requirements. A key result of the self-assessment process is an action plan with assigned responsibilities. This report contains a reap of major issues, the status of the action plan, and an aging of overdue tasks.

Risk control and self-assessment (RCSA): The business areas perform self-assessments semi- annually and results are aggregated to provide a qualitative and quantitative profile of risk across the organization and related action items. Severity of the risks identified is compared with previous RCSA risk severity and a trend is ascertained. The register summarizes findings into list of risks facing the institution. These summary results are accompanied by descriptions of the significant gaps and trends, suggested mitigants, and process owners and timeline for each risk.

The profile of risks across the organization is an integral input for the Group's internal audit whilst preparing audit plans. Areas with high-risk exposures are thoroughly audited and performance of recommended controls tested by the Group's internal control function to ascertain that risks are properly managed.

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Risk Maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. Risks in the upper right are very severe and need to be monitored closely to reduce the Group's exposure. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

Key risk indicators dashboard: These are numerous measures of actual risks in the business and support functions, such as error rates and control breaks. Summary indicators, related escalation criteria, explanations of any excesses, and identified trends are all important aspects that are tracked. Many indicators are specific to each business unit or process, but some may be common and reported in a consolidated fashion. Threshold is set by management for each key risk indicators and escalation of indicators above such levels triggers a mitigation response.

Loss events report: The ERM team developed a database for loss event collation named Loss Event Register. This register allows staff to report actual and near-miss (an unplanned event that did not result in injury, illness, or damage – but had the potential to do so) loss events. Summary statistics from the loss event database are used to show trends of total losses and mean average loss, with analysis by type of loss and business line.

Business continuity plan: A critical tool in managing our operational risk is the Business Continuity Plan (BCP) that documents the procedures to be executed by relevant teams in the event of a disaster.

Liquidity Risk Management
Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

Expected Credit Loss Impairment Model for financial assets
The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.
• Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

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• Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that are determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected credit losses
The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

The group employs the usage of international rating agencies PD factors which was modified by factors specific to the Nigerian Economy such as inflation rate, unemployment rate, GDP and so on.

Using the probabilities of default (PD) as provided by Standard & Poors, our model employs Nigeria-centric forward-looking macro-economic factors which have been determined to be statistically significant, to adjust the PDs. Country-specific factors are also applied to the LGD factors which originate from Basel recommendations and are thereby adjusted to our specific circumstances. Base, optimistic and pessimistic scenarios are employed and projected cash flows are discounted to present value at using the effective rates of interest. The resulting ECL computations are therefore appropriately probability-weighted and consider relevant forward-looking information as well as the time value of money.

Details of these statistical parameters/inputs are as follows:
• PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

1. 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over) the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
2. Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.

• EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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• LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. Basically, It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. However, the group make use of the combination of the following in establishing its LGD:

1) Fixed LGD ratios prescribed by the Bank for International Settlements (BIS) under the foundation approach

2) Recovery rates on insolvencies in Nigeria as published by the World bank

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors

The Group relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

Multiple forward-looking scenarios

The Group determines allowance for credit losses using probability-weighted forward looking scenarios.
The Group considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ) and Trading Economics.

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn are used in the estimation of the multiple scenario ECLs. The normal case represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers specific quantitative and qualitative information about the issuer without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depend on the type of product, characteristics of the financial instruments and the issuer and the geographical region.

The Group adopts a multi factor approach in assessing changes in credit risk. This approach considers:
Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

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i **Quantitative elements**

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

• the remaining lifetime PD as at the reporting date; with

• the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

ii **Qualitative elements**

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Group recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

iii **Backstop indicators**

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Group has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have

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

(i) Significant financial difficulty of the borrower or issuer;

(ii) A breach of contract such as a default or past due event;

(iii) It is becoming probable that the issuer will enter bankruptcy or other financial reorganisation; or

(iv)The disappearance of an active market for a security because of financial difficulties.

(v)The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

In making an assessment of whether an investment in sovereign debt is credit-impaired,the Group considers the following factors.

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- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

The Company assesses the possible default events within 12 months for the calculation of the 12month ECL and lifetime for the calculation of Life Time ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets:
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Inputs, assumptions and techniques used for estimating impairment

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

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.Whenever available, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Group allocates each exposure to a credit risk grade based on data that is determined to predictive of the risk of default(including but not limited to the audited financial statements, management accounts and cash flows projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and Standards and Poor.

The Group has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;

- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occuring at the reporting date based on the modified term; with
- The risk of default occuring estimated based on Data on initial recognition and the original contractual terms.

Liquidity Risk

Liquidity risk is the inability of a Group to meet obligations on a timely basis. It is also the inability of a Group to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. Our liquidity risk exposure is strongly related to our credit and investment risk profile. The Group is exposed to daily calls on its available cash resources from claims to be paid.

At 31 December 2021, management does not believe the current maturity profile of the Group lends itself to any material liquidity risk, taking into account the level of cash and deposits and the nature of its securities portfolio at year end, as well as the reinsurance structure of the Group's insurance portfolio. The Group's bank deposits and trading securities are able to be released at short notice when and if required. The possible payments of significant insurance claims are secured by the reinsurance contracts' clause that allows a cash call from the reinsurers for the losses exceeding a certain amount based on line of business.

Sources of Liquidity Risk

Our liquidity risk exposure depends on the occurrence of other risks. Some of the factors that could lead to liquidity risks are:

- Reputational loss or rating downgrade, leading to inability to generate funds;
- Failure of insurance brokers and clients to meet their premium payment obligation as and when due;
- Lack of timely communication between Finance &Investment Division and Claims Department resulting in mismatch of funds;
- Investment in volatile securities; and
- Frequency and severity of major and catastrophic claims.

Liquidity Risk Management Strategy

The Group's strategy for managing liquidity risks are as follows:

- Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs;
- Ensure strict credit control and an effective management of account receivables;
- Ensure unrestricted access to financial markets to raise funds;
- Develop and continuously update the contingency funding plan;
- Adhere to the liquidity risk control limits; and
- Communicate to all relevant staff on the liquidity risk management objectives and control limits.

Liquidity Risk Appetite/Tolerance

Our liquidity risk appetite is defined using the following parameters:

- Liquidity gap limits;
- Scenario and Sensitivity Analysis

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- Liquidity Ratios such as:
  - Claims ratio
  - Cash ratio
  - Quick ratio
- Receivable to capital ratio
- Technical provision to capital ratio
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio
- Retention rate
- Re-insurance receipts to ceded premium ratio
- Solvency margin

(b) **Financial instruments measured at fair value**

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: 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: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

At 31 December 2021 (N'000)	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Financial Assets -FVTPL	5,354,017	-	-
Financial Assets -FVOCI	-	84,884	-
Amortised Cost Assets	8,143,491	-	-
	13,497,508	**84,884**	**-**

At 31 December 2020 (N'000)	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Financial Assets -FVTPL	4,479,121	-	-
Financial Assets -FVOCI	-	81,318	-
Amortised Cost Assets	6,105,529	-	-
	10,584,650	**81,318**	**-**

(c) ***Fair valuation methods and assumptions***

(i) **Cash and bank balances**

Cash and bank balances represent cash held with other banks. The fair value of these balances is their carrying amounts.

(ii) **Equity securities**

The fair values of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for identical assets. The fair value of the unquoted equity securities was determined on a net asset value basis.

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(iii) **Debt securities**

Treasury bills represent short term instruments issued by the Central bank of the jurisdiction where the Company operates. The fair value of treasury bills and bonds at fair value are determined with reference to quoted prices (unadjusted) in active markets for identical assets. The estimated fair value of bonds (asset or liability) at amortised cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) **Other assets**

Other assets represent monetary assets which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.

52 Capital management Policy

NEM has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Company to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

NEM's capital management strategy focuses on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The Company's objectives when managing capital are as follows:

- To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
- To generate sufficient capital to support the Company's overall business strategy;
- To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board;
- To ensure that the average return on capital over a 3 -5 years performance cycle is sufficient to satisfy the expectations of investors;
- To maintain a strong risk rating;
- To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;
- To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);
- To establish the efficiency of capital utilization.

(a) **Minimum Capital Requirement**

The Company complied with the minimum capital requirement of N3billion for non-life operations. This is shown under Shareholders' Fund in the Statement of Financial Position.

(b) **Solvency Status**

The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N15,397,451,000

(c) **Capital Adequacy Test**

Based on the capital adequacy claculation below, NEM Insurance Plc has a surplus of N19.87 billion.

	2021	
	N'000	**N'000**
Shareholders' fund as per Statement of Financial Position		22,877,060
Less:		
Intangible Assets	(10)	
Deferred tax liability	(10,387)	
Due from related parties	-	
		(10,397)
Capital base		22,866,663

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company capital base is above the minimum capital requirement of N3billion specified by NAICOM.

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(d) **DETERMINATION OF SOLVENCY MARGIN**	**Admissible**	**Inadmissible**	**2021 N'000**	**2020 N'000**
Cash and cash equivalents	6,816,804	1,024,377	7,841,181	6,261,684
Financial assets				
-FVTPL	5,354,017	-	5,354,017	4,479,121
-Amortised Cost	6,384,950	1,758,541	8,143,491	5,311,989
-FVOCI	84,884	-	84,884	81,318
Trade receivables	1,479,056	-	1,479,056	228,140
Reinsurance assets	7,565,820	-	7,565,820	5,107,870
Deferred acquisition costs	1,030,753	-	1,030,753	1,840,694
Investment in Subsidiary	150,000	-	150,000	100,000
Staff loans and advances	23,343	-	23,343	68,023
Investment in Properties	-	1,706,167	1,706,167	-
Property, plant and equipment	1,278,062	2,506,900	3,784,962	1,395,306
Right-of-use Assets	209,920	-	209,920	-
Statutory deposit	320,000	-	320,000	320,000
Admissible assets	30,697,609	6,995,985	37,693,594	25,194,145
LIABILITIES				
Insurance contract liabilities	12,217,843		12,217,843	9,779,935
Trade payables	410,728		410,728	585,327
Provisions and other payables	1,860,814		1,860,814	1,670,834
Lease liabilities	139,623		139,623	47,963
Retirement benefits obligations	52,414		52,414	78,960
Current income tax liabilities	618,736		618,736	670,286
Admissible liabilities	15,300,158	-	15,300,158	12,833,305
Solvency margin	15,397,451			12,360,840
Minimum share capital	3,000,000			3,000,000
Surplus in solvency margin	12,397,451			9,360,840
Percentage of solvency	81%			76%

The Company's capital requirement ratio and Solvency margin are above the requirements of the Insurance Act CAP I17, LFN 2004.

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Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

Asset and Liability management (ALM) attempts to address financial risks the group is exposed to which include interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Group.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

Assets	Insurance funds	Shareholders' funds	Total
	N'000	N'000	N'000
Cash and cash equivalents	6,816,804	1,024,377	7,841,181
Financial assets			
-FVTPL	5,354,017	-	5,354,017
-FVOCI	-	84,884	84,884
- At amortised cost	-	8,143,491	8,143,491
Trade receivables	-	1,479,056	1,479,056
Reinsurance assets	5,150,075	2,415,745	7,565,820
Deferred acquisition costs		1,030,753	1,030,753
Other receivables and prepayment	-	263,776	263,776
Investment in Associate	-	-	-
Investment in Subsidiary	-	150,000	150,000
Investment properties	-	1,706,167	1,706,167
Statutory deposit	-	320,000	320,000
Intangible assets	-	10	10
Property, plant and equipment	-	3,784,962	3,784,962
Right-of-use Assets	-	209,920	209,920
Deferred tax assets	-	253,568	253,568
Total assets	17,320,896	20,866,709	38,187,605
Liabilities:			
Insurance contract liabilities	12,217,843	-	12,217,843
Trade payables	-	410,728	410,728
Other payables	-	1,860,814	1,860,814
Lease liabilities	-	139,623	139,623
Retirement benefit obligations	-	52,414	52,414
Income tax liability	-	618,736	618,736
Deferred tax liabilities	-	10,387	10,387
Total liabilities	12,217,843	3,092,702	15,310,545
Gap	5,103,053	17,774,007	22,877,060

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

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STATEMENT OF VALUE ADDED - GROUP

	2021 N'000	%	2020 N'000	%
Gross Premium Income:				
Local	26,545,254		21,682,189	
Foreign	-		-	
Other Income:				
Local	2,869,804		2,486,732	
Foreign	-		(22,424)	
	29,415,058		24,146,497	
Bought in Services:				
Local	(20,958,302)		(15,457,412)	
Foreign	-		-	
Value Added	8,456,756	100	8,689,085	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,898,656	22	1,506,087	17
Provider of Capital				
Dividend to Shareholders	902,966	11	792,075	9
Government				
Taxation	95,918	1	45,161	1
Retention and Expansion				
Depreciation and Amortisation Charges	242,079	3	246,031	3
Contingency reserves	884,857	11	1,015,079	12
Retained profits for the year	4,432,280	52	5,084,652	58
Value Added	8,456,756	100	8,689,085	100

Value added represents the additional wealth the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

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STATEMENT OF VALUE ADDED - PARENT

	2021 N'000	%	2020 N'000	%
Gross Premium Income:				
Local	26,545,254		21,682,189	
Foreign	-		-	
Other Income:				
Local	2,828,425		2,445,725	
Foreign	-		(22,424)	
	29,373,679		24,105,490	
Bought in Services:				
Local	(20,945,481)		(15,441,046)	
Foreign	-		-	
Value Added	8,428,198	100	8,664,444	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,888,317	22	1,494,725	17
Provider of Capital				
Dividend to Shareholders	902,966	11	792,075	9
Government				
Taxation	88,192	1	42,240	-
Retention and Expansion				
Depreciation and Amortisation Charges	239,580	3	244,930	3
Contingency reserves	884,857	11	1,015,079	12
Retained profits for the year	4,424,286	52	5,075,395	59
Value Added	8,428,198	100	8,664,444	100

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

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Director
Secretary

OTHER NATIONAL DISCLOSURE

FIVE YEAR FINANCIAL SUMMARY - GROUP

STATEMENT OF FINANCIAL POSITION

	2021	2020	2019	2018	2017
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and Cash Equivalents	7,895,469	7,352,189	8,101,885	6,697,017	3,328,800
Financial assets					
- At fair value through profit or loss	5,354,017	4,479,121	2,485,564	1,108,206	1,347,462
- At fair value through other comprehensive income	84,884	81,318	70,028	1,260,729	-
- At amortised cost	8,143,491	6,105,529	2,130,855	1,235,106	-
-Available for Sale	-	-	-	-	4,388,095
-Held-to-Maturity	-	-	-	-	181,364
Trade Receivable	1,479,056	228,140	207,484	279,709	723,535
Reinsurance Assets	7,565,820	5,107,870	5,525,893	4,809,590	2,382,459
Deferred Acquisition Cost	1,030,753	1,840,694	810,097	655,614	587,244
Investment in Associate	-	412,741	435,165	413,752	392,501
Investment Properties	1,706,167	1,617,609	1,589,278	682,951	676,555
Intangible Assets	10	10	1,225	6,405	18,997
Property, plant and equipment	3,794,957	2,922,422	3,031,838	4,158,807	2,864,795
Right-of-use Assets	209,920	-	-	-	-
Other Receivables and Prepayment	414,712	470,727	683,375	709,859	259,516
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred tax asset	257,505	263,035	291,203	92,773	92,773
Total Assets	38,256,761	31,201,405	25,683,890	22,430,518	17,564,096
Liabilities					
Insurance Contract Liabilities	12,217,843	9,779,935	9,000,865	7,126,871	6,518,667
Trade Payables	410,728	585,327	298,046	319,023	73,694
Other Payables	1,893,238	1,672,134	1,386,681	1,247,829	550,458
Finance lease obligations	139,623	47,963	-	-	-
Income Tax Liabilities	623,508	675,783	462,419	835,998	591,760
Deferred Tax Liability	10,387	-	356,500	397,746	-
Retirement Benefit Obligations	52,414	78,960	81,635	78,496	91,910
Total liabilities	15,347,741	12,840,102	11,586,146	10,005,963	7,826,489
Net Assets	22,909,020	18,361,303	14,097,744	12,424,555	9,737,607
Equity					
Share Capital	5,016,477	5,016,477	2,640,251	2,640,251	2,640,251
Share Premium	-	-	272,551	272,551	272,551
Other Reserves-gratuity	72,495	71,147	111,455	131,043	140,614
FVOCI reserve	(36,612)	(40,178)	(51,468)	(35,344)	-
Available for sale reserve	-	-	-	-	(128,734)
Asset revaluation reserve	2,107,964	1,094,475	1,094,475	1,094,475	-
Contingency Reserve	6,098,784	5,213,927	4,198,848	3,606,052	3,154,568
Retained Earnings	9,649,912	7,005,455	5,831,632	4,715,527	3,658,357
Shareholders' Fund	22,909,020	18,361,303	14,097,744	12,424,555	9,737,607

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FIVE YEAR FINANCIAL SUMMARY - GROUP

INCOME STATEMENT

	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Gross Premium Written	27,875,088	22,035,695	19,759,872	15,049,453	13,416,270
Gross premium income	26,545,254	21,682,189	19,259,541	14,346,488	13,031,779
Net Premium income	19,306,127	15,862,758	12,617,540	10,693,794	9,801,951
Other Revenue	3,228,122	3,583,000	2,147,044	1,934,089	2,244,226
Total Revenue	22,534,249	19,445,758	14,764,584	12,627,883	12,046,177
Claims expense	(5,560,885)	(6,054,469)	(3,937,318)	(2,554,253)	(1,783,574)
Other Expenses	(12,445,166)	(8,261,476)	(8,907,512)	(7,387,969)	(7,167,712)
Total Benefits, Claims and Other Expenses	(18,006,051)	(14,315,945)	(12,844,830)	(9,942,222)	(8,951,286)
Profit Before Tax	4,528,198	5,129,813	1,919,754	2,685,661	3,094,891
Income tax	(95,918)	(45,161)	475,612	(648,957)	(319,499)
Profit For the Year	4,432,280	5,084,652	2,395,366	2,036,704	2,775,392
Other Comprehensive income/ (loss) for the year	1,018,403	(29,018)	(35,712)	1,208,882	(25,885)
Total Comprehensive Income for the year	5,450,683	5,055,634	2,359,654	3,245,586	2,749,507
Basic EPS (Kobo)	0.88	0.96	0.45	0.39	0.53
Diluted Basic EPS (Kobo)	0.88	0.96	0.45	0.39	0.53

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OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY - PARENT
STATEMENT OF FINANCIAL POSITION

	2021	2020	2019	2018	2017
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and Cash Equivalents	7,841,181	7,326,758	8,095,230	6,675,924	3,325,340
Financial Assets					
- At fair value through profit or loss	5,354,017	4,479,121	2,485,564	1,108,206	1,347,462
- At fair value through other comprehensive income	84,884	81,318	70,028	1,260,729	-
- At amortised cost	8,143,491	6,105,529	2,130,855	1,235,106	-
-Available for Sale	-	-	-	-	4,388,095
-Held-to-Maturity	-	-	-	-	181,364
Trade Receivable	1,479,056	228,140	207,484	279,709	723,535
Reinsurance Assets	7,565,820	5,107,870	5,525,893	4,809,590	2,382,459
Deferred Acquisition Cost	1,030,753	1,840,694	810,097	655,614	587,244
Investment in Associate	-	412,741	435,165	413,752	392,501
Investment in Subsidiary	150,000	100,000	50,000	50,000	50,000
Investment Properties	1,706,167	1,617,609	1,589,278	682,951	676,555
Intangible Assets	10	10	1,225	2,042	10,270
Property, plant and equipment	3,784,962	2,922,422	3,030,737	4,156,609	2,861,499
Right-of-use Assets	209,920	-	-	-	-
Other Receivables and Prepayments	263,776	374,862	627,253	698,696	276,254
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred tax asset	253,568	253,568	281,736	83,306	83,306
Total Assets	38,187,605	31,170,642	25,660,545	22,432,234	17,605,884
Liabilities					
Insurance Contract Liabilities	12,217,843	9,779,935	9,000,865	7,126,871	6,518,667
Trade Payables	410,728	585,327	298,046	319,023	73,694
Other Payables	1,860,814	1,670,834	1,382,477	1,247,412	573,576
Finance lease obligations	139,623	47,963	-	-	-
Income Tax Liabilities	618,736	670,286	457,987	835,528	591,760
Deferred Tax Liability	10,387	-	356,500	397,746	-
Retirement Benefit Obligations	52,414	78,960	81,635	78,496	91,910
Bank Overdraft	-	-	-	-	-
Total liabilities	15,310,545	12,833,305	11,577,510	10,005,076	7,849,607
Net Assets	22,877,060	18,337,337	14,083,035	12,427,158	9,756,277
Equity					
Share Capital	5,016,477	5,016,477	2,640,251	2,640,251	2,640,251
Share Premium	-	-	272,551	272,551	272,551
Other Reserves-gratuity	72,495	71,147	111,455	131,043	140,614
FVOCI reserve	(36,612)	(40,178)	(51,468)	(35,344)	-
Available for sale reserve	-	-	-	-	(128,734)
Asset revaluation reserve	2,107,964	1,094,475	1,094,475	1,094,475	-
Contingency Reserve	6,098,784	5,213,927	4,198,848	3,606,052	3,154,568
Retained Earnings	9,617,952	6,981,489	5,816,923	4,718,130	3,677,027
Shareholders' Fund	22,877,060	18,337,337	14,083,035	12,427,158	9,756,277

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FIVE YEAR FINANCIAL SUMMARY - PARENT

INCOME STATEMENT

	2021	2020	2019	2018	2017
INCOME STATEMENT	N'000	N'000	N'000	N'000	N'000
Gross Premium Written	27,875,088	22,035,695	19,759,872	15,049,453	13,416,270
Gross premium income	26,545,254	21,682,189	19,259,541	14,346,488	13,031,779
Net Premium income	19,306,127	15,862,758	12,617,540	10,693,794	9,801,951
Other Revenue	3,186,743	3,541,993	2,102,279	1,894,521	2,214,417
Total Revenue	22,492,870	19,404,751	14,719,819	12,588,315	12,016,368
Claims expense	(5,560,885)	(6,054,469)	(3,937,318)	(2,554,253)	(1,783,574)
Other Expenses	(12,419,507)	(8,232,647)	(8,884,559)	(7,364,939)	(7,150,172)
Total Benefits, Claims and Other	(17,980,392)	(14,287,116)	(12,821,877)	(9,919,192)	(8,933,746)
Profit Before Tax	4,512,478	5,117,635	1,897,942	2,669,123	3,082,622
Income tax	(88,192)	(42,240)	480,112	(648,487)	(319,499)
Profit For the Year	4,424,286	5,075,395	2,378,054	2,020,636	2,763,123
Other Comprehensive income/ (loss) for the year	1,018,403	(29,018)	(35,712)	1,208,882	(25,885)
Total Comprehensive Income for the year	5,442,689	5,046,377	2,342,342	3,229,518	2,737,238
Basic EPS (Kobo)	0.88	0.96	0.45	0.38	0.52
Diluted Basic EPS (Kobo)	0.88	0.96	0.45	0.38	0.52

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NEM INSURANCE PLC

Shareholding Structure/Free Float Status

Description	31-Dec-21			
	Unit	Percentage	Unit	Percentage
Issued Share Capital	5,016,477,766		5,016,477,766	
Substantial Shareholdings (5% and above)				
AFIG FUND	1,499,926,852	29.90%	1,499,926,852	29.90%
CAPITAL EXPRESS ASSURANCE LIMITED	364,318,306	7.26%	364,318,306	7.26%
BUKSON INVESTMENT LIMITED	320,201,645	6.38%	320,201,645	6.38%
JEIDOC LIMITED	350,023,219	6.98%	350,023,219	6.98%
Total Substantial Shareholdings	2,534,470,022	50.52%	2,534,470,022	50.52%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
DR. FIDELIS AYEBAE	23,155,158	0.46%	23,155,158	0.46%
MR TOPE SMART	120,411,652	2.40%	120,411,652	2.40%
MR ANDREW IKEKHUA	1,362,856	0.03%	1,362,856	0.03%
MR. ODAMAH MOMOH	2,225,120	0.04%	2,225,120	0.04%
MR. ADEBAYO SUNDAY JOSHUA	3,275,501	0.07%	3,275,501	0.07%
JOY TELUWO	106,990,287	2.13%	106,990,287	2.13%
Total Directors' Shareholdings	257,420,574	5.13%	257,420,574	5.13%
Other Influential Shareholdings				
Total Other Influential Shareholdings				
Free Float in Units and Percentage	2,224,587,170	44.35%	2,224,587,170	44.35%
Free Float in Value	₦ 10,010,642,265.00		₦ 10,010,642,265.00	

Declaration:

(A) NEM Insurance Plc with a free float percentage of 44.35% as at 31st December 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) NEM Insurance Plc with a free float value of N10,010,642,265. as at 31st Dec 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

CERTIFIED BY:

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) NEM Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders with respect to their dealing in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

Rules Governing Free Float Requirements

In accordance with Rule 2.2 – Rules Governing Free Float Requirement: NEM Insurance plc complies with the Exchange's free Float requirement.

CERTIFIED BY:-