



RC 2460

THE UNIVERSAL INSURANCE PLC.



Nigerian Insurers
Association

2019 ANNUAL REPORT & ACCOUNTS

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Life can be very frustrating and difficult when misfortunes strike, hence you need a dependable and trusted friend and partner to put you back on track.

With UNIVERSAL INSURANCE COVER, we will make you SMILE again!

OUR PRODUCTS/SERVICES

- FIRE ▪ MOTOR ▪ BURGLARY
- HEALTH CARE PROFESSIONAL INDEMNITY
- MARINE CARGO ▪ MARINE HULL ▪ BOND
- AVIATION ▪ OIL & GAS ▪ GOODS IN-TRANSIT
- ENGINEERING ALL RISKS ▪ CONTRACTORS ALL RISKS ETC.



UNIVERSAL INSURANCE PLC.

...our word is our bond!

RC: 2460

HEAD OFFICE:

8, Gbagada Expressway, Anthony, Lagos State, Nigeria. ☎: 01-2934545.

E-mail: info@universalinsuranceplc.com Website: www.universalinsuranceplc.com

BRANCHES:

Aba Office: No. 62, Aba/Owerri Road, Aba, Abia State. Tel: 08060074843

Abuja Office: 3CCN House Plot 184, Adetokunbo Ademola Crescent, Wuse II, Abuja. Tel: 07039660876

Akokaiki Office: 26A, Water Works Road, Nwagu Plaza, Akokaiki Ebonyi State. Tel: 0803798089

Enugu Office: No. 4, Edgeway/Station Road, G.R.A. Enugu State. Tel: 08037398089

Ibadan Office: No. SW7/224C, Oyebode Street, Sharp Corner, Oke-Ilala, Ibadan, Oyo State. Tel: 08334726447

Kaduna Office: Suite 3, 2nd Floor, ASD Mall, Independence Way, Kaduna State. Tel: 08136638899

Onitsha Office: 4, Oguta Road, Onitsha, Anambra State. Tel: 08173519098

Owerri Office: 1, Tefow, No. 7, Barik Road, Owerri, Imo State. Tel: 08035768041

Port Harcourt Office: 245, Aba/Port Harcourt Road, Port Harcourt, (Former Shell Recruitment Centre), Rivers State. Tel: 08083134867

Umuahia Office: No. 3, Okpara Square, Umuahia, Abia State. Tel: 08034279188

The Board - Profile



Lt. Gen. Joshua N. Dogonyaro (Rtd), CFR, mni
Board Chairman

Lieutenant-General Joshua Dogonyaro is an Accountant by training and a gallant Soldier.

He enlisted in the Army in 1964 and was commissioned as a Second Lieutenant in the Nigerian Army Armoured Corps (1967). During his career in the Army, Lt.Gen. Dongoyaro held several command positions. In 1992, he was appointed ECOMOG Field Commander in Liberia, a task which he accomplished successfully.

Thereafter, he was appointed Chief of Defence Staff of the Nigerian Armed Forces. He retired in 1993.

Lt. Gen. Dongoyaro, is a Member of the National Institute of Policy and Strategic Studies (mni). He holds the military decorations of Distinguished Service Medal (DSS); and Meritorious Service Star (MSS).

He is a Fellow of the Institute of Administrative Management of Nigeria (FIAMN); a Qualified and Incorporated Administrative Manager (QIAM); and a life Member of the Nigerian Institute of International Affairs.

He holds the traditional titles of Barden Langtang, Sardauna Gani, and Ochi Agha 1 of Anambra. In recognition of his immense role in the development of professionalism in the Nigerian Army and his outstanding leadership in the course of Nigeria's contributions to international peace keeping and monitoring efforts, Lieutenant- General Dogonyaro was honoured with the award of Commander of the Order of the Federal Republic (CFR). He is married with children



Mr. Benedict Ugochukwu Ujoatuonu
Managing Director/CEO

Mr. Benedict U. Ujoatuonu is a seasoned Insurance and Risk Management practitioner. He is a HND graduate of Insurance from the Institute of Management and Technology (IMT) Enugu and a holder of Masters Degree in Business Administration (MBA) from the University of Calabar.

He is an Associate of the Chartered Insurance Institute of Nigeria (ACIIN), Institute of Certified Cost Management (ACCM) and Fellow – Chartered Institute of Public Diplomacy & Management (CIPDM).

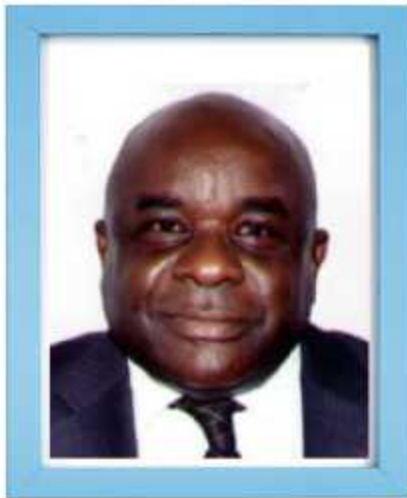
He started his Insurance career with Regency Insurance Co Ltd as one of the key underwriting staff, from where he joined Kapital Insurance Co Ltd. He headed the Technical department of Coral International Insurance Co Ltd and later moved to Global Commerce and General Assurance Ltd as Group Head, Technical and later rose to the position of Deputy General Manager (Technical Operations). After the recent consolidation in the insurance industry, he joined Crown Insurance Brokers Limited and Nobel and Lesley Consulting

Limited as The Group General Manager from where he joined Universal Insurance Plc as Head Technical Operations and later Managing Director/CEO.

He has been involved in preparing students for the insurance professional examinations organized by the Chartered Insurance Institute of Nigeria (CIIN). He is also involved in training and facilitation. He is the author of a life changing book titled "Success Secrets of the Rich now Exposed" and is a recipient of the awards of the Education Developer of the year 2015 by the National Association of Nigerian Students (NANS) and West African Students Union (WASU) and award of The Distinguished Fellowship of PEFON (DFPEFON) (Professional Excellence Foundation of Nigeria).

Ben has attended many local and international courses on insurance and management. He is happily married with children.

The Board - Profile



Dr. Anthony Chukwudifu Okocha
Non-Executive Director

Chief Anthony Chukwudifu Okocha is a seasoned banker who rose to the pinnacle of the banking industry where he held sway for several years until he departed the industry in 2010. He was the Acting Managing Director of the then IMB International Bank Plc before it merged with 3 other Banks (First Atlantic Bank Plc, Inland Bank Plc and NUB International Bank Plc) on December 31, 2005 to form First Inland Bank Plc. (FinBank Plc.).

At FinBank Plc. (now merged with FCMB Plc), Tony – as he is popularly called, held responsibilities in Corporate Banking, Treasury and Structured Finance where he, at various times between 2006 and January 2010 was General Manager and Group Executive.

Prior to joining FinBank Plc., Tony had over 26 years post-graduate experience spanning the Industry, Commerce, Banking and Financial & Business Strategy Consulting. He resigned from the services of FinbankPlc on January 31, 2010 to join Forbs Investment Solutions Limited as its pioneer Managing Director/Chief Executive Officer.

In the course of his banking career, Tony attended several management and leadership courses both local and offshore and is an alumni of the Universities of Ife and Lagos as well as Columbia University, New York. He is a Fellow of the Institute of Credit Administration of Nigeria and Senior Honorary Member of the Chartered Institute of Bankers of Nigeria. Tony currently sits on the Boards of Universal Insurance Plc, African Alliance Plc and Stoma Bakery Limited. He is happily married with three (3) children.



Barr. Jasper Osita Nduagwuike
Non-Executive Director

Mr. Nduagwuike holds a Bachelor's Degree in Law (LLB. Hons.) from the University of Nigeria, Enugu Campus and a Masters Degree in Law (LLM) from the Nnamdi Azikiwe University, Awka, majoring in Arbitration and Administrative Law.

He was subsequently called to the Nigerian Bar after obtaining the Bachelor of Law Degree (B.L.) from the Nigerian Law School. He is an Associate Member of the Chartered Insurance Institute of Nigeria (ACIIN); Member, Chartered Insurance Institute, London (MCII); Member, Association of Professional Bodies of Nigeria; Associate Member, Chartered Institute of Arbitrators, London; Member, Onitsha Chamber of Commerce, Industries, Mines and Agriculture.

He is also a Council Member, Enugu Chamber of Commerce, Industries, Mines and Agriculture as well as vice president in charge of the Chamber's trade affairs.

He started his working career with the then African Alliance Insurance Company Limited (Now African Alliance Insurance Plc.) as a field supervisor in 1984 and rose to become a District Superintendent in 1989.

He left the Company in 1990 to Stallion Assurance Company Limited, Enugu where he became the Pioneer Production Manager. He worked in several other companies within the industry in different capacities and was the pioneer Managing Director of Honesty Insurance Company Limited, a position he held from 1996 to 2003.

He is presently engaged in legal practice as the Principal Partner at Repsaj and Co., a law firm he co-founded with others in 2003. Mr. Nduagwuike is also a public speaker and is married with children.

The Board - Profile



Mr. Paulinus Offorzor
Executive Director, Technical Operations

Paulinus Oluchukwu Offorzor is a graduate of insurance from The Institute of Management and Technology, Enugu. He equally holds a Bachelor's Degree in Economics (B.Sc. (Hons) from Imo State University, Owerri and a Masters in Business Administration (MBA) majoring in Insurance and Risk Management from Esut Business School. He is an Associate Member of the under listed professional bodies:

- Chartered Insurance Institute of Nigeria (ACII)
- The Certified Pension Institute of Nigeria (CPIN)
- Chartered Institute of Administration (CIA)

He started his insurance career with Intercontinental Assurance Co Ltd in 1995 and has worked in several other companies within the insurance industry. Mr. Offorzor was the General Manager / Chief Executive Officer Generation Insurance Brokers Limited before joining Universal Insurance Plc as the Head (Technical & Enterprise Risk Management) and was recently elevated to Executive Director, Technical Operations. He is married with children.



Mr. Reginald Anyanwu
Executive Director, Northern Operations

Mr. Anyanwu obtained HND from the Federal Polytechnic, Oko, Anambra State. He also holds PGD and MBA degrees in Management from the University of Calabar.

He is a chartered member of the Nigerian Institute of Management (NIM) and also a chartered member of the Chartered Insurance Institute of Nigeria (CIIN).

He has been an active player in the Insurance industry since 1992. Prior to joining Universal, he has worked with African Development Insurance Co Ltd; Central Insurance Co Ltd where he rose to the position of Deputy Manager, Marketing before leaving in 1998 to join the team that started Guardian Trust Insurance Company Ltd. from where he left in June 2004 as Senior Manager/Head Abuja to join Universal Insurance Plc..

He became the Head, Abuja Office and was promoted to General Manager, Northern Operations in 2008, a position he held till his elevation to Executive Director, Northern Operations in 2012.

Reginald has attended several local and international courses, seminars and workshops. He is married with children

Corporate Information and Professional Advisers

BOARD OF DIRECTORS

Lt. Gen. Joshua Dogonyaro (Retd), CFR, mni
 Mr. Benedict Ujoatuonu
 Mr. Reginald Anyanwu
 Mr. Paulinus Oluchukwu Offorzor
 Dr. Anthony C. Okocha
 Mr. Jasper Nduagwuike

- Chairman
 - Managing Director/CEO
 - Executive Director
 - Executive Director
 - Non-Executive Director
 - Non-Executive Director

MANAGEMENT TEAM

Benedict U. Ujoatuonu
 Reginald Anyanwu
 Paulinus O. Offorzor
 Benson Ogbonna Phd.
 Samuel U. Ndubuisi
 Chinedu A. Onyilimba, Esq.
 Pastor Tunji Oyebayo
 Franklin Agha
 Anthony Okafor
 Andrew Mgbawune
 Bamidele Ojo (Mrs.)

- Managing Director/CEO
 - Executive Director
 - Executive Director (Technical)
 - General Manager (South)
 - Head of Finance
 - Company Secretary/Legal Adviser
 - Head of Marketing
 - Head of Compliance/Internal Audit
 - Head of Underwriting
 - Head of Information Technology
 - Head of Oil & Gas

CORPORATE HEAD OFFICE

8, Gbagada Expressway,
 Anthony,
 Lagos.

REGISTERED OFFICE

4, Ridgeway Road,
 Enugu,
 Enugu State.

AUDITORS

Ukwuegbu Ogbeleje & Co.
 (Chartered Accountants)
 23, Rasaki Shittu Street,
 Isheri-Osun, Lagos
 P.O. Box 53830, Ikoyi, Lagos.

CONSULTING ACTUARY

Ernst & Young
 10th & 13th Floor, UBA House
 57, Marina
 P. O. Box 2442
 Lagos, Nigeria

BANKERS:

1. Eco Bank Plc.
2. Fidelity Bank Plc.
3. First Bank Plc.
4. First City Monument Bank (FCMB) Plc.
5. Guaranty Trust Bank (GTB) Plc.
6. Union Bank of Nigeria (UBN) Plc.
7. United Bank for Africa (UBA) Plc.
8. Unity Bank Plc.
9. Zenith Bank Plc.

REGISTRARS AND TRANSFER OFFICE

Carnation Registrars Limited
 2a, Gbagada Expressway,
 Anthony Village,
 Lagos

Notice of 50th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of **UNIVERSAL INSURANCE PLC**, will be held at Elomaz Hotel, Maryland, Lagos on **Thursday the 22nd Day of October 2020 at 9.00 a.m.** prompt to transact the following business:

Ordinary Business:

To lay before the Members, the Report of the Directors and the Audited Financial Statements together with the Auditors and Audit Committee Reports for the year ended 31st December 2019.

To authorize the Directors to fix the remuneration of the Auditors.

To re-elect Directors.

To elect members of the Audit Committee.

Notes:

Compliance with COVID-19 Related Directives and Guidelines: The Federal Government of Nigeria, State Government, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria. Particularly, the Lagos State Government prohibited the gathering of more than 20 people while the Corporate Affairs Commission (CAC) issued Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

Proxy: Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. For the appointment of the proxy to be valid for this meeting, a Proxy Form must be completed and emailed to info@carnationregistrars.com or deposited at the office of the Registrars, Carnation Registrars Limited, 2, Gbagada Expressway, Anthony, Lagos not later than 48 hours before the time fixed for the meeting. A blank Proxy Form is attached to the Annual Report and may also be downloaded from the Company's website at www.universalinsuranceplc.com.

Attendance by Proxy: In line with CAC Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated persons below:

Dr. Tony Okocha (NED)
 Mr. Ben Ujoatuonu (MD/CEO)
 Mr. Reginald Anyanwu (ED, North)
 Chinedu Anthony Onyilimba, Esq. (Company Secretary)
 Sir. Sunny Nwosu
 Mr. Boniface Okezie
 Mrs. Bisi Bakare
 Mr. Mathew Akinlade

Shareholders Representatives

Stamping of Proxy: The Company has made arrangement at its cost, for the stamping of the duly completed and signed Proxy Forms submitted to the Company's Registrars within the stipulated time.

Online Streaming of AGM: The AGM will be streamed live online. This will enable Shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM online live streaming will be made available to shareholders through the Registrars, Carnation Registrars Limited, 2, Gbagada Expressway, Anthony, Lagos.

Closure of Register and Transfer Books: The Register of Members shall be closed from 6th October to 9th October 2020, (both days inclusive) for the purpose of updating the Register of Members.

Notice of 50th Annual General Meeting

Nomination of Statutory Audit Committee Members: In accordance with Section 359(5) of the Companies and Allied Matters Act Cap C20, Laws of the Federal Republic of Nigeria, 2004, any member may nominate a shareholder as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting. Such notice of nominations should be sent via email to chinedu.onyilimba@universalinsuranceplc.com.

Re-election of Directors: In accordance with Section 259 of the Companies and Allied Matters Act, Gen. Joshua N. Dogonyaro and Dr. Tony Okocha will both retire by rotation and being eligible, offer themselves for re-election. Their profiles are contained in the Annual Report and also on the Company's website.

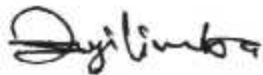
Rights of Security Holders to Ask Questions: In compliance with Rule 19.12(c) of the Nigerian Stock Exchange's Rulebook 2015, a member and other Security Holder of the Company have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the Meeting, and such questions must be submitted at least one week before the meeting. Kindly send all questions to info@universalinsuranceplc.com.

E-Annual Report: The electronic version of the annual report (e-annual report) will be emailed to shareholders who have provided their email addresses to the Registrars. Shareholders who wish to receive the e-annual report are kindly requested to send an email to info@carnationregistrars.com.

Website: A copy of this Notice and other information relating to the meeting can be found on the Company's website at www.universalinsuranceplc.com.

Dated This 18th day of September 2020

BY ORDER OF THE BOARD

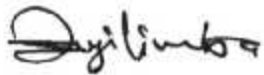


CHINEDU A. ONYILIMBA, ESQ.
COMPANY SECRETARY
FRC/2016/NBA/00000015776



Certification by Company Secretary

In my capacity as Company Secretary, I hereby certify in terms of the Companies and Allied Matters Act, CAP C20 LFN, 2004, that for the year ended 31 December 2019, the Company has lodged all such returns as are required of a Company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Onyilimba Chinedu Anthony, Esq.
Company Secretary
FRC/2016/NBA/00000015776

May 27, 2020





Distinguished Shareholders, Colleagues on the Board, Ladies and Gentlemen, I am glad that we are meeting here on this platform to hold yet another Annual General Meeting of our darling Company. This indeed is our 50th meeting and I thank you immensely for finding time out of your busy schedules to once again attend to the call of your Company, The Universal Insurance Plc. Welcome!

Even under intense competition, your Company has continued to operate in an intensely competitive business environment with many operators striving to not only consolidate their position in the industry but also grow their numbers. Notwithstanding all these vagaries, your Company, The Universal Insurance Plc, yet grew exponentially.

With your support and the hard work of our dedicated staff, your Company has once again proved to the economic world that the Universal Brand has come to stay. This your Company did by posting a positive figure in the year under review.

In the year 2019 under review, your Company posted a gross written premium of N1,870,255,000.00, an 11% increase as compared to the figures of the previous year. It is therefore this positive and profitable Accounts ladies and gentlemen, that we are here to review in the course of this meeting.

Operating Environment

The exchange rate remained relatively stable during the year, swinging between N305 to USD1 officially and N360 / N365

in the Investors & Exporters window (I&E) and Parallel Market rates respectively. The multiple exchange rates continued to hold sway in the local operating environment. Investors and the International Monetary Fund continued their call on the country to merge the various rates.

On the other hand, experts have argued that while multiple rates may appear like a viable quick-fix solution to counter the effects of falling crude prices, the Apex Bank (CBN) should however, re-evaluate the policy as the system stifles growth and encourages corrupt practices by those benefiting from it.

The Fixed Income market in 2019 performed well ahead of the capital market due to what could be attributed to as a flight to safety by investors, contrary to the -14.60% negative return of the Nigerian Stock Exchange. The market capitalization however increased by 10.55% to N12.97trn from the N11.73 trn of 2018 due to listings by two top telecom firms.

It is also worthy of note that the year 2019 opened on a very positive note with inflation rate dropping to 11.37% in January from 11.44% in December 2018. The rate however closed the year with a 20 month high of 12.0%, this I must say is the highest since April 2018.

Regulatory Environment

Our industry regulator, The National Insurance Commission (NAICOM) on 31st May, 2018 took operators by surprise with an announcement of a new capital regime effective January 2020. Recall that this announcement came barely six months after the suspension of the Tier Based Minimum Solvency Capital TBMSC regime in November, 2018. You will also recall that this announcement brought a fresh capital threshold for General Insurance operators to N10 billion.

Unlike the terminated exercise where NAICOM sought to categorize players into three Tiers -1,2,3 based on capacities of companies to under write risks, the latest exercise requires the mandatory injection of capital by players.

Chairman's Statement

The Regulator (NAICOM), I must say, is keenly playing its watch dog role in the current process as it is not only being kept abreast of comprehensive recapitalization plans by operators as requested but is also keenly following such plans to ensure a seamless process.

Recapitalization efforts

Ladies and Gentlemen, In December 2018 during our 49th AGM, you unanimously approved for the Board and Management of Our Company, to apply and use a combination of efforts to raise capital that would enable us to meet the new threshold. I am delighted to inform you that following your tremendous support, our recapitalization efforts have since gained tremendous traction.

The recapitalization deadline as set by NAICOM was extended beyond December, 2020 but we are working strenuously to conclude well ahead of the new deadline. The option of acquisition of one or more smaller players/a merger arrangement is the very top on our priority and your Board is working tirelessly to actualize this.

May I assure us Gentlemen and Ladies, that this Recapitalization exercise will not only be a successful one but also one that will see your Company grow bigger, stronger and continuously delivering the unique Universal Brand of services to the public.

Operating Results

During the 2019 Financial Year, your Company once again displayed the ability to consistently post positive results in both the top and bottom lines. I am glad to present our full year results before you for approval.

They show a growth of 11% in Gross Premium Income, from N1,688,673.00 in 2018 to N1,870,255.00 in 2019, which represents an additional income of N181,582.00.

Our underwriting profit although marginally, moved positively from N527,245,000.00 in 2018 to N594,715,000.00 in 2019. An increase of about 13% while our Profit after tax moved from a loss position of negative N46,673,000.00 to a profit position of positive N65,073,000.00 an increase of about 239%

Conclusion

Ladies and Gentlemen, The Universal Brand from all indications, has stood the test of time. The values we have collectively created over these years can clearly be seen in the loyalty and commitment we have enjoyed from all stakeholders in our business.

It is our intention to keep this legacy (The Universal Insurance Plc) for generations to come. We are eternally grateful to our treasured customers, Brokers, Agents and other stakeholders in our business who have objectively trusted and treasured the Universal Advantage over time.

My deepest appreciation to my colleagues on the Board for bringing to bear their wealth of experience and expertise into our way of doing business thereby constantly challenging Management to achieve the enviable position for your Company which we are all proud to be associated with today.

Dear Shareholders, the future of your Company is even brighter today so much so that when we optimize all stakeholders' contributions, our tomorrow will deliver positive results.

Thank you.

Lt. Gen. Joshua N. Dogonyaro (Rtd), CFR, mni
Chairman

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

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended December 31, 2019 that:

- (i) We have reviewed the report and to the best of our knowledge, the report does not contain:
- Any untrue statement of a material fact, or
 - Omission to state a material fact, which would make the 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 Group as of, and for the years presented in the report.
- (ii) We:
- Are responsible for establishing and maintaining internal controls.
 - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - Have evaluated the effectiveness of the Company's internal controls as of date of the report;
 - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (iii) We have disclosed to the auditors of the Company and Audit Committee:
- All significant deficiencies in the design or operation of internal controls which would adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the Group'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.



BENEDICT UJOATUONU
CHIEF EXECUTIVE OFFICER
FRC/2013/CIIN/0000003282



SAMUEL U. NDUBUISI
CHIEF FINANCE OFFICER
FRC/2013/ICAN/0000003290

Report of the Audit and Compliance Committee

To the Shareholders of Universal Insurance Plc.

In accordance with Section 359(6) of the Companies and Allied Matters Act, we the Members of the Audit Committee of Universal Insurance Plc., have reviewed the audited financial statements of the Company for the year ended 31 December 2019 and based on the documents and information available to us, report as follows:

- (a) We have reviewed the scope and planning of the external audit requirements and found them adequate.
- (b) We have reviewed the financial statements and are satisfied with the effectiveness of the Company's system of accounting and internal control.
- (c) We deliberated upon the Management Control Report of the External Auditors and the Management responses provided thereto and are satisfied that appropriate steps are being taken to address the issues raised.
- (d) The External Auditors confirmed having received full co-operation from management in the course of their statutory audit.

We are of the opinion that the accounting and reporting policies of the Company for the year ended December 31, 2019 are in accordance with the legal requirements and agreed ethical standards.



Mr Franklin O. Agha
FRC/004/00000021067
FOR: Chairman of the Statutory Audit Committee
May 27, 2020

Members of the Statutory Audit Committee are:

Mr Clement A.C. Opara	Chairman
Mr Oluwaseun B. Olukoya	Member
Mr Angus O. Amiolemeh	Member
Dr Anthony Okocha	Member
Mr Reginald Anyanwu	Member
Mr Jasper Nduagwuike	Member
Mr Franklin O. Agha	Member

The Company Secretary/Legal Adviser, Anthony C. Onyilimba Esq. served as the Secretary to the Committee.



UNIVERSAL INSURANCE PLC
2019 ANNUAL REPORT & ACCOUNTS

UKWUEGBU, OGBELEJE & CO.

(CHARTERED ACCOUNTANTS) RC. LAZ. 029098

23, Rasaki Shittu Street, Isheri-Osun; P. O. Box 53830, Falomo; Lagos.
75, Area A, World Bank, Opposite Rossidkid Nursery School, Owerri, Imo State
Telephone: 08033006646, 08033047135. E-mail: consultants@uocng.net, Website: www.uocng.net

Partners: Ifechukwu C. Ukwuegbu, B.Sc, ACA, MNCS, Eva C. Ogbeleje, MPA, ACA, ACIT

**To the members of Universal Insurance Plc
Report on the audit of the financial statements of Universal Insurance Plc.**

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate financial position of Universal Insurance Plc (the company) and its subsidiary (together "the group") as at 31 December 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act Cap C20 LFN 2004, the Insurance Act 2003, circulars and relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pension Reform Act 2014, the Investment and Securities Act 2007 and the Financial Reporting Council of Nigeria Act, 2011.

What we have audited:

We have audited the accompanying consolidated and separate financial statements of Universal Insurance Plc ('the company') and its subsidiary (together 'the group')

Universal Insurance Plc's consolidated and separate financial statements comprise:

- The consolidated and separate statements of financial position as at 31 December 2019;
- The consolidated and separate statements of comprehensive income for the year then ended;
- The consolidated and separate statements of changes in equity for the year then ended;
- The consolidated and separate statements of cash flows for the year then ended; and
- The notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independent requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirement applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) (Parts A and B).

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 period. 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.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our opinion on the financial statements.

Independent Auditor's Report

Key Audit Matters identified:

Valuation of Insurance contract liabilities.

The company has material insurance liabilities. The measurement of insurance contract liabilities involves judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders.

Note 17 to the financial statements describe the elements that make up the insurance contract liabilities balance.

How our audit addressed the matter.

We focused on this balance because of the complexity involved in the estimation process, and the significant judgements that management and the directors make in determining the balance.

The valuation of the Group's gross and reinsurance incurred but not yet reported claims ("IBNR") reserve is determined in line with the provisions of the Nigerian Insurance Act to the extent that they do not conflict with the requirements of the International Financial Reporting Standards (IFRS). It is dependent on a number of subjective assumptions about future experience.

The economic and non-economic actuarial assumptions applied in estimating amounts for claims incurred at reporting date but not reported to the Group require judgement. Such assumptions include the loss ratio (the total losses paid by an insurance company in the form of claims and adjustment expenses as a proportion of total earned premiums) and recovery rate percentage (derived based on historical recovery to gross claim ratios). These would be determined for previous years based on the claims experience to date where claims and recovery data were available. For classes of business where no claims data is available, the average loss ratio experienced in the industry is used.

This estimate relies on the quality of the underlying data and involves complex and subjective judgements about future events, both internal and external to the business, for which minor changes in assumptions can result in material impacts to the estimate

The valuations are carried out by third party valuers. The valuers are engaged by the Group, and perform their work in accordance with the International Valuation Standards. The valuers used by the Group are from a well known firm, with experience in the markets in which the Group operates.

Classification and measurement of financial assets based on IFRS 9 adoption.

The Group had significant financial assets of N1,329 billion (2018: N2,858 billion). The Group adopted IFRS 9, effective January 1, 2018 which necessitated the development of new accounting policies and disclosures as well as significant judgements in determining the measurement category based on the business model and the cash flow characteristics of the financial assets. In addition, judgement was also exercised in the decision to adopt IFRS 9 based on the requirements of IFRS 4, Insurance contracts (Revised).

The adoption of the new standard resulted in significant changes to accounting policies, classification and measurement of financial instruments as well as the impact of the transition adjustment on the reserves previously recognised in the financial statements.

The significant judgement involved in the adoption of IFRS 9 and classification and measurement of the Group's financial assets make it a matter of significance to the audit.

How we addressed the matter.

Our audit procedures included the following:

- We evaluated the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, and our understanding of the Group's businesses.
- We gained an understanding of management's processes and the controls implemented to ensure the completeness and accuracy of the transition adjustments.
- We identified and tested relevant controls implemented in the classification and measurement of existing and new financial instruments.
- We evaluated the reasonableness of management's key assumptions/judgements over classification and measurement decisions as well as key judgements and estimates made in calculating the transition adjustments.
- We assessed the completeness, accuracy and relevance of data used in preparing the transition adjustments and disclosures required by IFRS 9 in the Group financial statements.

The Group's accounting policy on the classification and measurement of financial assets and related disclosures are shown in notes 2.6, 2.11.2 and 2.11.3 (accounting policies), and note 7 (financial assets).

Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises: Directors' report, Corporate governance report, Management discussion and analysis, Statement of directors' responsibilities, Report of the audit committee, Hypothecation, Statement of value added and Five year financial summary but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and: Business and financial highlights report, Chairman's statement, Chief Executive's review, Report of external consultants, Technical, operations and product report, Investment report, Risk management report, Non-dealing period policy which are expected to be made available to us after that date.

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

When we read the complete annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act and the Nigerian Insurance Act, 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 misstatements, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

Independent Auditor's Report

However, future events or conditions may cause the Group 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 consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Schedule 6 of the Companies and Allied Matters Act, CAP C20 LFN 2004 and Section 28(2) of the Insurance Act 2003, we expressly state that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- The Company has kept proper books of account, so far as appears from our examination of those books, and returns adequate for our audit have been received from branches not visited by us.
- The Company's statements of financial position and comprehensive income are in agreement with the books of account and returns.

Contraventions

The Company did not contravene in any of the requirements of National Insurance Commission, or the Insurance Act. The area of contravention is on the reporting requirements of the Financial Reporting Council of Nigeria (FRC). This is stated in Note 38 of the notes to the financial statements



Ukwuegbu, Ogbeleje & Co.
(Chartered Accountants)

Lagos, Nigeria

Engagement Partner: Ifechukwu C. Ukwuegbu

FRC/2014/ICAN/00000010453

May 27, 2020



Directors Report

The Directors have pleasure in submitting to the members their report and audited financial statements of Universal Insurance Plc. (the Group) for the year ended 31 December 2019.

1. LEGAL FORM

The Company was incorporated as a private limited liability company on 1st March, 1961 under the Cap 37 LFN and Lagos 1958 with RC No. 2460. The company was established by the then Eastern Nigerian Government and African Continental Bank Plc. through an association between the then Eastern Nigerian Development Commission (ENDC) and Pearl Assurance Company Limited of London whereby ENDC acted as agent to the Insurance Company.

The Universal Insurance Company Limited from inception has been in partnership with Swiss Reinsurance company of Zurich, which also provided the necessary Reinsurance support.

The company became a Public Liability Company on 14th December 2007, following the successful recapitalisation and consolidation with the former United Trust Assurance Company Limited, Oriental Insurance Company Limited and African Safety Insurance Company Limited. On the 11th February 2009, the company became listed on the Nigerian Stock Exchange. The Company has a subsidiary in the hospitality industry – Universal Hotels Limited. The Company is registered by the National Insurance Commission (“NAICOM”).

2. PRINCIPAL ACTIVITIES

The Company is engaged in Non - Life Insurance Businesses which include Motor, Fire, General Accident, Workmen compensation, Burglary, Marine Cargo, Marine Hull and Aviation etc.

3. OPERATING RESULTS

The financial result of the subsidiary has been consolidated in these financial statements. The following is a summary of the Group's operating results: - (in thousands of Nigerian Naira)

	Group 2019	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Profit/(Loss) before tax	(332,863)	(37,943)	(328,112)	(39,553)
Taxation	(10,500)	(7,635)	(10,500)	(7,120)
Profit/(Loss) after tax	60,322	(45,577)	65,073	(46,673)
Transfer to contingency reserve	(56,108)	(50,662)	(56,108)	(50,662)
Retained earnings, end of year	(2,654,885)	(3,056,441)	(1,731,982)	(2,144,427)
Earnings per share- Basic(Kobo)	0.38	(0.28)	0.41	(0.29)
Total Assets	11,002,009	13,881,998	10,027,182	12,891,741
Cash and cash equivalent	113,378	421,033	111,730	419,296
Financial assets	1,329,992	2,858,153	1,329,992	2,858,153
Insurance Contract liabilities	1,161,345	1,018,179	1,161,345	1,018,179
Share-holders' funds	9,185,408	10,294,123	8,352,599	9,450,426
Statutory Deposits	335,000	335,000	335,000	335,000

4. PROPERTY PLANT AND EQUIPMENT

Movement in Property Plant and Equipment during the year are as shown in note 15 of notes to the financial statements.

5. DIRECTORS

The Names of the Directors who held office during the period and at the date of this report are as stated on page 1.

Directors remuneration

Non-Executive Directors remuneration comprises of directors fees, sitting allowance and travel allowance for those outside the country payable during the year. Executive Directors remuneration includes salaries and allowances payable during the year.

Directors Report

6. DIVIDEND

No dividend has been proposed for year ended 31 December 2019.

7. DIRECTORS' INTERESTS

In accordance with sections 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 and the listing requirement of the Nigerian Stock Exchange, the direct and indirect interests of the directors' shareholding as advised by the Registrar of the company as at 31 December 2019 are as follows:

Directors	2019		2018	
	Direct	Indirect	Direct	Indirect
Lt. Gen. J.N. Dogonyaro (Retd), CFR, mni	Nil	Nil	Nil	Nil
Mr. Benedict Ujoatuonu	Nil	Nil	Nil	Nil
Mr. Reginald Anyanwu	150,000	Nil	150,000	Nil
Dr. Anthony Okocha	503,434	Nil	503,434	Nil
Mr Paulinus Offozor	Nil	Nil	Nil	Nil
Mr Jasper Nduagwuike	Nil	Nil	Nil	Nil

8. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, of any interest in contracts with which the Company was involved as at 31 December 2019 or as at the date of this report.

9. ANALYSIS OF SHAREHOLDINGS

The shares of the Company were fully owned by Nigerian citizens and associations.

The range of shareholding as at 31 December 2019 is as follows:

Range of holdings		No. of Holders	% of Holders	No. Of shares held	% of Holdings
-	1000	2093	3.44	1,612,308	0.01
1001	- 5000	11611	19.08	37,699,911	0.24
5001	- 10,000	9981	16.40	83,536,473	0.52
10,001	- 100,000	30,455	50.03	1,215,255,913	7.60
100001	- 500000	5543	9.11	1,188,918,648	7.43
500001	- 1000000	632	1.04	503,826,497	3.15
1000001	- 10,000,000	477	0.78	1,261,643,378	7.88
10000001	- 100000000	60	0.10	1,883,542,693	11.77
100000001	- 1000000000	15	0.02	4,180,119,881	26.13
1000000001	- 10000000000	2	0.003	5,643,844,298	35.27
Total		60,869	100.00	16,000,000,000	100.00

The following shareholders held more than 5% of shares of the company according to the Register of members as at 31st December 2019.

African Alliance Insurance Plc	4,155,106,088	25.97%
Stanbic Nominees Nigeria Limited	1,488,738,210	9.30%
Others	10,356,155,702	64.73%
	16,000,000,000	100.00%

Directors Report

The company did not purchase any of its own shares during the year.

10. FRAUD/FORGERY

There was no fraud recorded during the financial year under review.

11. CORPORATE GOVERNANCE

The Board of Directors and the Management of Universal Insurance Plc. are committed to leadership in corporate governance. The business of the Company is conducted by its employees and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the company for its shareholders and other stakeholders.

Corporate governance practices in Universal Insurance Plc. are as codified in the NAICOM Code of Corporate Governance for Insurance Industries in Nigeria, Rules 2009, the SEC Code of Corporate Governance 2010, the Companies and Allied Matters Act 2004 and other relevant statutes which provide guidance to the governing of Insurance companies as well as the values upon which the Company was founded. These Codes/Statutes are geared towards ensuring accountability of the Board and Management to the Stakeholders of the Company. The Code also emphasizes the need to meet and address the interests of a range of stakeholders so as to promote the long-term sustainability of the Company.

The Board of Directors is currently made up of Six (6) Directors. The position of the Chairman is distinct from that of the Managing Director. The Board is responsible for controlling and managing the strategic business of the company and constantly reviews and presents a balanced and comprehensive assessment of the company's performance and future prospects. It may exercise all such powers of the Company as are not by law or the Articles of Association of the company in General Meetings.

BOARD MEETINGS	COMPOSITION	NO. OF ATTENDANCE (4)	21 st Feb 2019	10 th May 2019	31 st July 2019	30 th Oct 2019
LT. Gen. Joshua Dogonyaro (Retd) CFR, mni	Chairman	3	o	x	x	x
Dr. Anthony Okocha	Non-Executive Director	4	X	X	X	X
Mr. Benedict Ujoatuonu	Managing Director	4	X	X	X	X
Mr. Reginald Anyanwu	Executive Director	4	X	X	x	X
Mr. Paulinus Offozor	Executive Director	4	X	X	X	X
Mr. Jasper Nduagwuike	Non-Executive Director	2	0	0	X	X

The Board functioned either as a full board or through committees. The Board committees as listed below make recommendations for approval by the full Board.

Directors Report

COMMITTEE	MEMBERSHIP	STATUS
Statutory Audit Committee	Mr. Clement A.C. Opara Mr. Reginald Anyanwu Mr. Oluwaseun B. Olukoya Mr. Angus O. Amiolemeh Dr. Anthony Okocha Mr. Paulinus Offorzor Mr. Jasper Nduagwuike Mr. Franklin Agha	Shareholder/Chairman Director/Member Shareholder /Member Shareholder /Member Director/Member Director/ Member Director/Member Member
Investment/Finance Committee	Dr. Anthony Okocha Mr. Benedict Ujoatuonu Mr. Reginald Anyanwu Mr. Paulinus Offorzor Mr. Jasper Nduagwuike	Chair man Member Member Member Member
Enterprise Risk Management/Corporate Governance Committee	Dr. Anthony Okocha Mr. Benedict Ujoatuonu Mr. Reginald Anyanwu Mr. Paulinus Offorzor	Chair man Member Member Member
Board Audit & Compliance Committee	Dr. Anthony Okocha Mr. Reginald Anyanwu Mr. Benedict Ujoatuonu	Chair man Member Member

STATUTORY AUDIT COMMITTEE:

The Committee held four meetings during the year. Section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 provides for the functions of this committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee. A Board Audit Committee is constituted to further ensure compliance to the statutory requirements.

STATUTORY AUDIT COMMITTEE

NAME	POSITION	NO. OF ATTENDANCE (4)	21 st Feb 2019	10 th May 2019	30 th July 2019	30 th Oct 2019
Mr Clement A.C Opara	Chairman	4	X	X	X	X
Mr Angus O. Amiolemeh	Member	4	X	X	X	X
Mr Oluwaseun B. Olukoya	Member	3	X	X	0	X
Mr Reginald Anyanwu	Member	3	X	X	X	0
Dr Anthony Okocha	Member	4	X	X	X	X
Mr Paulinus Offorzor	Member	4	X	X	X	X
Mr Jasper Nduagwuike	Member	1	0	0	0	x

Directors Report

BOARD AUDIT & COMPLIANCE COMMITTEE

NAME	POSITION	NO. OF ATTENDANCE (2)	14 th Feb 2019	25 st Mar 2019
Dr. Anthony Okocha	Chairman	2	X	X
Mr. Reginald Anyanwu	Member	2	X	X
Mr. Benedict Ujoatuonu	Member	2	X	X

INVESTMENT/FINANCE COMMITTEE

NAME	POSITION	NO. OF ATTENDANCE	20 th Feb 2019	9 th May 2019	29 th July 2019	29 th Oct 2019
Dr. Anthony Okocha	Chairman	4	X	X	X	X
Mr. Benedict Ujoatuonu	Member	4	X	X	X	X
Mr. Reginald Anyanwu	Member	4	X	X	X	X

ENTERPRISE RISK MANAGEMENT & CORPORATE GOVERNANCE

The Committee met three times during the year. It was set up to ensure effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting.

NAME	POSITION	NO. OF ATTENDANCE	20 th Feb 2019	9 th May 2019	31 st July 2019
Dr. Anthony Okocha	Chairman	3	X	X	X
Mr. Benedict Ujoatuonu	Member	3	X	X	X
Mr. Reginald Anyanwu	Member	3	X	X	X
Mr. Paulinus Oforzor	Member	3	X	X	X

In addition, a Management Executive Committee meets regularly to address policy implementation and other operational issues.

Guide to the tables

X = Present

O = Absent

Security Trading Policy

The Company has a share trading policy which is being adhered to in compliance with the requirements of the Nigerian Stock Exchange.

Complaint Management Framework Policy

The Company ensures that communication and dissemination of information regarding the operations of the Company to shareholders, potential investors and the general public is timely, accurate and continuous.

The Company has put in place a Complaints Management Framework Policy in compliance with the requirements of the Securities and Exchange Commission's rules relating to the Complaint Management Framework of the Nigerian Capital Market issued in 2015 and also the directive of the Nigerian Stock Exchange issued in 2015.

The Policy sets out a framework by which Universal Insurance Plc. and its Registrars can provide assistance to shareholders on issues relating to the Company and also provides a feedback mechanism for matters that affect shareholders.

Directors Report

Director Nomination Process

The Board Charter provides the criteria for the desired experience and competencies of new Directors. The Board is empowered under the Articles of Association to appoint a Director to fill a casual vacancy or an additional Director.

In reviewing the Board composition, the Board ensures a mix with representatives from different industry sectors. The appointment of Directors is however subject to the approval of NAICOM our primary regulator.

Induction and Continuous Training of Board Members

All Directors receive formal induction on appointment to the Board. The new Directors receive orientation about the Company and its operations through the Company Secretary who avails them with copies of the Company's Articles of Association and relevant books and regulations.

The Company also ensures that the Directors attend appropriate training and seminars to enable them to function properly. The training and education of Directors on issues pertaining to their oversight functions is a continuous process.

Annual Board Appraisal

The Board Charter provides for an annual performance appraisal of the entire Board to be carried out by an external consultant to be appointed by the Audit Committee.

The appraisal is conducted at the end of each financial year and is in compliance with the stipulations of the Code of Corporate Governance for insurance institutions.

Code of Professional Conduct for Employees

Every staff is expected to subscribe to the internal Code of Professional Conduct upon assumption of duties. Staff is also required to affirm their commitment to the Company annually and to strive at all times to maintain the highest standards of ethical conduct and integrity in all aspects of their professional work as contained in the Code of Professional Conduct.

Whistle Blowing Policy

The Company has adopted a Whistle Blowing Policy in line with best corporate governance practices. To this end, the Company has provided a dedicated number for the whistle-blowing procedure and a Whistle Blowing form. These can be accessed on the Company's website at www.universalinsuranceplc.com.

12. INCORPORATION AND SHARE CAPITAL HISTORY

The Universal Insurance Plc was incorporated as a Private Limited Liability Company on 1st of March 1961 and commenced business operations on 1st January 1962.

The Company's Authorised Share Capital at incorporation was 200,000.00 and has progressively increased over the years to 15,000,000,000.00 divided into 30,000,000,000 ordinary shares of 50 Kobo each. The Company currently has an Issued & Fully paid capital of N8,000,000,000.00 divided into 16,000,000,000 Ordinary shares of 50 Kobo each. The following changes have taken place in the company's authorised share capital since incorporation:

Changes to Authorised Share Capital:

Date of Resolution	Increased from	Increased to
24/04/1962	200,000.00	500,000.00
02/02/1977	500,000.00	1,000,000.00
01/11/1991	1,000,000.00	25,000,000.00
09/10/1998	25,000,000.00	100,000,000.00
06/01/2004	100,000,000.00	400,000,000.00
15/02/2007	400,000,000.00	2,000,000,000.00
29/03/2007	2,000,000,000.00	8,000,000,000.00
25/09/2007	8,000,000,000.00	11,000,000,000.00
12/10/2007	11,000,000,000.00	16,000,000,000.00

Directors Report

13. EMPLOYMENT AND EMPLOYEES

- a. **Welfare of employees**
The Company provides allowances to its employees at all levels for medical, transportation and housing.
- b. **Employees involvement and training**
The Company ensures that employees are informed in respect of the Company's activities especially in areas that concern them.

The Company also invests in training its workforce at various levels both in-house and external courses. This has resulted in enhancing the technical expertise of the workforce.

Workforce

The number of persons employed as at the end of the year were as follows:

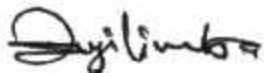
	Male	%	Female	%	Total
Managerial	19	(71)	8	(29)	27
Other Staff	38	(69)	17	(31)	55
	57	(69)	25	(31)	82

14. DONATIONS AND CHARITABLE GIFT

The company did not make any donation in the year.

15. AUDITORS

The firm of Ukwuegbu, Ogbeje & Co., having expressed their willingness, will continue in office as External Auditors of the Company in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.



BY THE ORDER OF THE BOARD
ONYILIMBA, CHINEDU ANTHONY ESQ
 COMPANY SECRETARY
 FRC/2016/NBA/00000015776
 May 27, 2020

Risk Management Declaration

We the Directors on behalf of Universal Insurance Plc, hereby endorse to the best of our knowledge and believe, having made appropriate enquiries that:

- a. The Company has instituted an operational structure aimed at adhering with National Insurance Commission's (NAICOM's) guidelines in relation to establishing a risk management framework for Insurance and Reinsurance in Nigeria.
- b. The Board is satisfied with the efficacy of the methods surrounding the production of financial information of the company.
- c. The Enterprise Risk Management and Internal Control structure functions are embedded in the company operational framework and are functioning effectively.



BENEDICT UJOATUONU
FRC/2013/CIIN/0000003282



REGINALD ANYANWU
FRC/2013/NIM/0000003245

Statement of Directors' Responsibilities in Relation to the Financial Statements

The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the end of the year and of its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria and the Insurance Act of Nigeria. The responsibilities include ensuring that the Group:

- i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act.
- ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, in compliance with;
 - International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
 - the requirements of the Insurance Act;
 - relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
 - the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



BENEDICT UJOATUONU
FRC/2013/CIIN/0000003282



REGINALD ANYANWU
FRC/2013/NIM/0000003245

Management Discussion and Analysis

NATURE OF BUSINESS

This Management Discussion and Analysis has been prepared as at 31st December 2019 and should be read together with the consolidated financial statements of Universal Insurance Plc and its subsidiary.

BUSINESS STRATEGY

The Universal Insurance Plc is registered and incorporated in Nigeria and it provides insurance and Risk Management Services to corporate and retail sector of Nigerian economy. It also strives to establish itself as one of the best insurance institutions in Nigeria.

One of the Company's strategies is to deploy the use of technology and quality manpower in providing tailor made services to our customers.

The company has been authorised to go into micro-insurance scheme. It is setting up the necessary procedures to achieve success in the area.

RESULT OF OPERATIONS

YEAR	GROUP			COMPANY		
	Dec 2019 N'000	Dec 2018 N'000	% change	Dec 2019 N'000	Dec 2018 N'000	% change
Gross Premium Written	1,870,255	1,688,673	11 %	1,870,255	1,688,673	11 %
Gross Premium Income	1,789,556	1,379,607	30 %	1,789,556	1,379,607	30 %
Total U/ W Income	1,459,051	1,202,802	21 %	1,459,051	1,202,802	21 %
Investment Income	123,396	88,607	39 %	123,396	88,607	39 %
Operating Expenses	1,148,340	718,399	60 %	1,106,441	671,372	65 %
Profit/loss before tax	(332,863)	(37,943)	752 %	(328,112)	(39,553)	705 %
Earnings per share (kobo)	0.38	(0.28)		0.41	(0.29)	

Universal Insurance Plc. recorded an increase of 11% in gross written premium as at 31st December 2019 when compared to the 2018 result.

REVENUE AND UNDERWRITING RESULT

There was an increase of N409.949M in gross premium income in 2019 as against 2018. A total of N189.737M was paid for claims in 2019 as against N223.107M in 2018.

INVESTMENT INCOME

The Company recorded an investment income of N123.396 million during the year as against N88.607 million in 2018.

OPERATING EXPENSES

The operating expenses for the year 2019 stood at N1,106.441million as against N671.372million in 2018.

Enterprise Risk Management (ERM) Report

1. Introduction

- 1.1 The essence of our business is underwriting the insurance risks of our clients. The process of fulfilling our objective of meeting client claims, as and when due, involves us in many activities ranging from correctly pricing the insurance risks, investing both Insurance and Shareholder Funds, ensuring our business contracts are adequately written, reporting our activities internally and externally, employing the right staff and having adequate employees and systems etc.

Each aspect of our processes exposes us to risk of not fulfilling our objectives through the possibilities of exposure to financial loss.

The Board, therefore has put in place a Risk framework for managing all risks the company is exposed to with the aim of achieving our Company Strategic Objectives. This process of Risk Management across all functional business units is termed Enterprise Risk Management (ERM).

The Board intends ERM to be embraced across the Group hence each business unit has been involved in identifying and ranking risks we face. ERM is therefore a process applied in strategy setting across the enterprise.

Thus, in developing our ERM framework, we identified risks inherent in the linkage of our Operational, Reporting and Compliance Objectives to our Strategic Objectives.

1.2 Objectives of Risk Management policy

Universal Insurance Risk Management policy is designed to ensure that our processes reflect our strategic objective expressed in our Vision and Mission Statement of being a world class financial institution that consistently goes beyond maximizing stakeholders' expectations.

Our stakeholders are multiple and have varied interests, they include: Shareholders, Policyholders, Regulators, Employees, Service Providers, Investing public, other insurers etc. To meet, and go beyond, stakeholder expectations requires our Risk Management policy to ensure that;

- Risk Appetite and Tolerance limits are not exceeded
- Reputation is at all times protected

2. Categories and Identification of Risk

2.1 Description of Key Risks

(a) Insurance Risk

Insurance risk arises from two main sources:

- Claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and retrocession programme.
- Balance Sheet Technical Reserves in respect of the outstanding terms for already written being inadequate for the corresponding emerging claims.

(b) Market Risk

Market risk arises from unexpected falls in the market value of company assets possibly leading to the desired solvency level breached and the need for additional capital. The key risk exposure area under market risk is interest rate risk, equity risk and foreign exchange risk.

(c) Liquidity Risk

Liquidity risk is the possibility of the company not being able to meet its financial obligations as and when due, due to liquidity rather than solvency reasons. This could arise if it is difficult to monetize/sell assets, or when there are unexpected large/rush of claims.

(d) Credit Risk

This is the risk of third parties not meeting their financial obligations to the company - for example re-assurers not paying their proportion of claims or bond issuers and creditors not paying interest income due.

Enterprise Risk Management (ERM) Report

(e) Operational Risk

This is possibility of adverse experience arising from the day-to-day operations of the company. It is risk linked to the company's people (quality, work ethics etc.), processes and systems. For instance,

- inadequate treaty policy wordings leading to unexpected claims etc.,
- breakdown of IT systems leading to loss of man hours.

(f) Legal/Compliance Risk

The main objective of compliance in the Company is making sure that the system is effective and efficient through ensuring adherence to rules and regulations as stipulated in the guidelines issued by NAICOM and SEC. This is aimed at achieving the set goals of providing sustainable services to the insuring public and all stakeholders. Procedures designed and implemented to ensure compliance include:

- Code of corporate governance for public companies by SEC
- Know your customer guidelines
- Code of good corporate governance for the insurance industry in Nigeria by NAICOM
- Whistle blowing guidelines
 - Marketing staff are taken through the guidelines on marketing operations
 - Copy of staff handbook is signed for by the staff

Staff members are being encouraged and empowered to report any violation of rules and regulations without fear of victimization in line with the guidelines issued by NAICOM.

(g) Reputational Risk

This is the risk of events and actions that undermine public interest, integrity and trust in a company's brand. To mitigate this type of risk, the company has adopted and implemented the use of customer feedback mechanisms, investor relation management, and sponsorship of media programmes to identify, assess and investigate grievances and complaints of customers and other stakeholders with a view to resolving issues satisfactorily.

3. Success Criteria

Universal Insurance success criteria are to build a risk culture whereby there is an adequate level of risk awareness across all business units and amongst all employees. This requires:

- that the risks faced be communicated across the Company.
- communication could be at entire Company level or be Business Unit (BU) specific.
- risks should continually be reassessed, and discussions should be encouraged to capture new emerging risks
- a risk report should be produced by the Chief Risk Officer, at least quarterly with the top risks highlighted. This should be discussed at the RMC meetings and if need be relevant heads of business units may be invited to contribute to the discussion.

4. Risk Management Structure

4.1 The comments below illustrate the Company's enterprise risk management structure.

- Board of Directors
 - Board Audit & Compliance Committee
 - Board Enterprise Risk Management Committee
 - Board Establishment & Governance Committee
 - Board Finance and Investment Committee
 - Management Committee
 - Risk Management Committee
 - Business Units

The Board of Directors sets the tone for risk management through approving:

- Strategic Objectives for the company
- The company's Risk Appetite and Tolerance Limits

Enterprise Risk Management (ERM) Report

The Board Audit and Compliance Committee has oversight functions on regulatory compliance, External auditor, financial reporting, risk management and monitoring internal control processes.

The Board Investment Committee reviews the financial performance of the Company, reviews and approves the management and performance of the investment portfolio, and to review all significant financial transactions for the Company, including debt and capital transactions.

The Board Risk Management Committee ensures effective control measures and sets up sufficient internal checks to ensure effective and efficient underwriting. The committee assists in the review and approval of the company's risk management policy; oversees management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.

The Risk Management Committee (RMC) has the oversight role of ensuring that the business units adhere to the Board's risk directive. The RMC will ensure/ encourage business units to develop a risk culture whereby;

- all leaders are aware of the Company's Strategic Obligations and Risk Appetite and Limits
- Business processes adhere to the stipulated risk limits and, if they are likely to be exceeded – the information is quickly escalated to the Risk Officer/RMC

The RMC through its Chairman, reports on risk matters to the Board.

The Risk Officer and each Business unit implement the risk management process through identifying current and emerging risks and reviewing the controls in place.

The Risk Officer collates quarterly enterprise-wide reports for the RMC inclusive of the Risk Map, Risk Profile and Risk Dashboard of the top 10 or 15 risks illustrating control trends and, mitigation advice to accept risk, share risk or reject risk.

5. Risk Identification and Assessment

5.1 A consistent approach has been adopted to identifying and assessing risks across the following business units of the Company:

- | | | | | |
|-------------------------|---------------------|--------------------|------------|-------------|
| ■ Technical (Insurance) | ■ Investment | ■ Finance | ■ IT | ■ Marketing |
| ■ Administration | ■ Corporate Affairs | ■ Legal/Compliance | ■ Property | |
| ■ Risk Management | ■ Human Resources | | | |

5.2 Risk Identification

To effectively identify and assess the potential risks faced within each Business Unit of the group, we have adopted the following Enterprise Risk Management framework structure as described below.

Strategic Objectives

High-level goals aligned with and supporting the company's mission. These high-level goals are set at the Board level, reviewed periodically, and cascaded through the operations, reporting and compliance objectives of the different Business units.

Operational Objectives

Effective and efficient use of the company's resources.

To identify the potential risks faced by each Business unit in its operations, we followed the process outlined below;

- Identify all the core processes undertaken in the Business unit.
- For each identified core process, define its objective.
- During a brainstorming session, discuss the likely events that could hinder achievement of these defined objectives and document them as the potential risks.

Reporting Objectives

Reliability of reporting:

As a Business unit, all the reports that should be generated for internal use, weekly, monthly, quarterly or annually to support decisions making by the Management or Board were identified and listed. The events that could lead to non-production, delay, or inaccurate production of these reports were then identified and listed as the potential risks faced.

Enterprise Risk Management (ERM) Report

Compliance Objectives

Compliance with applicable laws and regulations:

The procedure followed to identify the potential risks faced is similar to the process described above for reporting. All the regulatory and statutory bodies and the reports submitted to meet their requirements for the Business unit concerned were identified during the brainstorming session.

6. Line of Defence

We operate and maintain three lines of defence for the management and oversight of risk to ensure adherence to guiding principles and control. The lines of defence are:

First Line – Board and Management

The Board, Management and line managers are responsible for identifying and assessing the risks faced by the company in line with the set risk appetite and ensuring that appropriate controls are established and maintained.

Second Line – Risk Management Unit

The Company's Risk Management department is responsible for designing risk framework methodologies and tools which support the business in analysing and managing risks and providing early warning of adverse trends. The department reports to the Board, Management and Staff on risk identification, control and mitigation.

Third Line – Internal Audit Function

This line of defence provides independent and objective assurance on the effectiveness of internal controls established by the Board, Management and Risk Unit in the Company.

7. Risk Appetite

- 7.1 The Board of Universal Insurance Plc has been able to define a robust Risk Appetite and Tolerance statements and framework. Our Risk Appetite is a statement of how much risk the company is willing to take in the process of achieving its strategic objectives. Put another way the risk appetite states how much of the company's capital, embedded value and, forecast earnings the company/the Board is prepared to risk in the process of attaining the company objectives.**

On the other hand, our Risk Tolerance statement allocates the Risk Appetite to our Business Units. Our risk appetite statement is both quantitative and qualitative. It aims to ensure that we have adequate capital in the event of extreme claim events whilst at the same time having good management - underwriting, expense levels, good investment returns etc.

8. Risk Reporting

- 8.1 The Company quarterly prepare Risk Reports to be reviewed and discussed by the Risk Management Committee.**

The risk report includes:

- ✓ The Company's risk profile.
- ✓ Discussion on the high risks identified in the risk map.
- ✓ Assessment of adherence to the risk appetite and tolerance statement.
- ✓ Discussion on emerging risks.

There are also periodic risk assessment reports, and re-ranking risks at periods deemed necessary.

Company Information and Significant Accounting Policies

The following are the statement of significant accounting policies applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.0 General Information

The financial statements of the company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors. The Company is a public limited company incorporated and domiciled in Nigeria. The Corporate head office is located at 8, Gbagada Expressway, Anthony, Lagos, while the registered office is at 4, Ridgeway Road, Enugu, Enugu State.

1.1 Principal Activities

The group is principally engaged in the business of providing risk underwriting and related financial services to its customers and hospitality services. Its operation also involves property investment and asset management. The group products are classified as either insurance contracts or investment contracts.

1.2 Going concern status

These financial statements have been prepared on the going concern basis. The group has no intention 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 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 operation of the group.

1.3 Effect of Covid-19 Pandemic.

The audit exercise was at the verge of conclusion when the pandemic was declared globally. There was no material effect on audit exercise, hence no effect on the audit report for the year 2019.

2.0 Application of new and revised International Financial Reporting Standards (IFRSs)

i) Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to companies reporting under IFRS. Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise of the consolidated statement of comprehensive income, the consolidated statement of financial position, the statements of changes in equity, the consolidated statement of cash flows and the notes.

A number of new standards and amendments to standards and interpretations are effective for future application;

- IFRS 16: Leases (Effective date from 1 January 2019). Early adoption is permitted. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC – 15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions involving the legal form of a Lease.

The standard set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS eliminates the classification of leases as operating leases or finance lease as required by IAS 17 and introduces a single lessee accounting model. Applying the model, a lessee is required to recognise a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value and b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward accounting requirements of IAS17. Accordingly, a lessor continues to classify its leases as operating lease or finance leases, and to account for these two types of leases differently.

The Group is assessing the potential impact on its consolidated and separate financial statements resulting from the amendment.

- IFRS 17: Insurance Contracts (Effective date from 1 January, 2021). Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Company Information and Significant Accounting Policies

Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
 - A simplified approach (the premium allocation approach) mainly for short-duration contracts.
- The Group is in the process of determining the impact of IFRS 17 in its financial statements.

Significant Accounting Policies

2.1 Statement of Compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1 January, 2014.

The consolidated and separate financial statements comply with the requirement of the Companies and Allied Matters Act CAP LFN 2004, Insurance Act 2003, the Financial Reporting Council Act, 2011 , and relevant National Insurance Commission (NAICOM) guidelines and circulars. This is the first set of the Group's financial statements where IFRS 9 and IFRS 15 have been applied.

Changes to significant accounting policies are described in Note 2.6 (Accounting Policies). These financial statements were authorised for issue by the Company's board of directors on March 20, 2020.

2.2 Basis of Preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalue amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange transactions except for certain investments whose valuation was based on observable input from asset managers.

2.3 Reporting Currency

The consolidated and separate financial statements are presented in Nigerian Naira and are rounded to the nearest thousand ('000) unless otherwise stated.

2.4 Basis of measurement

These financial statements are prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value
- Financial assets at fair value through other comprehensive income are measured at fair value
- Investment properties are measured at fair value.
- Land and Building under property, plant and equipment are measured at fair value.

2.5 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis to take account of new and available information. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that period or both current and future periods.

Company Information and Significant Accounting Policies

2.6 Changes in accounting policies

The Group has initially applied IFRS 9 and IFRS 15 with a transition date of 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of January 1, 2018.

- (i) **Classification, Measurement & Impairment of Financial assets under Financial Instruments (IFRS 9).**
The Group has adopted IFRS 9, "Financial Instruments" as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements.
- (ii) **IFRS 15: Revenue from contracts with customers**
The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at a point in time or over time.
The model features a contract-based five-step analysis of transactions to determine whether how much and when revenue is recognized. The adoption of this standard does not have a significant impact on the Group.

Changes in accounting policies resulting from the adoption of IFRS 15 have been applied from the effective date of the standard.

2.7. Basis of Consolidation

i) Subsidiary

The Group financial statements comprise the financial statements of the Company and its subsidiary made up to 31st December of the year. A subsidiary is an entity, including an incorporated entity such as partnership that is controlled by another entity known as the parent. The consolidated financial statements are prepared using uniform accounting policies for the like transactions and events in similar circumstances in the books of the holding company and the subsidiary. Separate disclosure is made for non-controlling interest if any.

The consolidated financial statements combine the financial statements of Universal Insurance Plc ('the Company') and its subsidiary, Universal Hotels Limited, (together 'the Group') wherein there is majority shareholding and/or control of the Board of Directors and Management.

Intra-group balances and transactions and any unrealized gains arising from intra-group transactions are eliminated unless the transaction provides evidence of impairment of the asset transferred.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity if any
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.

Investment in the subsidiary is stated at cost in the financial statements of the Company.

ii) Investment in associated company

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried in the balance sheet at cost

2.8 Segment reporting

A segment is a distinguishable component of the company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is

Company Information and Significant Accounting Policies

subject to risks and rewards that are different from those of other segments. The company's primary format for segment reporting is based on business segment. The Company does not operate any separate business segment now.

2.9 Foreign currencies

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in Naira, which is the functional currency of the parent, and the presentation currency for the financial statements.

Transactions in foreign currencies are recorded in Naira at the rate of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted into Naira at the rates of exchange ruling on the balance sheet date. All exchange gains and losses arising there from are presented in profit and loss within 'other operating income' or 'other operating expenses'.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group applied the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 31 December 2019. The 2018 comparative period was not restated, and the requirement under IAS 39 'Financial Instruments :Recognition and Measurement' were applied. The key changes are in the classification and impairment requirements.

2.11.1 Recognition and initial measurement

Financial assets and liabilities, with the exception of loans and receivables from related party, are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Other loans and receivables from related parties are recognised when funds are transferred to the party's accounts. The Group recognises balances due to related parties when funds are transferred to the Group.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

2.11.2 Classification of financial instruments

(a) Policy applicable from January 1,2018

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

- Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling)
- Those to be measured at fair value through profit or loss (FVTPL) and
- Those to be measured at amortized cost.

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

The Group classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

Company Information and Significant Accounting Policies

(b) Policy applicable prior to January 1, 2018

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'

(i) Business model assessment

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenario into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

(ii) Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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

Company Information and Significant Accounting Policies

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset features); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs on these instruments are recognised in profit or loss as incurred.

Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) Reclassification

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

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

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

A temporary disappearance of a particular market for financial assets

A transfer of financial assets between parts of the entity with different business models.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model.

Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model'.

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

2.11.3 Subsequent measurements

(a) Policy applicable from January 1, 2018

The subsequent measurement of financial assets depends on its initial classification:

(i) Debt instruments

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Company Information and Significant Accounting Policies

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

- **Fair value through other comprehensive income (FVOCI)**

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

the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. Upon disposal or de recognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as realized gain or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as investment income.

- **Fair value through profit or loss (FVTPL)**

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt securities that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/loss' in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as investment income.

In addition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

This is done on initial recognition of the instrument.

(ii) **Equity instruments**

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

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

(b) **Policy applicable prior to January 2018**

- **Financial assets at fair value through profit or loss**

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

- **Loans and receivables**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

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- **Available-for-sale financial assets**

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

2.11.4 Impairment of financial assets

(i) Policy applicable from 1 January 2018

(a) Overview of the Expected Credit Losses (ECL) principles

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalent
- Receivables from related party
- Other loans and receivables
- Statutory deposit

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined. The 12month ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
- **Stage 2:** When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.
- **Stage 3:** Financial assets considered credit-impaired. The Company records an allowance for the LT ECLs.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition, POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

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

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

The Group considers a financial asset to be in default when the following occurs;

- The counterparty is unlikely to pay its credit obligations e.g. market information
- Failure by the counterparty to meet obligation 90 days past due.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. indicators of financial asset or breach of covenant.
- quantitative e.g. overdue status and non payment of another obligation of the same issuer to the Group.

The Group has defined its maximum period in estimating expected credit losses to be the maximum period to which the Group is exposed to the credit risk.

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

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

(b) The calculation of ECLs

Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are the present value of the expected cash shortfalls.

The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort.

IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss may vary based on the type of the financial asset and the information available.

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows;

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

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

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Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1:** The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2:** When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3:** For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

(c) Debt instruments measured at fair value through OCI

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

(d) Purchased or originated credit impaired financial assets (POCI)

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

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

For POCI financial assets, the Company only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

(e) Collateral valuation

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

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

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(f) Presentation of allowance for ECL in the statement of financial position

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

Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

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

(g) Write-off

After a full evaluation of a non-performing exposure, in the event that either one or All of the following conditions apply, such exposure is recommended for write-off (either partially or in full)

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

All credit facility write-off require endorsement by the Board Risk Committee, as Defined by the Group. Credit write-off approval is documented in writing and And properly initialled by the Board Risk Committee

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(h) Forward looking information

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

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

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

(ii) Policy applicable prior to 1 January 2018

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

- Objective evidence that financial assets are impaired includes;
- default or delinquency by a debtor;
- restructuring of an amount due Co the Group on terms that the Group would consider otherwise; indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a company of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

(a) Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant asset are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the

(b) Available-for-sale financial assets

Where an available-for-sale asset measured at fair value is impaired, the impairment loss is recognized in profit or loss. If any loss has been recognised in other comprehensive income previously, this will be reclassified to profit or loss as part of impairment loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

2.11.5 Fair value measurement - policy applicable for current and comparative periods

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

If a market for a financial instrument is not active-then the Group establishes fair value using a valuation technique. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

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

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

2.11.6 Derecognition of financial assets - policy applicable for current and comparative periods

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

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

2.11.7 Derecognition of financial liabilities - policy applicable for current and comparative periods

The Group derecognizes financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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2.11.8 Write off - policy applicable for current and comparative periods

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

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

2.12 Trade and other receivables

Trade Receivables

Receivables include amounts due from agents, brokers and insurance contract holders. Receivables arising under insurance contracts are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivable are measured at amortized cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Other Receivables

Other receivables principally consist of prepayments, accrued income and sundry debtors and are carried at amortized cost. Impairment of trade receivables (Other receivables) – policy applicable from 1 January 2018

The measurement

Impairment:-

A provision for impairment is made when there is objective evidence, (such as the probability of solvency or significant financial difficulties of the debtors) that the group will not be able to collect the amount due under 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. Impairment debts are derecognised 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 that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

2.13 Reinsurance assets

The group cedes insurance risk in the normal course of business on the bases of the treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

The Group assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the reinsurance asset is impaired, the 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.

Premium, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the company from its obligations to policyholders. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognized based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured. Invested income on these contracts is accounted for using the effective interest rate method when accrued.

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i) **Impairment of reinsurance asset**

Reinsurance asset are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the Group will not be able to collect the amounts due from reinsurers.

II) **Reinsurance Recoveries**

Reinsurance recoveries in respect of incurred but not reported (IBNR) claims are assumed to be consistent with the historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Group's reinsurance programmes. An assessment is made of the recoverability of reinsurance having regard to available data on the financial strength of the reinsurance companies.

III) **Reinsurance liabilities**

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

2.14 **Deferred Acquisition Cost**

The proportion of acquisition costs that corresponds to the unearned premiums are deferred as an asset and recognized in the subsequent period. Acquisition costs comprise of all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during the 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 expense the ratio of unearned premium to written premium.

2.15 **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the property is derecognized.

2.16 **Property, Plant and Equipment**

Group occupied properties are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight line method to write down the cost of assets in equal instalments over their estimated useful lives, at the following annual rates:

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<u>Asset Description</u>		<u>Years</u>
Building (property) (2%)		50
Motor vehicles (25%)		4
Machine & Equipment (10%)		10
Furniture and fittings (10%)		10
Computer Equipment (10%)		10

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.17 Intangible assets

This is the policy in line with the Statement of Accounting Standard 31 on Intangible Assets issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board), which is effective for annual periods beginning on or after 1 January 2011.

(a). Computer software

Purchased software that is not integral to the related hardware is recognised at cost. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use; - Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software product
- The expenditure attributable to the software product during its development can be reliably measured. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets that have finite useful lives; are amortised on the straight-line basis over 5 years and are carried at cost less accumulated amortization and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

(b). Other intangible assets:

The company expenses the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in the statement of comprehensive income in the period in which the costs are incurred. Prepayment assets are recognised for advertising or promotional expenditure up to the point at which the company has the right to access the goods purchased or up to the point of receipt of services.

De-recognition of intangible assets: An intangible asset is de-recognised on disposal, or when future economic benefits are expected from use or disposal. Gains or losses arising from de- recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets is recognised in income statement when the asset is de-recognised.

2.18 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash

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-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalue amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.19. Statutory deposit

Statutory deposit represents 10% of required minimum paid up capital of the Company. The amount is held by Central Bank of Nigeria pursuant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

3.0. Classification of Insurance Contracts

(i) Insurance contracts are those contracts that transfer significant insurance risk. Contracts that are classified as insurance contracts are those under which the company underwrites significant insurance risk from another party (the Broker or Insured) by agreeing to compensate the insured or other beneficiary if a fortuitous random event (the insured event) adversely affects the policyholder or other beneficiary.

(ii) Recognition and measurement of Insurance Contracts

Short-term insurance contracts under General business are accounted for on an annual basis. Insurance contracts entered into by the company are accounted for on an annual basis except insurance contracts under Contractors All Risks which may cover the whole period of construction usually exceeding one year.

(a). **Insurance Contract Premium:** - Written premium on insurance contracts comprises premium on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premium relating to expired risk period is taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as unearned premium.

(b). **Claims arising from insurance contracts:** - Claims incurred in respect of Insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not yet reported (IBNR).

3.1 Technical reserves

(i). **Reserve for unearned premium** – provision for unearned premium represents the portion of gross premium income on short-term general business insurance contracts that relate to a period of risk after the end of accounting period. This is calculated on a time apportionment basis of the risk accepted in the year in accordance with the provisions of Section 20

(1) (a) of the Insurance Act 2003

(ii). **Reserve for unexpired risk-** A provision for additional unexpired risk reserve (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)"

Company Information and Significant Accounting Policies

Unexpired risk provision is determined based on the underwriting experiences of each class of business written. The unexpired risks provision is determined in a way that allows for proper segregation of items of income and expenditure. In this case, deferred acquisition expenses are disregarded and a provision is made for the entire acquisition expenses being carried forward separately.

(iii) Provision for outstanding claims and incurred but not reported (IBNR) claims

Provision for liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims.

Material salvage and other recoveries including reinsurance recoveries are presented as assets. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, environmental and pollution exposures, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material. The liability for Incurred But Not Reported (IBNR) claims is calculated at the end of the reporting period, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability was not discounted for time value of money; and no further provision was made for equalization or catastrophe reserves (as prohibited by IFRS 4). These liabilities are derecognized when the obligation to pay a claim is extinguished (i.e. expires, discharged or cancelled).

(iv). Liquidity adequacy test:

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. Any deficiency is immediately charged to profit or loss and subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

IFRS 4 requires a liability adequacy test for the insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns better.

(v). Hypothetication of investment:

In line with the provisions of Section 25 of the Insurance Act 2003, adequate investment is allocated to Policy holders fund in order of liquidity. These investments are held as back up to cover the Insurance Contract Liability Funds at each point in time.

3.2 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to income as incurred. Arrangement fees in respect of financing arrangements are charged to borrow costs over the life of the related facility.

3.3 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, except the due date of the liability is less than one year.

Provisions

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

Company Information and Significant Accounting Policies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.4 Employee benefit liability

Defined Contribution Plan.

The company operates contributory pension plan for eligible staff. It makes provision for retirement benefit in accordance with the Pension Reform Act of 2014, with the company contributing 10% and the employee contributing 8%. The company contribution is charged to the statement of comprehensive income. Remittances are made to each employee's chosen pension fund administrator.

3.5 Current and deferred tax

Income tax is provided on taxable profit at the current statutory rate.

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development Levy at 1% of accounting profit before tax. Withholding tax at 10% chargeable on contract supplies. Value Added tax (VAT) of 5% on vat able items.

ii) Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Company Information and Significant Accounting Policies

iii) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.0 Share capital and share premium

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.

I) Treasury shares

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other capital reserves. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement is classified as trading instruments. Changes in the fair value are reported in the income statement.

II) Retained earnings

Retained earnings are the carried forward recognized income net of expenses plus current period profit attributable to shareholders.

4.1 Contingency Reserves

The company maintains contingency reserves in accordance with the provisions of S. 21 of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation; until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

4.2 Dividends

Dividends on the company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the company's shareholders. Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the company's shareholders.

4.3 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

5.0 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

5.1 Revenue recognition

(a) Premium: -Premium income is stated on cash basis.

- (i) **Gross Premium** – is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover.
- (ii) **Gross Premium Earned** – is written premium after adjusting for the unearned portion of the premium. Written premiums are recognised as income when due from the policyholders and confirmed receivable. Premiums are stated gross of commission and exclusive of taxes and duties levied on premiums.
- (iii) **Unearned Premium** - premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.

Company Information and Significant Accounting Policies

(iv) **Net Premium Earned**- net premium earned represents gross premium less reinsurance costs.

(b) **Reinsurance**

Proportional and non-proportional reinsurance premiums are accounted for on an accrual basis. Reinsurance premium are recognized as outflows in accordance with the tenor of the reinsurance contract.

(i) **Reinsurance cost**

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

(ii) **Reinsurance Recoveries**

Reinsurance recoveries represent that portion of claims paid/payable on risk ceded out in respect of which recoveries are received / receivable from the Reinsurer

(iii) **Prepaid Reinsurance**

Unexpired reinsurance cost is determined on a time apportionment basis and is reported under other assets in the statement of financial position.

(c) **Fee and commission income**

Fee and commission income consists primarily of investment contract fee income, reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

(d) **Investment income**

Income from investments comprise of income earned on quoted and unquoted investments and is recognised in the accounts on an accrual basis. Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

(e) **Interest**

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

(f) **Dividend income**

Dividend income from available-for-sale equities is recognised when the shareholders' rights to receive payment have been established. This is the ex-dividend date for the equity securities.

(g) **Rental income**

Rental income is recognised on an accruals basis.

(h) **Realised gains and losses**

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

(i) **Unrealized gains and losses**

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

(j) **Salvage and subrogation reimbursement**

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (for example salvage). The company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Company Information and Significant Accounting Policies

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

2.2 Gross Claims Incurred

Benefits and claims

Gross benefits and claims consist of benefits and claims paid to policyholders.

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the company records the liability for the claims. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

(i) **Gross claims paid** – consists of direct claims, plus reinsurance claims.

(ii) **Gross claims incurred** – consists of claims and claims handling expenses paid during the financial year after adjusting for movement in provision for outstanding claims and IBNR.

(iii) **Net claims incurred** – is gross claims incurred after adjusting for reinsurance claims recoveries.

5.3 Insurance Contracts

The company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

IFRS 4 permits the continued use of previously applied GAAP.

I) Liability adequacy

At each reporting date, the company performs a liability adequacy test on its insurance contract liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying amount of insurance liabilities is adequate using current estimates of future cash flows. Any deficiency is charged as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability.

5.4 Reinsurance expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

5.5 Costs:

1. Underwriting expenses

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts'. Acquisition costs comprise of all direct and indirect costs arising from the writing of insurance contracts. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff, and are deferred and amortized in proportion to the amount of premium determined separately for matching concept. Maintenance expenses are charged to the revenue account in the accounting period in which they are incurred.

5.5 Other Operating and Administrative Expenses.

These are management expenses other than claims, investments and underwriting expenses. They include salaries and wages, depreciation charges and other non-operating expenses. Management expenses are accounted for on accrual bases and recognised in the income statement upon utilisation of the services or at the date of their origin.

These financial statements are prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value
- Financial assets at fair value through other comprehensive income are measured at fair value
- Investment properties are measured at fair value.
- Land and Building under property, plant and equipment are measured at fair value.

Consolidation Statements of Financial Position

	NOTES	GROUP		COMPANY	
		31/12/2019 N'000	31/12/2018 N'000	31/12/2019 N'000	31/12/2018 N'000
Assets					
Cash and Cash Equivalents	6	113,378	421,033	111,730	419,296
Financial Assets	7	1,329,992	2,858,153	1,329,992	2,858,153
Trade Receivable	8	48,113	57,064	8,735	10,931
Reinsurance Assets	9	453,343	237,065	453,343	237,065
Deferred Acquisition cost	10	89,168	96,592	89,168	96,592
Deferred tax assets	23.a	403,685	-	403,685	-
Other Receivable	11	167,880	1,734,940	174,747	1,744,652
Investment in Subsidiaries	12	-	-	2,449,516	2,449,516
Investment Properties	13	5,235,696	5,224,697	1,886,000	1,875,000
Intangible Asset	14	55,242	42,914	55,242	42,914
Property, Plant and Equipment	15	2,770,513	2,874,540	2,730,026	2,822,622
Statutory Deposits	16	335,000	335,000	335,000	335,000
Total Assets		11,002,010	13,881,998	10,027,183	12,891,741
Liabilities					
Insurance Contract Liabilities	17	1,161,345	1,018,179	1,161,345	1,018,179
Borrowings	18	-	-	-	-
Trade payable	19	127,183	40,907	93,459	21,287
Other payable	20	117,347	1,698,568	104,003	1,666,578
Employee benefit liability	21	-	2,178	-	2,178
Income Tax liabilities	22	23,292	36,924	18,902	32,534
Deferred tax liabilities	23	387,435	791,120	296,875	700,560
Total Liabilities		1,816,602	3,587,876	1,674,584	3,441,316
Equity					
Issued and paid Share capital	24.1	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	24.2	825,018	825,018	825,018	825,018
Contingency Reserves	24.3	484,775	428,667	484,775	428,667
Fair value reserve	24.4	6,459	1,583,838	6,459	1,583,838
Non Current assets revaluation reserve	24.5	2,524,040	2,513,040	768,329	757,329
Retained earnings	24.6	(2,654,885)	(3,056,441)	(1,731,982)	(2,144,427)
Shareholders funds		9,185,408	10,294,122	8,352,599	9,450,425
Other equity instruments		-	-	-	-
Non - controlling interests					
TOTAL EQUITY & LIABILITIES		11,002,009	13,881,998	10,027,182	12,891,741

Signed on behalf of the Board of Directors on 27 May, 2020



BENEDICT UJOATUONU
CHIEF EXECUTIVE OFFICER
FRC/2013/CHN/0000003282



REGINALD ANYANWU
EXECUTIVE DIRECTOR
FRC/2013/NIM/0000003245



SAMUEL U. NDUBUISI
CHIEF FINANCE OFFICER
FRC/2013/ICAN/0000003290

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

Statements of Comprehensive Income

	Notes	GROUP		COMPANY	
		31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-19 N'000	31-Dec-18 N'000
Gross Premium written	25	1,870,255	1,688,673	1,870,255	1,688,673
Decrease/(increase) in unearned premium		(80,700)	(309,067)	(80,700)	(309,067)
Gross Premium Earned		1,789,556	1,379,607	1,789,556	1,379,606
Reinsurance Premium Expense	26	(410,488)	(226,615)	(410,488)	(226,615)
Net Insurance Premium Income		1,379,068	1,152,992	1,379,068	1,152,991
Fees and Commission income	27	79,984	49,810	79,984	49,810
Total Underwriting Income		1,459,051	1,202,802	1,459,051	1,202,801
Insurance benefits					
Claims expenses	28	(405,950)	(262,704)	(405,950)	(262,704)
Claims Expense Recovery from reinsurance	28	216,213	185,252	216,213	185,252
Change in contract liabilities	28	-	(145,655)	-	(145,655)
Net insurance benefit and claims		(189,737)	(223,107)	(189,737)	(223,107)
Underwriting Expenses					
Acquisition expenses	29	(272,323)	(237,729)	(297,382)	(237,729)
Maintenance expenses	29	(377,217)	(214,720)	(377,217)	(214,720)
Total Underwriting Expenses		(674,599)	(452,449)	(674,599)	(452,449)
Underwriting Profit/(Loss)		594,715	527,246	594,715	527,245
Investment income	30	123,396	88,607	123,396	88,607
Other operating income		37,148	48,637	-	-
Total investment income		160,544	137,244	123,396	88,607
Net Income		755,259	664,489	718,111	615,852
Unrealised fair value loss		(368,940)	-	(368,940)	-
Net realised gains/(loss) on financial assets	31 (i)	418,158	(5,033)	418,158	(5,033)
Deferred tax derecognised on reclassification of financial assets	23	-	-	-	-
Net fair value gain/(loss) on investment properties		11,000	21,000	11,000	21,000
Other operating and administrative expenses	32	(1,148,340)	(718,399)	(1,106,441)	(671,372)
Total Expenses		(1,088,122)	(702,432)	(1,046,223)	(655,405)
Result of operating activities		(332,863)	(37,943)	(328,112)	(39,553)
Interest expense	33	-	-	-	-
Profit or (Loss) before Taxation		(332,863)	(37,943)	(328,112)	(39,553)
Income Tax Expense/ (Credit)	22.1a	393,185	(7,635)	393,185	(7,120)
Profit or Loss after Taxation		60,322	(45,578)	65,073	(46,673)

Statements of Comprehensive Income

Profit or Loss for the period		<u>60,322</u>	<u>(45,578)</u>	<u>65,073</u>	<u>(46,673)</u>
Other comprehensive income /(loss)		-	-	-	-
Revaluation surplus on PPE		-	-	-	-
Total other comprehensive income					
Total comprehensive income / (loss) for the year					
Profit attributable to:					
Equity holders of the Company		60,322	(45,578)	65,073	(46,673)
Non-controlling interest			-	-	-
Profit/(loss) for the period		<u>60,322</u>	<u>(45,578)</u>	<u>65,073</u>	<u>(46,673)</u>
Other Comprehensive income					
Items within OCI that may be reclassified to the profit or loss:					
Fair value changes in AFS financial assets		(1,159,221)	7,128	(1,159,221)	7,128
Deferred tax impact of changes in AFS financial assets		403,685	-	403,685	-
Items within OCI that will not be reclassified to the profit or loss:					
2018 impairment gain/loss on Financial Assets	31 (ii)	2,092	(2,789)	(938)	6,147
PPE revaluation gains		-	-	-	-
Deferred tax impact of revaluation gains		-	-	-	-
Other comprehensive income for the period		<u>(753,444)</u>	<u>4,339</u>	<u>(756,474)</u>	<u>13,275</u>
Total comprehensive income		<u>(693,122)</u>	<u>(41,239)</u>	<u>(691,401)</u>	<u>(33,398)</u>
Total comprehensive income attributable to:					
Equity holders of the company		(693,122)	(41,239)	(691,401)	(33,398)
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		<u>(693,122)</u>	<u>(41,239)</u>	<u>(691,401)</u>	<u>(33,398)</u>
Earnings per share-(basic and diluted)(Kobo)	34	0.38	(0.28)	0.41	(0.29)

In thousands of Nigerian naira

	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Fair value reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2019	8,000,000	825,018	2,513,040	428,667	1,583,838	(3,056,441)	10,294,122
Total comprehensive income							
Profit and loss	-	-	-	-	-	60,322	60,322
Other comprehensive income							
Gain on the revaluation of land and buildings			11,000				11,000
Foreign currency translation difference							-
Fair value reserve (available-for-sale) financial assets							-
Net change in fair value							-
Net amount transferred to profit or loss							-
Gain on the revaluation of land and buildings							-
Net Fair value changes in AFS financial assets					(1,159,221)	403,685	(755,536)
Net gain/loss on previous AFS reclassified to FVTPL					(418,158)	(6,344)	(424,502)
Fair value reserve derecognised on disposal					-	-	-
Transfer to contingency reserve				56,108		(56,108)	-
Other comprehensive income	-	-	11,000	56,108	(1,577,379)	341,233	(1,169,038)
Total comprehensive income for the period	-	-	11,000	56,108	(1,577,379)	401,556	(1,108,716)
Transfer during the year	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	-	-	-	-	-
Balance at 31 December 2019	8,000,000	825,018	2,524,040	484,775	6,459	(2,654,885)	9,185,407
Balance at 1 January 2018	8,000,000	825,018	2,513,040	378,007	1,576,710	(2,880,007)	10,412,768
IFRS 9 Transition						(76,049)	(76,049)
Total comprehensive income for the period							-
Profit or loss						(46,936)	(46,936)
Other comprehensive income							
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	7,128	-	7,128
Fair value reserve derecognised on disposal	-	-	-	50,660	-	(2,789)	(2,789)
Transfer to contingency reserve	-	-	-	50,660	7,128	(53,449)	4,339
Other comprehensive income for the period	-	-	-	50,660	7,128	(100,385)	(42,596)
Total comprehensive income for the period	-	-	-	50,660	7,128	(100,385)	(42,596)
Balance at 31 December 2018	8,000,000	825,018	2,513,040	428,667	1,583,838	(3,056,441)	10,294,123

In thousands of Nigerian naira

	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Fair value reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2019	8,000,000	825,018	757,329	428,667	1,583,838	(2,143,069)	9,451,783
Total comprehensive income							
Profit and loss						65,073	65,073
Other comprehensive income							
Gain on the revaluation of land and buildings			11,000				11,000
Foreign currency translation difference							
Fair value reserve (available-for-sale) financial assets							
Net change in fair value							
Net amount transferred to profit or loss							
Gain on the revaluation of land and buildings							
Net Fair value changes in AFS financial assets					(1,159,221)	403,685	(755,536)
Net gain/loss on previous AFS reclassified to FVTPL					(418,158)	(1,564)	(419,722)
Fair value reserve derecognised on disposal							
Transfer to contingency reserve				56,108		(56,108)	
Other comprehensive income for the period				56,108	(1,577,379)	346,013	(1,164,258)
Total comprehensive income for the period			11,000	56,108	(1,577,379)	411,087	(1,099,185)
Transfer during the year							
Dividends to equity holders							
Total contribution and distributions to owners							
Balance at 31 December 2019	8,000,000	825,018	768,329	484,775	6,459	(1,731,982)	8,352,599
Balance at 1 January 2018	8,000,000	825,018	757,329	378,007	1,577,379	(2,039,913)	9,497,151
IFRS 9 Transition Adjustment						(11,970)	(11,970)
Total comprehensive income for the period							
Profit or loss						(46,672)	(46,672)
Other comprehensive income							
Gain on the revaluation of land and buildings							
Net Fair value changes in AFS financial assets					7,128		7,128
Fair value reserve derecognised on disposal						6,147	6,147
Transfer to contingency reserve				50,660		(50,660)	
Other comprehensive income for the period				50,660	7,128	(44,513)	13,275
Total comprehensive income for the period				50,660	7,128	(91,186)	(33,397)
Balance at 31 December 2018	8,000,000	825,018	757,329	428,667	1,584,507	(2,143,069)	9,451,784

Statement of Cash Flows

	GROUP		COMPANY	
	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-19 N'000	31-Dec-18 N'000
Cash flows from operating activities				
Insurance premium received from policy holders, Brokers & Agents, Cedants	1,872,451	1,375,449	1,872,452	1,375,449
Commission received	79,984	49,810	79,984	49,810
Reinsurance receipts in respect of claims	(114,269)	185,252	(114,269)	185,252
Reinsurance premium paid	(410,488)	(226,615)	(410,488)	(226,615)
Prepaid Minimum and Deposit on Oil & Gas	(12,465)	-	(12,465)	-
Other operating cash payments	(742,478)	(652,270)	(750,479)	(396,712)
Insurance benefits and Claims paid	(343,483)	(223,107)	(343,483)	(223,107)
Payments to intermediaries to acquire insurance contracts	(289,958)	(303,231)	(289,958)	(303,231)
Maintenance expenses	(377,217)	(214,720)	(377,217)	(214,720)
Interest Received	43,469	59,075	43,469	59,075
Dividend Income Received	67,927	16,740	67,927	16,740
Cash generated from operations	(226,526)	66,383	(234,527)	321,941
Company Income Tax paid	(24,132)	(40,000)	(24,132)	(40,000)
Net cash provided by operating activities	(250,658)	26,383	(258,659)	281,941
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(43,622)	122,884	(35,532)	(106,775)
Purchase of Intangible Assets	(25,376)	(29,894)	(25,376)	(29,894)
Purchase of Listed Equities	-	-	-	-
Investment income and other receipts	11,999	2,795	11,999	2,795
Unlisted AFS Disposed	-	-	-	-
Net Cash provided by investing activities	(56,999)	95,785	(48,909)	(133,874)
Cash Flows from Financing Activities				
Proceeds from borrowings	-	-	-	-
Net cash provided by financing activities	-	-	-	-
Net Increase/(decrease) in cash and cash equiv.				
Cash and Cash equivalent at the beginning	421,034	298,866	419,297	271,230
Net increase/decrease in cash and cash equivalents	(307,657)	122,168	(307,568)	148,067
Cash and Cash equivalent at the end of period	113,377	421,034	111,729	419,297

Notes to the Financial Statements

1. General Information:

The financial statements of the Company for the period ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors.

The Company is a public limited company incorporated and domiciled in Nigeria. The corporate head office is located at 8, Gbagada Expressway, Anthony, Lagos.

The Company is principally engaged in the business of providing risk underwriting, related financial services and hospitality services to its customers.

2. Summary of significant accounting policies:

The principal accounting policies applied in the preparation of these financial statements are disclosed.

3. Critical accounting estimates and judgements:

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the period. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.(i) Fair value of financial assets:

Financial assets are deemed to be impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, group evaluates the normal volatility in share price, the financial health of the investee industry and sector performance, technological changes and cash flow among other factors.

The fair value of financial instruments where no active market exists or where quoted prices are not available are determined by using.

In these cases, the fair values are estimated from observable data derived for that instrument and valued in the case of the group, by applying the ruling exchange rate at close of business.

3.(ii) Liabilities arising from insurance contract:

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported.

Claims incurred but not reported (IBNR) are determined using statistical analyses. The group believes that the reserves are adequate for the period.

4. Insurance and Financial risks management

The Company issues contracts that transfer insurance risk or financial risk or both.

4.1 Insurance Risks management

The Company accepts insurance risk through its insurance contracts and certain investments contracts where it assumes the risk of loss from persons or organisations to the underlying loss. The Company is exposed to the uncertainty surrounding the timing.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

The Company writes general insurance businesses. The most significant risks arise from persistency, longevity, morbidity, expense variations and investment returns. Concentration of risk may arise from geographic regions, epidemics, accumulation of risks and market risk.

4.2 Financial Risk Management

The company monitors and manages the financial risks relating to the operations of the company through internal risk reports magnitude of risks.

Notes to the Financial Statements

These risks include:

- Market risk
- Credit risk
- Liquidity risk

4.2.1 Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes.

Market risks arises due to fluctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risks.

Interest rate risk management

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

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk company also exists in products sold by the Company.

The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements.

4.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to honour its obligations and cause the Company to incur a financial loss.

The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit exposure is controlled by counterparty limits that are reviewed and approved by the Risk Management Committee annually.

4.2.3 Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking

and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities.

The Company is exposed to liquidity risk arising from clients on its insurance contracts.

In respect of catastrophic events, there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims, and maturing liabilities. The Company's assets contain marketable securities which could be converted into cash when required.

4.3 Impairment assessment (Policy applicable from 1 January 2019)

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

Notes to the Financial Statements

The Company's process to assess changes in credit risk is multi-factor and has three main elements (or 'pillars'):

- quantitative element (i.e. reflecting a quantitative comparison of PD at the reporting date and PD at initial recognition);
- a qualitative element; and
- 'backstop' indicators

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)

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 Company recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

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 Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

During the year, there has been no significant increase in credit risk on the financial asset of the company. However, a Corporate bond held by the company defaulted during the year and was considered credit impaired individually using lifetime PD.

Expected credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12mECL and lifetime for the calculation of LTECL. 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.

4.4 Impairment assessment (Policy applicable from 1 January 2019)

Amounts arising from ECL

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 Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company 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 Company also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experiences 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.

Notes to the Financial Statements

The Company 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 company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due.

- The criteria do not 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.

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 Company 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;

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 occurring at the reporting date based on the modified term; with The risk of default occurring estimated based on data on initial recognition and The original contractual terms.

Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.

- The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).
- The obligor is past due more than 90 days on any material credit obligation to the Company.

The elements to be taken as indications of unlikelihood to pay include:

- The insurer puts the credit obligation on non-accrued status.
- The insurer makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the bank taking on the exposure.
- The insurer sells The credit obligation at a material credit-related economic loss.
- The insurer consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees

4.4.1 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.11.4 Summary of significant accounting policies and in Note 2.5 Significant accounting judgements, estimates and assumptions.

To ensure completeness and accuracy, the company obtains the data used from third party sources (Central Bank of Nigeria, Trading Economies e.t.c.). The following tables set out the key drivers of expected loss and the assumptions used for the company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2018 and 31 December 2019.

4.4.2 Analysis of inputs to the ECL model under multiple economic scenarios-continued

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

Notes to the Financial Statements

The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

Key drivers	ECL scenario	Assigned probability	2020	2021	2022	2023	2024
31-Dec-19							
Inflation Rate	Upturn	10%	15.0	14.1	14.1	14.1	14.0
	Base-case	79%	15.8	14.9	14.9	14.9	14.8
	Downturn	11%	16.8	15.9	15.9	15.9	15.8
Unemployment Rate	Upturn	10%	13.1	13.1	13.1	13.1	15.4
	Base-case	79%	15.6	15.0	15.0	15.0	17.3
	Downturn	11%	16.9	16.9	16.9	16.9	19.2
Crude oil Price (USD per barrel)	Upturn	10%	56.1	56.9	56.9	56.9	54.5
	Base-case	79%	53.1	54.3	54.3	54.3	51.9
	Downturn	11%	51.2	52.0	52.0	52.0	49.6
1-Jan-19							
Inflation Rate	Upturn	10%	14.0	15.0	14.1	14.1	13.2
	Base-case	78%	14.8	15.6	14.9	14.9	14.0
	Downturn	12%	15.8	16.8	15.9	15.9	15.0
Unemployment Rate	Upturn	10%	15.4	13.1	13.1	13.1	16.9
	Base-case	78%	17.3	15.6	15.0	15.0	18.8
	Downturn	12%	19.2	16.9	16.9	16.9	20.7
Crude oil Price (USD per barrel)	Upturn	10%	54.5	56.1	56.9	56.9	52.7
	Base-case	78%	51.9	53.1	54.3	54.3	50.1
	Downturn	12%	49.6	51.2	52.0	52.0	47.8

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2019 In thousand of Nigerian Naira	Other receivables from related parties	Placements	Statutory deposit	Staff loans	Current account balances	Other receivables (For Subsidiary)	Bank balances (for subsidiary)
Upside	191,750	-	14,276	52,095	43,618	6,883,809	-
Base	1,549,982	-	115,396	421,100	35,736	55,644,118	-
Downside	207,729	-	15,466	56,436	30,761	7,457,459	-
Total	1,949,461	-	145,137	529,631	110,115	69,985,386	-

1 January 2019 In thousand of Nigerian Naira	Other receivables from related parties	Placements	Statutory deposit	Staff loans	Current account balances	Other receivables (For Subsidiary)	Bank balances (for subsidiary)
Upside	271,958	56,080	18,051	169,967	56,666	7,181,776	236
Base	2,198,328	453,315	145,915	1,373,897	458,052	58,052,686	1,909
Downside	294,621	60,754	19,556	184,131	61,388	7,780,257	256
Total	2,764,907	570,149	183,522	1,727,995	576,106	73,014,719	2,401

4.4.3 Exposure to credit risk

The tables below show the maximum exposure to credit risk by class of financial asset.

In thousand of Nigerian Naira	Maximum Exposure	Associated ECL (2019)
For the year ended 31 December 2019	₦'000	
Current account balances	110,184	110
Placements with Banks	9	-
Staff loans	4,148	530
Statutory deposit	335,000	145
Other receivables (For Subsidiary)	225,746	69,985
Bank balances (for subsidiary)	1,637	-
Other receivables from related parties	35,460	1,950
Total financial asset at amortized cost	712,185	72,720

Notes to the Financial Statements

In thousand of Nigerian Naira		Maximum Exposure	Associated ECL(2018)
<i>For the year ended 31 December 2018</i>	Note	₦'000	
Current account balances		392,827	576
Placements with Banks		26,795	570
Staff loans		7,592	1,728
Statutory deposit		335,000	184
Other receivables (For Subsidiary)		235,531	73,015
Bank balances (for subsidiary)		1,649	2
Other receivables from related parties		35,960	2,765
Other receivables (rent receivables)		-	-
Total loans and receivables		1,035,354	78,840

The amount reported above is the gross exposure on cash and cash equivalent, staff loans and other receivables.

In measuring credit risk of other receivables to various counterparties, the Company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations.

4.4.4 Analysis of risk Concentration

The company's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2019 was N712.185 million (2018: N1.035 billion).

4.4.5 Analysis of risk Concentration

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis

<i>31 December 2019</i> <i>In thousand of Nigerian Naira</i>	Individuals	Financial services	Government	Others	Total
Cash and Cash Equivalent	-	446,830	-	-	446,830
Other Receivables	4,148	-	-	35,460	39,608
Trade receivable- Receivable from sub	-	-	-	225,746	225,746
	4,148	446,830	-	261,206	712,185

<i>31 December 2018</i> <i>In thousand of Nigerian Naira</i>	Individuals	Financial services	Government	Others	Total
Cash and Cash Equivalent	-	756,271	-	-	756,271
Other Receivables	7,592	-	-	35,960	43,552
Trade receivable- Receivable from sub	-	-	-	235,531	235,531
	7,592	756,271	-	271,491	1,035,354

5 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

6 Cash and Cash Equivalent

This comprises of:	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Cash In Hand	3,439	2,710	3,428	2,622
Current Account Balances	110,184	392,858	108,547	391,209
Placement with banks	9	26,795	9	26,795
	113,633	422,363	111,985	420,626
Allowance for Impairment Losses	(255)	(1,330)	(255)	(1,330)
Impairment Allowance For Current Account (GROUP)	113,378	421,033	111,730	419,296

Notes to the Financial Statements

6.1 Impairment Allowance For Current Account (GROUP)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to current account balances is as follows:

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	Stage 2 individual	Stage 3	Total N'000
Gross carrying amount as at 1 January 2019	392,858	-	-	392,858
New assets originated or purchased	110,184	-	-	110,184
Payments and assets derecognized or repaid (excluding write offs)	(392,858)	-	-	(392,858)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	110,184	-	-	110,184

6.1.1 Impairment allowance for current account balances- continued

<i>In thousands of Nigerian Naira</i>	110,184 individual	Stage 3	N'000
ECL allowance as at 1 January 2019 under IFRS 9	760	-	760
New assets originated or purchased	110	-	110
Payment and assets derecognized or repaid (excluding write offs)	(615)	-	(615)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-
Changes to models used for ECL calculations	-	-	-
Changes to estimates and assumptions used for ECL calculations	-	-	-
Unwind of discount	-	-	-
Transfers to Stage 3	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-
Recoveries	-	-	-
Amounts written off	-	-	-
Foreign exchange adjustments	-	-	-
At 31 December 2019	255	-	255

6.1.2 Analysis of changes in the gross carrying of Placements with bank during the Year

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to placements with banks is as follows:

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	individual	Stage 3	N'000
Gross carrying amount as at 1 January 2019	26,796	-	-	26,796
New assets originated or purchased	9	-	-	9
Payments and assets derecognized or repaid (excluding write offs)	(26,796)	-	-	(26,796)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	9	-	-	9

Notes to the Financial Statements

6.1.3 Impairment allowance for placements with bank

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	individual	Stage 3	₦'000
ECL allowance as at 1 January 2019 under IFRS 9	570	-	-	570
New assets originated or purchased	-	-	-	-
Payment and assets derecognized or repaid (excluding write offs)	(570)	-	-	(570)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to models used for ECL calculations	-	-	-	-
Changes to estimates and assumptions used for ECL calculations	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	-	-	-	-

6.2 Impairment Allowance For Current Account (COMPANY)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to current account balances is as follows:

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	individual	Stage 3	₦'000
Gross carrying amount as at 1 January 2019	391,209	-	-	391,209
New assets originated or purchased	108,547	-	-	108,547
Payments and assets derecognized or repaid (excluding write offs)	(391,209)	-	-	(391,209)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	108,547	-	-	108,547

6.2.1 Impairment allowance for current account balances - continued

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	individual	Stage 3	₦'000
ECL allowance as at 1 January 2019 under IFRS 9	760	-	-	760
New assets originated or purchased	110	-	-	110
Payment and assets derecognized or repaid (excluding write offs)	(615)	-	-	(615)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to models used for ECL calculations	-	-	-	-
Changes to estimates and assumptions used for ECL calculations	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	255	-	-	255

Notes to the Financial Statements

6.2.2 Analysis of changes in the gross carrying of Placements with bank during the year

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to placements with banks is as follows:

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	individual	Stage 3	₦'000
Gross carrying amount as at 1 January 2019	26,796	-	-	26,796
New assets originated or purchased	9	-	-	9
Payments and assets derecognized or repaid (excluding write offs)	(26,796)	-	-	(26,796)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	9	-	-	9

6.2.3 Impairment allowance for placements with bank

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	individual	Stage 3	₦'000
ECL allowance as at 1 January 2019 under IFRS 9	570	-	-	570
New assets originated or purchased	-	-	-	-
Payment and assets derecognized or repaid (excluding write offs)	(570)	-	-	(570)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to models used for ECL calculations	-	-	-	-
Changes to estimates and assumptions used for ECL calculations	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	-	-	-	-

6.3 Reconciliation of ECL Impairment allowance	GROUP		COMPANY	
	2,019 N'000	2,018 N'000	2,019 N'000	2,018 N'000
Opening balance as at January 1	1,330	-	1,330	-
Increase/(decrease) during the year (Note 31 (ii))	(1,075)	1,330	(1,075)	1,330
Closing balance as at December 31	255	1,330	255	1,330

7 Financial asset	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Equity instrument at fair value through profit or loss				
-Mandatorily measured at FVPL	1,329,992	612,182	1,329,992	612,182
Equity instrument at fair value through OCI	(0)	2,245,971	(0)	2,245,971
Total Equity instruments	1,329,992	2,858,153	1,329,992	2,858,153
Current	612,182	612,182	612,182	612,182
Non-current	717,810	2,245,971	717,810	2,245,971

Notes to the Financial Statements

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

	GROUP		COMPANY	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Listed Equity securities				
Balance as at January 1	612,182	617,215	612,182	617,215
Addition during the year	-	-	-	-
Reclassification from FVOCI (MTN shares- Note 7(b))	1,086,750	-	1,086,750	-
Disposal during the year	-	-	-	-
Fair value gain/(loss)	(368,940)	(5,033)	(368,940)	(5,033)
Foreign Exchange gain/(loss)	-	-	-	-
Net impairment gain/(loss)	-	-	-	-
Balance as at 31 December	1,329,992	612,182	1,329,992	612,182

Previous fair value gain reserve of N418.156m related to the sum of N1,086,750 reclassified to FVTPL. This amount has been subsequently reclassified to profit or loss.

(b) Fair Value through Other Comprehensive Income (FVOCI)

	GROUP		COMPANY	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Financial Assets				
Unlisted Equity securities				
Balance as at January 1	2,245,971	2,238,842	2,245,971	2,238,842
Addition during the year	-	-	-	-
Reclassification to FVTPL (MTN shares- Note 7(a))	(1,086,750)	-	(1,086,750)	-
Disposal during the year	-	-	-	-
Fair value gain/(loss)	(1,159,221)	7,128	(1,159,221)	7,128
Foreign Exchange gain/(loss)	-	-	-	-
Net impairment gain/(loss)	-	-	-	-
Balance as at 31 December	(0)	2,245,971	(0)	2,245,970

Investment in MTN was converted to Quoted Investment in the year. Fair value gain/(loss) is posted to the Account

(b.1) Net Fair Value Gain/(Loss)	1,577,379		1,577,379	
Fair value reserve as at Jan. 1, 2019	(1,159,221)		(1,159,221)	
Fair Value loss on MTN		5,033		5,033
Net Gain	418,158	5,033	418,158	5,033

(c) Returns on MTN shares

2019	=N=	
2018	34,109	
2017	16,740	
	20,890	

8 Trade Receivables

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Insurance receivables	8,735	10,931	8,735	10,931
Other receivables (From subsidiary)	109,363	119,148	-	-
Impairment on Subsidiary	(69,985)	(73,015)	-	-
	48,113	57,064	8,735	10,931

8.1 Age Analysis of Trade receivables

Within 30 days	8,735	10,931	8,735	10,931
Above 30 days	39,378	46,133	-	-
	48,113	57,064	8,735	10,931

8.2 Premium receivable from agents, brokers and intermediaries

Due from agents	-	-	-	-
Due from brokers	5,169	6,182	5,169	6,182
Due from insurance companies	3,566	4,749	3,566	4,749
Due from insurance companies	-	-	-	-
	8,735	10,931	8,735	10,931

8.3 Movements on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:

At beginning of year JANUARY 1	-	-	-	-
Provision for impairment	(69,985)	(73,015)	-	-
Amount written off during the year as uncollectible	-	-	-	-
At end of year (31 December 2019)	(69,985)	(73,015)	-	-

9 Reinsurance Assets

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Reinsurance Share of UPR	182,586	65,561	182,586	65,561
Reinsurance Share of Outstanding Claims	133,878	131,624	133,878	131,624
Reinsurance Share of IBNR	124,414	20,117	124,414	20,117
Total Reinsurance Assets	440,878	217,301	440,878	217,302
Prepaid Minimum and Deposit (M&D) on Oil & Gas	12,465	19,764	12,465	19,764
	453,343	237,065	453,343	237,066

Notes to the Financial Statements

9.1 Movements in Reinsurance share of UPR				
At the beginning of the year	65,560	46,165	65,560	46,165
Increase/(Decrease) during the year	117,026	19,395	117,026	19,395
Balance at the end of the year	182,586	65,560	182,586	65,560
9.2 Movement in Reinsurance Share of outstanding Claims				
Balance at the beginning of the year	131,624	232,030	131,624	232,030
Increase/(Decrease) during the year	2,254	(100,406)	2,254	(100,406)
Balance at the end of the year	133,878	131,624	133,878	131,624
9.3 Movement in Reinsurance Share of IBNR				
Balance at the beginning of the year	20,117	75,408	20,117	75,408
Increase/(Decrease) during the year	104,297	(55,291)	104,297	(55,291)
Allowance for impairment	-	-	-	-
Balance at the end of the year	124,414	20,117	124,414	20,117
9.4 Movement in Reinsurance Share of Prepaid (M&D)				
Balance at the beginning of the year	19,764	21,900	19,764	21,900
Increase/(Decrease) during the year	(7,299)	(2,136)	(7,299)	(2,136)
Balance at the end of the year	12,465	19,764	12,465	19,764

There were no indicators of impairments for re-insurance assets as balance are set-off against payable from retrocession at the end of every quarter Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value

10 Deferred acquisition

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

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Motor	10,023	6,471	10,023	6,471
Fire	10,591	40,064	10,591	40,064
General accident	15,757	12,750	15,757	12,750
Bond	5,512	6,124	5,512	6,124
Engineering	6,984	7,615	6,984	7,615
Oil & Gas	15,553	15,350	15,553	15,350
Aviation	13,185	81	13,185	81
Marine	11,563	8,137	11,563	8,137
Additional (DCA) per actuarial Valuation Report	-	-	-	-
	89,168	96,592	89,168	96,592

10.1 Movement in deferred acquisition cost

At beginning of year	96,592	31,090	96,592	31,090
Changes during the year	(7,420)	65,502	(7,420)	65,502
At end of year	89,172	96,592	89,172	96,592
Due within 12 months	89,172	96,592	89,172	96,592
Due after more than 12 months	-	-	-	-

11 Other Receivables, Prepayments

The balance is analysed as follow:

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Prepayments	145,764	122,127	145,764	122,122
Due from Related Parties	35,460	35,960	42,685	35,960
Staff Debtors	4,148	7,592	4,148	7,592
Staff Share Loan	-	1,598,942	-	1,598,942
Deposit for properties (reclassified from inv.)	720,000	720,000	720,000	720,000
Other receivables	3,325	3,223	3,325	3,223
	908,697	2,487,844	915,922	2,487,839
Impairment of due from related parties	(1,950)	(2,765)	(1,950)	(2,765)
Impairment Charges on Staff loan	(530)	(1,728)	(530)	(1,728)
Impairment of other loans and receivables	(738,695)	(749,307)	(738,695)	(738,695)
	167,522	1,734,044	174,747	1,744,651
Current	167,522	135,102	174,747	145,710
Non-current	-	1,598,942	-	1,598,942

Notes to the Financial Statements

Movement in staff share loan	GROUP		COMPANY					
	2,019 N'000	2,018 N'000	2,019 N'000	2,018 N'000				
Balance as at January 1	1,598,942	-	1,598,942	-				
Addition during the year	-	-	-	-				
Prepayment during the year	-	-	-	-				
Reclassified due to African Alliance Insurance Plc (Note 20.1(a))	(1,598,942)	-	(1,598,942)	-				
Accrued Interest on staff share loan	-	-	-	-				
Impairment loss	-	-	-	-				
Balance as at December 31	-	-	-	-				
11.1 Inventories								
Stock of raw materials	358	895	-	-				
	<u>358</u>	<u>895</u>	<u>-</u>	<u>-</u>				
	167,880	1,734,939	174,747	1,744,651				
11.2 Prepayments								
Other Receivable	30,597	30,597	30,597	30,597				
Prepaid Rent	27,944	5,624	27,944	5,624				
Recapitalization Expenses	51,000	50,006	51,000	50,006				
Interest Payables(Lease)	32,380	32,381	32,380	32,381				
FIRS WTH A/C	3,843	3,519	3,843	3,514				
	<u>145,764</u>	<u>122,127</u>	<u>145,764</u>	<u>122,122</u>				
11.3 Staff Debtors								
Prepaid Staff Peronal Loan	4,148	7,592	4,148	7,592				
11.3.1 Movement in staff Debtors	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000				
Balance as at January 1	7,592	5,511	7,592	5,511				
Addition in the year	7,321	7,036	7,321	7,036				
Interest earned during the year	204	255	204	255				
Repayments during the year	(10,969)	(5,210)	(10,969)	(5,210)				
Balance as at 31 December	<u>4,148</u>	<u>7,592</u>	<u>4,148</u>	<u>7,592</u>				
11.4 Movement in impairment allowance as at December 31,2019								
GROUP								
		Due from related parties	Staff Debtors	Staff Share loan	Deposit for properties	Other receivables	Total	
	Prepayment							
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross Amount as at December 31	145,764	35,460	4,148	-	720,000	3,325	908,697	
ECL as at January 1	(15,370)	(2,765)	(1,728)	-	(720,000)	(3,325)	(743,188)	
Increase/(Decrease) in Impairment Allowances during the year	-	815	1,698	-	-	-	2,013	
Write back/write off/Reversal during the year	-	-	-	-	-	-	-	
Reclassification	-	-	-	-	-	-	-	
Carrying Amount as at December 31	<u>130,394</u>	<u>33,510</u>	<u>3,618</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>167,522</u>	
11.4.1 COMPANY								
Movement in impairment allowance as at December 31,2019								
		Due from related parties	Staff Debtors	Staff Share loan	Deposit for properties	Other receivables	Total	
	Prepayment							
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross Amount as at December 31	145,764	42,685	4,148	-	720,000	3,325	915,922	
ECL as at January 1	(15,370)	(2,765)	(1,728)	-	(720,000)	(3,325)	(743,188)	
Increase/(Decrease) in Impairment Allowances during the year	-	815	1,198	-	-	-	2,013	
Write back/write off/Reversal during the year	-	-	-	-	-	-	-	
Reclassification	-	-	-	-	-	-	-	
Carrying Amount as at December 31	<u>130,394</u>	<u>40,735</u>	<u>3,618</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>174,747</u>	

Notes to the Financial Statements

In June 2008, Universal Insurance Plc paid for 20 units of Houses to be developed by Minaj Holdings Limited in the Vine Garden Estate Abuja. Commencement of this project is doubtful. Effort is being made to recover the fund as development of the property is no longer feasible. Minaj Holdings Limited, (the developer) have confirmed that the project was stalled and Union Bank of Nigeria eventually sold the debt to the Asset Management Corporation of Nigeria (AMCON). Universal Insurance Plc have registered their interest with AMCON and is waiting response while still in discussion with Minaj Holdings Limited. This amount has been fully provided for in the financial statement.

12 Investment in subsidiaries	31-12-2019	31-12-2018	31-12-2019	31-12-2018
This comprises of investment in:	N'000	N'000	N'000	N'000
Universal Hotels Limited (Note 12(i))	-	-	2,449,516	2,449,516
Impairment charge on Universal Hotel	-	-	-	-
Investment in subsidiaries	-	-	2,449,516	2,449,516

12(I) Universal Hotels Limited

The company was established to carry on the business of providing hotel, accommodation, tourist and hospitality activities. Universal Insurance Plc has 100% investments in the company.

13 Investment properties	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	N'000	N'000	N'000	N'000
Oyigbo Garden Avenue estate	530,000	524,000	530,000	524,000
Rumudumu For Model Estate	816,000	816,000	816,000	816,000
UHE Complex	3,349,696	3,349,696	-	-
Others (Nigeria Cement company; Progress Bank Ltd; Nigeria Tobacco Ltd; Ferdinand Oil Ltd)	-	-	-	-
Molit Mall	540,000	535,000	540,000	535,000
	5,235,696	5,224,696	1,886,000	1,875,000
Impairment loss on investment properties	-	-	-	-
	5,235,696	5,224,696	1,886,000	1,875,000

The properties of the Company at Oyigbo Garden Estate and Rumudumu For Model Estate were revalued on December 31, 2019 by A.C.Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value of the Investment Properties. The fair value gain/(loss) on the investment properties were recognised in the Statement of Comprehensive Income for the period.

Investment properties represent buildings and un-developed landed properties acquired for subsequent disposal in the near future and not occupied substantially by the company or members of the group of the holding company. They are not subjected to periodic charges for depreciation. Valuation was carried out at point of purchase and this value has been carried at transition as fair value of the investment with provision made for impairment on Vine Estate investment as project development is yet to commence. Other investments have been fully provided for under NGAAP.

13.a Movement of Assets	Balance as at Jan 1	Addition	Disposal	Reclassification	Transfer	Revaluation Gain	Balance as at 31 December	Status in Title
1 Oyigbo Garden Avenue Estate	524,000	-	-	-	-	6,000	540,000	Yes
2 Rumudumu For Model Estate	816,000	-	-	-	-	-	816,000	NO
3 Molit Mall	535,000	-	-	-	-	5,000	540,000	Yes
Total	1,875,000	-	-	-	-	11,000	1,886,000	

13.b Assets In The Name of Conau Limited:	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	N'000	N'000	N'000	N'000
	Amount	Amount	Amount	Amount
Rumudumu Model Estate Portharcourt	816,000	816,000	816,000	816,000

These assets were introduced by Conau Limited in 2007 during the recapitalisation exercise, with deeds assigning the properties to Universal Insurance Plc

Status of Perfection of Title:

The firm of IBOM Partners, a firm of attorneys, solicitors, fraud examiners & legal consultants have been appointed to commence the process of perfecting the title to the properties in the name of Universal Insurance Plc.

Notes to the Financial Statements

14 INTANGIBLE ASSETS(2019)

14.a Intangible Assets(2019)

	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Cost				
Balance, beginning of period	66,883	36,989	66,883	36,989
Additions	25,376	29,894	25,376	29,894
Transferred from PPE (Computer)	-	-	-	-
Balance, end of period	92,259	66,883	92,259	66,883
Accumulated amortisation				
Balance, beginning of period	23,969	16,439	23,969	16,439
Amortisation expense/impairment charge	13,047	7,530	13,047	7,530
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	37,016	23,969	37,016	23,969
Net book amount				
End of period	55,242	42,914	55,242	42,914

The intangible assets of the company comprised of computer software. The computer softwares are accounted for using the cost model of IAS 38 i.e. cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Company's policy.

14.b INTANGIBLE ASSETS(2018)

	GROUP		COMPANY	
	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Cost				
Balance, beginning of period	36,989	28,259	36,989	28,259
Additions	29,894	8,730	29,894	8,730
Transferred from PPE (Computer)	-	-	-	-
Balance, end of period	66,883	36,989	66,883	36,989
Accumulated amortisation				
Balance, beginning of period	16,439	10,891	16,439	10,891
Amortisation expense/impairment charge	7,530	5,548	7,530	5,548
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	23,969	16,439	23,969	16,439
Net book amount				
End of period	42,914	20,550	42,914	20,550

15 PROPERTIES, PLANT AND EQUIPMENT

15.a(i)GROUP(2019)

	Land	Building	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount							
Balance, beginning of period	257,500	3,139,538	64,519	174,161	350,856	22,260	4,008,834
Additions during the year	-	1,562	13,395	15,324	7,100	6,241	43,622
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Balance, end of period	257,500	3,141,100	77,915	189,485	357,956	28,501	4,052,456
Accumulated depreciation							
Balance, beginning of period	-	714,305	34,802	130,010	246,405	7,310	1,132,832
Charge for the year	-	62,095	7,108	6,821	54,805	2,806	133,635
On Disposal	-	-	-	-	-	-	-
Balance, end of period	-	776,400	41,910	136,831	301,210	10,116	1,266,467
Netbook value as at 31 DECEMBER 2019	257,500	2,364,700	36,005	52,654	56,746	18,384	2,770,513
Netbook value as at 1 JANUARY 2019	257,500	2,425,233	29,717	44,151	102,988	14,950	2,874,540

Notes to the Financial Statements

15.a(ii) Movement in Land & Building (Group)	Balance as Jan 1 N'000	Addition N'000	Disposal N'000	Reclassification N'000	Transfer N'000	Revaluation Gain N'000	Depreciation N'000	Balance as at at Dec 31 N'000
Property at Ridgeway Station Road Enugu	390,920	-	-	-	-	-	10,114	380,806
Property at New Owerri Road Behind CBN, Owerri	1,016,712	-	-	-	-	-	25,956	990,756
Property at no 2 Emole Street Enugu	77,285	-	-	-	-	-	2,010	75,275
49A,50A,51A,52A and 53A city Layout Enugu	623,508	-	-	-	-	-	16,100	607,408
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	283,358	-	-	-	-	-	7,114	276,244
Land at Awka ,Anambra State	257,500	-	-	-	-	-	-	257,500
Hotel Building at Aguleri Rd, Enugu	33,454	1,562	-	-	-	-	802	34,214
Total	2,682,737	1,562	-	-	-	-	62,096	2,622,203

15 PROPERTIES, PLANT AND EQUIPMENT

15.a(i) GROUP(2018)

	Land N'000	Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount							
Balance, beginning of period	257,500	3,139,539	39,583	151,242	284,631	11,993	3,884,488
Additions during the year	-	-	24,937	22,919	64,762	10,266	122,884
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Balance, end of period	257,500	3,139,539	64,520	174,161	349,393	22,259	4,007,372
Accumulated depreciation							
Balance, beginning of period	-	651,514	24,590	126,248	207,034	5,442	1,014,828
Charge for the year	-	62,791	10,212	3,762	39,371	1,868	118,004
On Disposal	-	-	-	-	-	-	-
Balance, end of period	-	714,305	34,802	130,010	246,405	7,310	1,132,832
Netbook value as at 31 DECEMBER 2018	257,500	2,425,234	29,718	44,151	102,988	14,949	2,874,540
Netbook value as at 1 JANUARY 2018	257,500	2,472,574	14,993	24,994	77,597	6,551	2,854,210

15.a(ii) Movement in Land & Building (Group)	Balance as at Jan 1	Addition	Disposal	Reclassification N'000	Transfer N'000	Revaluation Gain N'000	Depreciation N'000	Balance as at Dec 31 N'000
Property at Ridgeway Station Road Enugu	401,034	-	-	-	-	-	10,114	390,920
Property at New Owerri Road Behind CBN, Owerri	1,043,438	-	-	-	-	-	26,726	1,016,712
Property at no 2 Emole Street Enugu	79,295	-	-	-	-	-	2,010	77,285
49A,50A,51A,52A and 53A city Layout Enugu	639,608	-	-	-	-	-	16,100	623,508
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	290,472	-	-	-	-	-	7,114	283,358
Land at Awka ,Anambra State	257,500	-	-	-	-	-	-	257,500
Hotel Building at Aguleri Rd, Enugu	34,181	-	-	-	-	-	727	33,454
Total	2,745,528	-	-	-	-	-	62,791	2,682,737

PROPERTY PLANTS AND EQUIPMENTS

15.c(i) COMPANY (2019)

	Land N'000	Building N'000	Plant Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount							
Balance, beginning of period	257,500	3,103,175	25,888	115,586	336,151	22,260	3,860,560
Additions during the year	-	-	8,098	14,093	7,100	6,241	35,532
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Balance, end of period	257,500	3,103,175	33,987	129,679	343,251	28,501	3,896,092
Accumulated depreciation							
Balance, beginning of period	-	711,395	10,929	75,141	233,163	7,309	1,037,938
Charge for the year	-	62,064	3,043	5,411	54,805	2,806	128,129
On Disposal	-	-	-	-	-	-	-
Balance, end of period	-	773,459	13,972	80,553	287,968	10,116	1,166,066
Netbook value as at 31 December 2019	257,500	2,329,716	20,015	49,127	55,283	18,385	2,730,026
Netbook value as at 1 JANUARY 2019	257,500	2,391,779	14,960	40,445	102,988	14,950	2,822,622

Notes to the Financial Statements

15.c(ii) Movement in Land & Building (Company)

	Balance as at		Reclassification	Transfer	Revaluation		Balance as at
	Jan 1	Addition			Disposal	Gain	
Property at Ridgeway Station Road Enugu	390,920	-	-	-	-	10,114	380,806
Property at New Owerri Road Behind CBN, Owerri	1,016,712	-	-	-	-	25,956	990,756
Property at no 2 Emole Street Enugu	77,285	-	-	-	-	2,010	75,275
49A,50A,51A,52A and 53A city Layout Enugu	623,505	-	-	-	-	16,100	607,405
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	283,358	-	-	-	-	7,114	276,244
Land at Awka ,Anambra State	257,500	-	-	-	-	-	257,500
Total	2,649,280	-	-	-	-	61,294	2,587,986

PROPERTY PLANTS AND EQUIPMENTS

15.d(i) COMPANY(2018)

	Land	Building	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount							
Balance, beginning of period	257,000	3,103,675	15,982	93,746	271,389	11,993	3,753,785
Additions during the year	-	-	9,907	21,840	64,762	10,266	106,775
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Balance, end of period	257,000	3,103,675	25,889	115,586	336,151	22,259	3,860,560
Accumulated depreciation							
Balance, beginning of period	-	664,782	8,443	72,542	193,792	5,441	945,000
Accumulated depreciation: Land	-	(15,476)	-	-	-	-	(15,476)
Charge for the year	-	62,090	2,486	2,599	39,371	1,868	108,414
On Disposal	-	-	-	-	-	-	-
Balance, end of period	-	711,396	10,929	75,141	233,163	7,309	1,037,938
Netbook value as at 31 December 2018	257,000	2,391,779	14,960	40,445	102,988	14,950	2,822,622
Netbook value as at 1 JANUARY 2018	257,000	2,438,893	7,539	21,204	77,597	6,552	2,808,785

15.d(ii) Movement in Land & Building (Company)

	Balance as at		Reclassification	Transfer	Revaluation	Depreciation	Balance as at
	Jan 1	Addition					
Property at Ridgeway Station Road Enugu	401,034	-	-	-	-	10,114	390,920
Property at New Owerri Road Behind CBN, Owerri	1,043,438	-	-	-	-	26,726	1,016,712
Property at no 2 Emole Street Enugu	79,295	-	-	-	-	2,010	77,285
49A,50A,51A,52A and 53A city Layout Enugu	639,608	-	-	-	-	16,100	623,508
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	290,472	-	-	-	-	7,114	283,358
Land at Awka ,Anambra State	257,500	-	-	-	-	-	257,500
Total	2,711,347	-	-	-	-	62,064	2,649,283

16 STATUTORY DEPOSIT

	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	N'000	N'000	N'000	N'000
Statutory deposit	335,000	335,000	335,000	335,000
Total	335,000	335,000	335,000	335,000

Non-current

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act 2003.

Notes to the Financial Statements

17 Insurance Contract Liabilities

Aggregate Insurance Contract Liabilities	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Unearned Premium	613,151	532,451	613,151	532,451
Outstanding Claims	309,427	390,202	309,427	390,202
IBNR	238,768	95,526	238,768	95,526
Total	1,161,345	1,018,179	1,161,345	1,018,179

17.(i) Insurance Contract Liabilities

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Movement in Unearned Premium (UPR)				
Balance as at January 1	532,451	223,384	532,451	223,384
Increase/(Decrease) during the year	80,700	309,067	80,700	309,067
Balance as at December 31	613,151	532,451	613,151	532,451
Movement in Outstanding Claims				
Balance as at January 1	390,202	500,924	390,202	500,924
Increase/(Decrease) during the year	(80,775)	(110,722)	(80,775)	(110,722)
Balance as at December 31	309,427	390,202	309,427	390,202
Movement in IBNR				
Balance as at January 1	95,526	62,967	95,526	62,967
Increase/(Decrease) during the year	143,242	32,559	143,242	32,559
Balance as at December 31	238,768	95,526	238,768	95,526

17.a(i) Age Analysis of Outstanding Claims:

Outstanding Claims (Days)	0-90	91-180	181-270	271-360	Above 360	Total
Number of Claimants	38	57	76	95	114	380
	N'000	N'000	N'000	N'000	N'000	N'000
Awaiting Support Documents	26,410	45,687	24,796	23,954	104,621	225,467
Awaiting Settlement decision from Lead Assurers	11,004	15,229	8,265	7,985	34,874	77,357
Claims awaiting Payment	6,602	-	-	-	-	6,602
Total	44,016	60,916	33,061	31,939	139,495	309,426

The latest valuation of the fund was as at 31 December 2019 by Ernest & Young. At that date, the gross book value of the fund was stated above for each of the years. Provision for claims was determined using the inflation adjusted chain ladder method and claims development from 2010 to 2019.

17 a(ii) Cumulative Claims Development table as at December 2019 (stated in N'000)

In addition to the testing, the development of Insurance liabilities provided a measure of the claims. The tables below illustrate how the group's estimates

Motor Accident Year	Incremental Chain Ladder--Yearly Projections (N'000)								
	1	2	3	4	5	6	7	8	9
2010	4,014	4,046	3,861	170	-	-	-	-	-
2011	5,422	3,444	938	128	-	42	-	90	56
2012	3,376	5,308	725	-	-	1,500	-	214	-
2013	4,861	3,581	3,220	-	-	-	-	-	-
2014	3,999	8,207	12	-	-	-	-	-	-
2015	9,740	7,273	903	-	591	-	-	-	-
2016	15,504	8,922	711	-	-	-	-	-	-
2017	15,374	11,333	236	-	-	-	-	-	-
2018	24,039	10,082	-	-	-	-	-	-	-
2019	37,497	-	-	-	-	-	-	-	-

Notes to the Financial Statements

Fire Accident Year	Incremental Chain Ladder--Yearly Projections (N'000)								
	1	2	3	4	5	6	7	8	9
2010	1,449	272	99	635	3,500	-	-	-	-
2011	-	70	5,875	-	694	-	-	-	39
2012	237	655	1,913	308	-	-	-	3,678	-
2013	139	2,135	2,496	-	-	-	-	-	-
2014	936	771	91	943	-	-	-	-	-
2015	1,489	457	108	28	-	-	-	-	-
2016	1,575	5,393	1,559	778	-	-	-	-	-
2017	2,430	20,886	10	-	-	-	-	-	-
2018	15,094	1,963	-	-	-	-	-	-	-
2019	11,279	-	-	-	-	-	-	-	-

Marine Accident Year	Incremental Chain Ladder--Yearly Projections (N'000)								
	1	2	3	4	5	6	7	8	9
2010	-	1,731	19	-	-	-	-	-	-
2011	487	3,785	-	-	438	-	-	-	-
2012	1,153	1,640	-	-	-	-	-	-	-
2013	624	255	-	-	-	-	-	-	-
2014	-	3,816	-	-	-	-	-	-	-
2015	1,113	14,681	2,132	-	-	-	-	-	-
2016	622	554	-	-	-	-	-	-	-
2017	4,340	140	-	-	-	-	-	-	-
2018	5,544	12,358	-	-	-	-	-	-	-
2019	2,879	-	-	-	-	-	-	-	-

General Accident Accident Year	Incremental Chain Ladder--Yearly Projections (N'000)								
	1	2	3	4	5	6	7	8	9
2010	1,824	2,115	50	784	68	-	-	-	-
2011	408	6,677	82	-	501	23	-	-	3,187
2012	634	4,574	-	68	12	87	9,013	-	-
2013	7,012	5,580	258	-	-	-	-	-	-
2014	1,893	33,472	438	84	-	-	-	-	-
2015	18,121	6,551	592	112	123	-	-	-	-
2016	18,957	99,572	10,795	144	-	-	-	-	-
2017	12,246	13,470	1,094	-	-	-	-	-	-
2018	35,317	22,542	-	-	-	-	-	-	-
2019	14,310	-	-	-	-	-	-	-	-

17 b. Hypothetication of investment/assets	31-12-2019		31-12-2018		31-12-2018	
	Total Funds N'000	Policy Holder's Funds N'000	Shareholder's Funds N'000	Total Funds N'000	Policy Funds N'000	Shareholder's Funds N'000
Cash and Cash Equivalents	111,730	95,000	16,730	419,290	293,227	126,063
Financial Assets: Quoted	1,329,992	346,125	983,867	612,182	371,871	240,311
Financial Assets: UnQuoted	(0)	-	(0)	2,245,971	100,000	2,145,971
Trade Receivable	8,735	-	8,735	10,931	-	10,931
Reinsurance Assets	453,343	446,208	7,135	237,065	-	237,065
Deferred Acquisition cost	89,168	-	89,168	96,592	-	96,592
Other Receivable	174,747	-	174,747	1,744,652	-	1,744,652
Investment in Subsidiaries	2,449,516	-	2,449,516	2,449,516	-	2,449,516
Investment Properties	1,886,000	274,012	1,611,988	1,875,000	253,081	1,621,919
Intangible Asset	55,242	-	55,242	42,914	-	42,914
Property, Plant and Equipment	2,730,026	-	2,730,026	2,822,622	-	2,822,622
Statutory Deposits	335,000	-	335,000	335,000	-	335,000
Total Assets	9,623,498	1,161,345	8,462,153	12,891,735	1,018,179	11,873,556
Insurance Contract Liabilities	-	<u>1,161,345</u>	-	-	<u>1,018,179</u>	-

18 BORROWINGS

19 Trade payables

Trade payables represent liabilities to agents, brokers and re-insurers on insurance contracts during the year

Notes to the Financial Statements

	GROUP		COMPANY	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Reinsurance payable	93,459	21,287	93,459	21,287
Insurance payable	-	-	-	-
Other trade creditors	33,724	19,620	-	-
Balance at year end	127,183	40,907	93,459	21,287
Current	127,183	40,907	93,459	21,287
19.(i) Other trade creditors				
Due to Suppliers	33,724	19,620	-	-
20 Other payables				
	GROUP		COMPANY	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
This is analysed as follow:				
Due to related parties	14,328	1,613,995	14,328	1,613,995
Provisions and accruals	96,813	82,605	83,469	50,615
Rent Received in Advance	6,206	1,969	6,206	1,969
	117,347	1,698,569	104,003	1,666,579
Current	117,347	98,901	104,003	66,911
Non-current	-	1,599,667	-	1,599,667
20.1 Due to related companies				
Conau Limited	-	-	-	-
African Alliance Insurance Plc	-	1,599,667	-	1,599,667
Due to other related parties	14,328	14,328	14,328	14,328
	14,328	1,613,995	14,328	1,613,995

20.1(a) Due to related parties—African Alliance Insurance Plc

	GROUP		COMPANY	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Balance as at January 1	1,599,667	-	1,599,667	-
Addition during the year	-	-	-	-
Prepayment during the year	-	-	-	-
Reclassification from Staff Share Loan (note 11(b))	(1,598,942)	-	(1,598,942)	-
Gain on cancellation of payables	(725)	-	(725)	-
Balance as at December 31	-	-	-	-

20.1(b) African Alliance Insurance Plc:

This is a sister company having common directorship with Universal Insurance Plc. Universal Insurance Plc is not indebted to African Alliance Plc in any form. The amount of =N=1,598,942,000 (one billion five hundred and ninety eight million nine hundred and forty two thousand naira only) represents African Alliance Insurance Plc shares warehoused for Universal Insurance Plc staff. However Universal Insurance Plc Staff did not take up the shares. Universal Insurance Plc has written African Alliance to cancel the shares, which African Alliance Plc has accepted.

Securities and Exchange Commission (SEC) has approved cancellation based on their letter of "NO OBJECTION" to Vetiva Capital Management Ltd on African Alliance Plc Corporate restructuring of November 18, 2019

	GROUP		COMPANY	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
20.1c Provisions and accruals				
Lease Rentals	-	21,813	-	21,813
Accrued Expenses	92,244	49,275	78,900	17,285
Payable to Associate	4,569	11,517	4,569	11,517
	96,813	82,605	83,469	50,615
20.1d Rent Received in Advance				
Rent from Molit Mall in Advance	6,206	1,969	6,206	1,969
	6,206	1,969	6,206	1,969

Notes to the Financial Statements

21 Employee benefit liabilities

Defined contributory scheme

The Company runs a defined contributory plan in accordance with the Pensions Reform Act where contributions are made to an approved pension fund administrator. The amount recognised as an expense for defined contribution plan in the income statement is NIL(2019) and N2,178(2018).

	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Staff pension scheme	-	2,178	-	2,178
Current	-	2,178	-	2,178
Balance as per January 1	2,178	2,178	2,178	2,178
Current Service Cost	-	-	-	-
Payment during the year	(2,178)	-	(2,178)	-
Interest Expense	-	-	-	-
Actuarial Re-Measurement	-	-	-	-
Balance as per 31 December	-	2,178	-	2,178
22 Income tax	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
22.1 Income Tax Payable				
Income Tax	8,203	7,548	8,203	7,065
Education Tax	1,641	974	1,641	942
Provision for NITDA Tax	656	471	656	471
	10,500	8,993	10,500	8,478
Deferred Taxation	-	-	-	-
Total	10,500	8,993	10,500	8,478
22.1a Per Profit and Loss Account				
Income Tax Payable (Note 22.1)	10,500	7,635	10,500	7,120
Deferred Taxation	(403,685)	-	(403,685)	-
Profit and Loss Account	(393,185)	7,635	(393,185)	7,120
22.2 Per Balance Sheet				
Taxation				
At beginning of year	36,924	67,931	32,534	64,056
Charge for the Year	10,500	8,993	10,500	8,478
Payment during the Year	(24,132)	(40,000)	(24,132)	(40,000)
At year end	23,292	36,924	18,902	32,534
23 Deferred Tax Liability				
At beginning of year	791,120	791,120	700,560	700,560
Derecognised on Reclassification of AFS FA	(403,685)	-	(403,685)	-
Charged to profit and loss	-	-	-	-
At year end	387,435	791,120	296,875	700,560
To be recovered after more than 12 months	387,435	791,120	296,875	700,560
To be recovered in 12 months	-	-	-	-
23.a Deferred Tax Assets				
Deferred Tax derecognized from the conversion of MTN from unquoted to quoted	403,685	-	403,685	-
24 EQUITY				
24.1. Share capital				
The share capital comprises:	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Authorised -				
30,000,000,000 Ordinary shares of 50k each	15,000,000	8,000,000	15,000,000	8,000,000
Issued and fully paid -				
16,000,000,000 Ordinary shares of N0.50k each	8,000,000	8,000,000	8,000,000	8,000,000

Notes to the Financial Statements

24.2. Share premium

Share premium is made up of payments in excess of par value of paid-in capital. This reserve is not ordinarily available for distribution.

24.3. Contingency Reserve

Balance, beginning of period	428,667	378,007	428,667	378,007
Transfer from profit and loss	56,108	50,660	56,108	50,660
Balance, end of period	<u>484,775</u>	<u>428,667</u>	<u>484,775</u>	<u>428,667</u>
Gross Written Premium	1,870,255	1,688,673	1,870,255	1,688,673
Percentage Rate for transfer	3%	3%	3%	3%
Increase in Contingency	56,108	50,660	56,108	50,660

In accordance with the Insurance act, a contingency reserve is credited with the greater of 3% of total premiums or 20% of total profits after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

24.4. Fair Value Reserve

This is the net accumulated change in the fair value of available for sale asset until the investment is derecognised or impaired.

Balance, beginning of period equity	1,583,838 (1,159,221)	1,576,710 7,128	1,583,838 (1,159,221)	1,576,710 7,128
Net Fair Value derecognised at reclassification	(418,158)	-	(418,158)	-
Balance as at period end	<u>6,459</u>	<u>1,583,838</u>	<u>6,459</u>	<u>1,583,838</u>

Previous fair value gain reserve of N418.156m related to the sum of N1,086,750 reclassified to FVTPL. This amount has been subsequently reclassified to profit or loss.

24.5. Revaluation Reserve

		31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Balance, beginning of period	2,513,040	2,513,040	757,329	757,329
Revaluation Surplus	11,000	-	11,000	-
Balance as at period end	<u>2,524,040</u>	<u>2,513,040</u>	<u>768,329</u>	<u>757,329</u>

24.6. Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity holders of the company. See statement of changes in equities for movement in retained earnings.

24.7. Contingencies and Commitments

The Company operates in the Insurance industry and is subject to legal proceedings in the normal course of business. There were 12 (2018 (11)) outstanding legal proceedings against the Company as at 31 December 2019 with claims totalling N718,910,000 (2018 N42,325,304.12). While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, professional legal advice showed that there will be no contingent liabilities resulting from the various litigations involving the Company.

The Company is also subject to Insurance solvency regulations and has complied with all the solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

25	Gross Premium Income	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
	Gross premium written				
	Direct Premium:				
	Motor	265,021	131,142	265,021	131,142
	Fire	276,872	737,896	276,872	737,896
	General Accident	243,935	139,323	243,935	139,323
	Bond	95,522	136,176	95,522	136,176
	Engineering	63,354	50,679	63,354	50,679
	Oil & Gas	457,183	257,906	457,183	257,906
	Aviation	18,690	31,324	144,913	31,324
	Marine	194,276	70,170	68,053	70,170
		<u>1,614,854</u>	<u>1,554,615</u>	<u>1,614,854</u>	<u>1,554,616</u>

Notes to the Financial Statements

Inward Reinsurance Premium:

Motor	22,906	31,470	22,906	31,470
Fire	60,431	36,111	60,431	36,111
General Accident	17,587	15,506	17,587	15,506
Bond	3,896	4,805	3,896	4,805
Engineering	26,069	13,606	26,069	13,606
Oil & Gas	37,702	16,493	37,702	16,493
Aviation	1,203	1,548	13,980	1,548
Marine	85,609	14,518	72,832	14,518
	<u>255,402</u>	<u>134,058</u>	<u>255,402</u>	<u>134,057</u>
Gross premium written	<u>1,870,255</u>	<u>1,688,673</u>	<u>1,870,255</u>	<u>1,688,673</u>

Changes in unearned premium

Motor	(65,473)	(15,449)	(65,473)	(15,449)
Fire	137,678	(167,700)	137,678	(167,700)
General Accident	(22,918)	(12,315)	(22,918)	(12,315)
Bond	4,764	17,773	4,764	17,773
Engineering	(7,254)	(16,802)	(7,254)	(16,802)
Oil & Gas	(40,284)	(80,614)	(40,284)	(80,614)
Aviation	(71,888)	(5,206)	(71,888)	(5,206)
Marine	(15,325)	(28,753)	(15,325)	(28,753)
Net change in unearned premium	<u>(80,700)</u>	<u>(309,067)</u>	<u>(80,700)</u>	<u>(309,066)</u>
Change in UPR per Actuarial Valuation			-	-
Net change in unearned premium	<u>(80,700)</u>	<u>(309,067)</u>	<u>(80,700)</u>	<u>(309,066)</u>
Gross premium earned	<u>1,789,556</u>	<u>1,379,607</u>	<u>1,789,556</u>	<u>1,379,607</u>
Reinsurance expenses	<u>(410,488)</u>	<u>(243,874)</u>	<u>(410,488)</u>	<u>(243,874)</u>
Net insurance premium income	<u>1,379,068</u>	<u>1,135,733</u>	<u>1,379,068</u>	<u>1,135,733</u>

25(1) Net Premium Income

	GROUP		COMPANY	
	2,019 N'000	2,018 N'000	2,019 N'000	2,018 N'000
Gross Premium Written	1,870,255	1,688,673	1,870,255	1,688,673
Changes in Unearned Premium	(80,700)	(309,066)	(80,700)	(309,066)
Gross Premium Earned	1,789,556	1,379,607	1,789,556	1,379,607
Reinsurance expenses	(410,488)	(226,616)	(410,488)	(226,616)
Net Insurance Premium Income	<u>1,379,068</u>	<u>1,152,991</u>	<u>1,379,068</u>	<u>1,152,991</u>

26 Reinsurance expenses

Reinsurance costs				
Motor	15,887	9,781	15,887	9,781
Fire	46,420	41,609	46,420	41,609
General Accident	79,665	39,762	79,665	39,762
Bond	28,647	30,450	28,647	30,450
Engineering	31,079	39,634	31,079	39,634
Oil & Gas	203,499	52,305	203,499	52,305
Aviation	81,824	-	81,824	-
Marine	40,492	30,334	40,492	30,334
Movement in Reinsurance Share of UPR	(117,025)	(19,395)	(117,025)	(19,395)
Movement in Prepaid M & D	-	2,136	-	2,136
	<u>410,488</u>	<u>226,615</u>	<u>410,488</u>	<u>226,616</u>
	<u>410,488</u>	<u>226,615</u>	<u>410,488</u>	<u>226,616</u>

Notes to the Financial Statements

27 Fees and Commission Income	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	N'000	N'000	N'000	N'000
Motor	1,858	27,801	1,858	27,801
Fire	11,571	3,542	11,571	3,542
General Accident	20,932	7,994	20,932	7,994
Bond	7,779	2,916	7,779	2,916
Engineering	9,324	3,745	9,324	3,745
OIL & GAS	1,602	-	1,602	-
Marine	26,918	3,813	26,918	3,813
	<u>79,984</u>	<u>49,810</u>	<u>79,984</u>	<u>49,811</u>

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

28 Claims expenses	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Direct claims paid during the year	343,483	340,867	343,483	340,867
Changes in outstanding claims	(80,775)	(110,722)	(80,775)	(110,722)
Additional charge to claims reserve per actuarial valuation (IBNR)	207,825	-	207,825	-
Changes in Outstanding claims (IBNR)	(64,583)	32,559	(64,583)	32,559
Gross claims incurred	<u>405,950</u>	<u>262,704</u>	<u>405,950</u>	<u>262,704</u>
Reinsurance claims recoverable(Note 28(a))	(216,213)	(185,252)	(216,213)	(185,252)
Reinsurance recovery per Actuarial Valuation		145,655		145,655
	<u>189,737</u>	<u>223,107</u>	<u>189,737</u>	<u>223,107</u>
28.a REINSURANCE CLAIMS RECOVERY				
Claims paid recovered from Reinsurance	(114,269)	(198,005)	(114,269)	(198,005)
Changes in Outstanding claims and IBNR	(106,551)	45,115	(106,551)	45,115
	<u>(220,820)</u>	<u>(152,890)</u>	<u>(220,820)</u>	<u>(152,890)</u>

29 Underwriting expenses

Underwriting expenses are those expenses incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers and those incurred in servicing existing policies/contracts. These include processing cost, preparation of statistics and reports, and other attributable incidental costs.

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Gross commission paid				
Motor	28,062	17,913	28,062	17,913
Fire	68,665	155,680	68,665	155,680
General Accident	50,933	32,153	50,933	32,153
Bond	16,497	20,548	16,497	20,548
Engineering	15,251	8,815	15,251	8,815
Oil & Gas	57,103	50,240	57,103	50,240
Aviation	1,355	104	1,355	104
Marine	52,092	17,777	52,092	17,777
Total Commission paid	<u>289,958</u>	<u>303,231</u>	<u>289,958</u>	<u>303,230</u>
Changes in deferred commission				
Motor	3,607	(2,108)	3,607	(2,108)
Fire	(28,798)	(34,741)	(28,798)	(34,741)
General Accident	3,339	(4,305)	3,339	(4,305)
Bond	(5,862)	2,632	(5,862)	2,632
Engineering	(1,012)	(7,017)	(1,012)	(7,017)
Oil & Gas	1,432	(13,830)	1,432	(13,830)
Aviation	13,019	(31)	13,019	(31)
Marine	(3,360)	(6,102)	(3,360)	(6,102)
Additional (DCA) per actuarial Report	25,059	-	25,059	-
Changes in deferred commission	<u>7,424</u>	<u>(65,502)</u>	<u>7,424</u>	<u>(65,502)</u>
Acquisition expenses	297,382	237,729	297,382	237,729
Maintenance expenses	377,217	214,720	377,217	214,720
Underwriting expenses	<u>674,599</u>	<u>452,449</u>	<u>674,599</u>	<u>452,449</u>

Notes to the Financial Statements

30 INVESTMENT INCOME	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Dividend - Quoted and unquoted investments	67,927	16,740	67,927	16,740
Interest on call deposits	43,469	59,075	43,469	59,075
Profit/(loss) on disposal of non-current assets	-	(1,612)	-	(1,612)
Rental Income	-	2,451	-	2,451
Other income	11,999	11,952	11,999	11,952
	<u>123,396</u>	<u>88,606</u>	<u>123,396</u>	<u>88,606</u>
30.a INVESTMENT INCOME				
Investment income attributable to policyholders	-	-	-	-
Investment income attributable to shareholders	123,396	88,607	123,396	88,607
	<u>123,396</u>	<u>88,607</u>	<u>123,396</u>	<u>88,607</u>
30.b Investment income attributable to shareholders				
Dividend - Quoted and unquoted investments	67,927	16,740	67,927	16,740
Interest on call deposits	43,469	59,075	43,469	59,075
Profit/(loss) on disposal of non-current assets	-	(1,612)	-	(1,612)
Rental Income	-	2,451	-	2,451
Other Income	11,999	11,952	11,999	11,952
	<u>123,396</u>	<u>88,607</u>	<u>123,396</u>	<u>88,606</u>
30.c Other Operating Income				
Rental Income	-	2,451	-	2,451
Interest on call deposits	43,469	59,075	43,469	59,075
	<u>43,469</u>	<u>61,526</u>	<u>43,469</u>	<u>61,526</u>
30.d Sundry Income				
Profit/(loss) on disposal of non-current assets	-	(1,612)	-	(1,612)
Other Income	11,999	11,952	11,999	11,952
	<u>11,999</u>	<u>10,340</u>	<u>11,999</u>	<u>10,340</u>
	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000

31 FAIR VALUE GAINS/(LOSS)

31 (i) Net Fair Value Gains/(Loss)

On Investment properties	-	-	-	-
On Financial Assets	418,158	(5,033)	418,158	(5,033)
Net Fair Value Gains/(Loss)	<u>418,158</u>	<u>(5,033)</u>	<u>418,158</u>	<u>(5,033)</u>

Previous fair value gain reserve of N418.156m related to the sum of N1,086,750 reclassified to FVTPL. This amount has been subsequently reclassified to profit or loss.

31 (ii) CREDIT LOSS EXPENSES(2019)

Credit loss expense (GROUP)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

In thousands of Nigerian Naira	Note	Stage			Total
		Stage 1 individual	Stage 2 Individual	Stage 3	
Cash and cash equivalents		(1,075)	-	-	(1,075)
Other loans and receivables		2,013	-	-	2,013
Other loans and receivables from related parties		-	-	-	-
Other receivables(For subsidiary)		-	-	(3,030)	(3,030)
		<u>938</u>	<u>-</u>	<u>(3,030)</u>	<u>(2,092)</u>

Credit loss expense (COMPANY)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

Notes to the Financial Statements

In thousands of Nigerian Naira	Note	Stage 1 individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents		(1,075)	-	-	(1,075)
Other loans and receivables		2,013	-	-	2,013
Other loans and receivables from related parties		-	-	-	-
Total impairment loss		938	-	-	938

31 (ii) CREDIT LOSS EXPENSES(2018)**Credit loss expense (GROUP)**

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

In thousands of Nigerian Naira	Note	Stage 1 individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents		(6,914)	-	-	(6,914)
Other loans and receivables		4	-	649	653
Other loans and receivables from related parties		76	-	-	76
Other receivables(For subsidiary)		-	-	8,936	8,936
		(6,834)	-	9,585	2,751

Credit loss expense (COMPANY)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

In thousands of Nigerian Naira	Note	Stage 1 individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents		(6,875)	-	-	(6,875)
Other loans and receivables		4	-	649	653
Other loans and receivables from related parties		76	-	-	76
Total impairment loss		(6,795)	-	649	(6,146)

31 (iii) CREDIT RISKS DISCLOSURE**31 (iii).a Impairment allowance for other loans and receivables - staff loans**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to staff loan is as follows:

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000		N'000	N'000
Gross carrying amount as at 1 January 2019	4,798	-	2,794	7,592
New assets originated or purchased	2,234	-	-	2,234
Payments and assets derecognized or repaid (excluding write offs)	(4,086)	-	(1,592)	(5,678)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(1,668)	-	1,668	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	(530)	(530)
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	1,278	-	2,340	3,618

Notes to the Financial Statements

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000		N'000	N'000
ECL allowance as at 1 January 2019 under IFRS 9	21	-	1,707	1,728
New assets originated or purchased	41	-	-	41
Payments and assets derecognized or repaid (excluding write offs)	(39)	-	(104)	(143)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(20)	-	20	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	525	525
Changes to models used for ECL calculations	-	-	-	-
Changes to estimates and assumptions used for ECL calculations	-	-	(1,622)	(1,622)
Unwind of discount	-	-	1	1
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	3	-	527	530

3(iii).b Impairment allowance for Other receivables

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other receivables is as follows:

	Stage 1 individual	Stage 2 individual	Stage 3	Total
			N'000	N'000
Gross carrying amount as at 1 January 2019	-	-	80	80
New assets originated or purchased	-	-	-	-
Payments and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	(80)	(80)
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	-	-	-	-

	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2019 under IFRS 9	-	-	80	80
New assets originated or purchased	-	-	-	-
Payments and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to models used for ECL calculations	-	-	-	-
Changes to estimates and assumptions used for ECL	-	-	-	-

Notes to the Financial Statements

calculations				
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	(80)	(80)
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	-	-	-	-

31(iii).c Impairment allowance for other loans and receivables from related parties

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other loans and receivables is as follows:

	Stage 1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2019	-	-	-	-
New assets originated or purchased	6,725	-	-	6,725
Payment and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	6,725	-	-	6,725

	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
32 Other operating and administrative expenses				
(i) Employee benefits expense				
Staff cost	232,635	163,805	223,577	155,407
Contributions to defined pension scheme	8,359	6,563	8,359	6,563
Other staff costs (Notes 32.(i.a))	212,264	164,189	210,530	163,520
	<u>453,258</u>	<u>334,558</u>	<u>442,466</u>	<u>325,490</u>
(i.a) Other staff costs				
Temporary Staff Salaries	20,468	1,346	20,468	1,346
Staff Training & Entertainment	11,949	4,401	10,671	4,401
Staff other benefits	140,763	112,541	140,307	111,872
Leave Allowance	31,975	23,536	31,975	23,536
Staff Gratuity	7,109	19,818	7,109	19,818
Nigeria Social Ins Trust Fund	-	1,087	-	1,087
Staff GPA Insurance	-	1,460	-	1,460
	<u>212,264</u>	<u>164,189</u>	<u>210,530</u>	<u>163,520</u>
(ii) Management expenses comprise;				
Bank charges	9,950	6,309	9,763	6,152
Other charges and expenses (Notes 32.(iia))	355,300	108,233	348,415	99,493
General maintenance and running costs	105,651	86,595	88,153	68,553
Legal and professional fees	51,519	41,207	51,414	40,920
Audit fees	8,800	8,800	8,000	8,000
Insurance supervision fees	17,180	6,949	17,054	6,632
Depreciation	133,635	118,031	128,129	108,414
Amortisation of Intangible Assets	13,047	7,718	13,047	7,718
Impairment gain/(loss)	-	-	-	-
Interest on overdrafts	-	-	-	-
Cost of sales - Hotels	-	-	-	-
Other operating expenses	<u>695,082</u>	<u>383,841</u>	<u>663,975</u>	<u>345,882</u>
Other operating and administrative expenses	<u>1,148,340</u>	<u>718,399</u>	<u>1,106,441</u>	<u>671,372</u>

Notes to the Financial Statements

	GROUP		COMPANY	
	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
(ii.a) Other charges and expenses				
OTHER PROFESSIONAL CHARGES	-	-	-	-
TRANSPORT ALLOWANCE	2,044	723	1,715	186
TERMINAL PAY	-	-	-	-
HOTEL ACCOMMODATION	3,448	5,655	3,448	5,655
SECURITY EXPENSES	1,332	1,702	407	460
ENTERTAINMENT	11,128	9,295	6,507	3,680
BUSINESS PROMOTION	-	-	-	-
ADVERTISEMENT	14,522	4,162	14,522	4,162
NEWSPAPERS & PERIODICALS	348	256	99	27
TELEPHONE BILLS	3,455	3,149	3,040	2,546
INTERNET CONNECTIVITY	11,115	6,950	11,115	6,950
PRINTING COST	17,111	9,358	16,774	8,844
STATIONERY COST	9,898	3,920	9,898	3,920
LOCAL GOVT. LEVIES	430	6,741	430	6,741
VALUE ADDED TAX/STAMP DUTIES	335	(64)	335	(64)
LEVY/FEE/PENALTY	6,000	1,388	6,000	1,388
DIRECTORS EXPENSES	-	-	-	-
DIRECTORS SITTING ALLOWANCES	9,500	5,335	9,500	5,335
ASSETS INSURANCE EXPENSES	778	6,518	778	6,518
FILING FEE	1,073	-	1,073	-
DIRECTORS FEES	6,000	6,000	6,000	6,000
GIFTS	8,698	7,651	8,698	7,651
OFFICE CLEANING EXPENSES	717	326	717	326
CHRISTMAS GIFT/SUNDRY	2,422	10,830	2,412	10,830
SUBSCRIPTIONS TO PROFESSIONAL BODIES/CLUBS	1,439	750	1,439	750
MEDICAL EXPENSES	8,050	6,430	8,050	5,796
WATER BILL	-	4,968	-	-
ENTERTAINMENT ALLOWANCE	-	-	-	-
EXCHANGE VARIANCE A/C	10,770	-	10,770	(972)
POSTAGES & COURIER	2,064	(972)	2,064	2,010
INTEREST ON LOANS	-	2,010	-	-
OVERSEAS TRAVEL EXPENSES	5,692	-	5,692	-
SERVICE CHARGE - ABUJA	1,750	-	1,750	-
RENT & RATES	-	-	-	-
NIA LEVIES	8,422	-	8,422	6,314
INDUSTRIAL TRAINING FUND LEVY	2,500	6,314	2,500	1,393
ANNUAL GENERAL MEETING	23,873	1,393	23,873	2,931
TRAINING	-	2,931	-	-
REPAIRS & MAINTENANCE OTHER FITTINGS	76	-	76	12
REPAIRS AND MAINTENANCE TV SET + RADIO	10	5,950	10	19
SEVERANCE PACKAGE	180,000	19	180,000	72
REPAIRS AND MAINTENANCE TV SET + RADIO	300	72	300	15
RENT & RATES - ABAKALIKI	-	15	-	-
FUEL SUBSIDY	355,301	108,233	348,415	99,495

33 Interest expense

Interest expense represents finance cost recognized on the bank loan during the year under review.

	31-12-2019 N'000	31-12-2018 N'000	31-12-2019 N'000	31-12-2018 N'000
Earnings per share				
Profit attributable to equity holders	60,322	(46,936)	65,073	(48,031)
Weighted average number of ordinary shares in issue (in thousands)	16,000,000	16,000,000	16,000,000	16,000,000

34 Basic earnings per share (kobo per share)

0.377 (0.293) 0.407 (0.300)

The calculation of basic earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders

35 RELATED PARTIES INTEREST

Notes to the Financial Statements

35.1 Related party transactions

Other Loans and Receivables	35,460	35,960	42,685	35,960
Other payables	4,569	1,599,667	4,569	1,599,667
	<u>40,029</u>	<u>1,635,627</u>	<u>47,254</u>	<u>1,635,627</u>

Other Loans And Receivables of N42,685,000.00 is due to related party-- Universal Hotels Limited

35.2 Related Party

Conau Limited	-	-	-	-
Universal Hotels Limited	35,460	35,960	42,685	35,960
Frenchies Foods Nig. Ltd	4,569	4,569	4,569	4,569
African Alliance Insurance Plc	1,599,667	1,599,667	-	1,599,667
	<u>1,639,696</u>	<u>1,640,196</u>	<u>47,254</u>	<u>1,640,196</u>

36 Employees

The average number of persons employed by the Company during the year

	GROUP		COMPANY	
	31-12-2019 Number	31-12-2018 Number	31-12-2019 Number	31-12-2018 Number
Executive directors	3	3	3	3
Management	27	30	24	8
Non-management	75	80	55	73
	<u>105</u>	<u>113</u>	<u>82</u>	<u>84</u>

37 Securities Trading Policy

Universal Insurance Plc. has adopted a Code of Conduct regarding securities transactions by its directors on terms which are no less exacting than the required standard set out in Rule 17.15, Rulebook of The Nigerian Stock Exchange, 2015 (Issuers' Rules) on Disclosure of Dealings in Issuers' Shares.

In relation to this Interim report (UFS Q4, 2019), we have made specific enquiry of all directors of the Company and we are satisfied that the directors have complied with the required standard set out in the listings rules and in our Company's Code of Conduct regarding securities transactions by directors.

38 CONTRAVENTIONS AND PENALTIES

During the year there was no noticed penalty by the National Insurance Commission (NAICOM) for any contravention of certain sections of the Insurance Act 2003 and certain circulars as issued by the NAICOM. Only listing penalty by Securities and Exchange Commission was noticed for 2018. Details of the contraventions and the related penalties are as follows:

	12/31/2019 N'000	12/31/2018 N'000	12/31/2019 N'000	12/31/2018 N'000
Penalty to Securities and Exchange Commission (SEC)(See (i) below)	-	1,389	-	1,389
Penalty to Financial Reporting Council of Nigeria (FRC)(See (ii) below)	6,000	-	6,000	-
	<u>6,000</u>	<u>1,389</u>	<u>6,000</u>	<u>1,389</u>

- (i) 2018 the Company paid penalty on Listing contravention to Securities and Exchange Commission (SEC).
(ii) 2019 the Company paid penalty for contravening the reporting procedures of Financial Reporting Council rules

Underwriting Revenue Account

	MOTOR		FIRE		ACCIDENT		GENERAL		BOND		ENGINEERING OIL & GAS		AVIATION		MARINE		31/12/2019		31/12/2018	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Direct Premium Written	265,021	276,872	243,935	95,522	63,354	457,183	144,913	68,053	1,614,854	1,534,613										
Reinsurance Accepted	22,906	60,431	17,587	3,896	26,069	37,702	13,980	72,832	235,402	134,058										
Gross Premium Written	287,927	337,303	261,522	99,418	89,423	494,885	158,893	140,886	1,850,256	1,668,673										
Changes in Reserve for Unexpired Risk (*)	(65,473)	137,678	(22,918)	4,764	(7,254)	(40,284)	(71,888)	(15,325)	(80,700)	(309,067)										
Gross Premium Earned	222,454	474,981	238,604	104,182	82,169	454,600	87,005	125,560	1,769,556	1,379,606										
Net Reinsurance Recovery (UPR) per actuarial valuation	-	4,618	1,601	1,420	(3,244)	18,361	69,643	8,184	117,025	(17,260)										
Reinsurance cost	(15,887)	(46,420)	(79,665)	(28,647)	(31,079)	(203,499)	(81,824)	(40,492)	(527,513)	(243,874)										
Net Premium Written	211,136	430,162	175,380	76,955	47,845	269,463	74,824	93,253	1,379,068	1,118,473										
Commission Received	1,838	11,571	20,932	7,779	9,324	1,602	1,602	26,918	79,984	49,810										
Net Income	213,044	441,733	196,313	84,734	57,169	271,064	74,824	120,170	1,459,051	1,168,283										
Claims Incurred																				
Direct Claims Paid	49,242	17,728	41,401	151,722	17,230	50,778	-	15,383	343,483	340,867										
Provision for Outstanding claims (IBNR)	(8,146)	(31,553)	(3,322)	6,515	(9,649)	(10,114)	(1,978)	(6,336)	(64,583)	32,559										
Additional charge to claims reserve per actuarial valuation (IBNR)	8,325	53,850	2,763	36,983	7,563	77,324	8,185	12,832	207,825	145,655										
Changes in Provision for Outstanding Claims (**)	(2,860)	(2,781)	5,125	(50,690)	(10,095)	(31,674)	(3,318)	15,517	(80,775)	(110,722)										
Gross Claims Incurred	46,561	37,244	45,967	144,529	5,049	86,315	2,889	37,396	405,950	408,359										
Reinsurance Claims Recovery per actuarial valuation	-	(4,064)	44,770	(51,600)	(9,706)	5,239	-	20,615	2,254	-										
Reinsurance Recovery (IBNR) per actuarial valuation	-	30,713	7,421	37,812	1,303	19,699	-	7,349	104,297	-										
Reinsurance Claims Recovery	(4,923)	(5,530)	(16,243)	(62,162)	(12,040)	-	-	(8,755)	(109,662)	(185,252)										
Net Claims Incurred	41,637	58,354	81,915	65,579	(15,393)	111,253	2,889	56,605	407,839	223,107										
Underwriting Expenses:																				
Commission Paid	28,062	68,665	50,933	16,497	15,251	57,103	1,355	52,092	289,958	303,231										
Changes in deferred commission	3,607	(28,798)	3,339	(5,862)	(1,012)	1,432	13,019	(3,360)	(17,635)	(65,502)										
Additional (DCA) per actuarial valuation report	(7,159)	58,271	(6,346)	6,474	1,643	(1,635)	(26,123)	(96)	25,059	-										
Maintenance expenses	47,093	46,653	46,653	46,588	46,653	46,588	46,588	50,398	19	377,217										
Total Underwriting Expenses	71,604	144,792	94,579	63,698	62,535	103,488	34,835	99,064	674,599	452,449										
Total Expenses	113,241	203,146	176,494	129,278	47,142	214,740	37,728	155,669	1,077,438	675,556										
Underwriting Result	99,803	238,587	19,819	(44,544)	10,027	56,324	37,096	(35,499)	381,613	492,727										
Provision for Unexpired Risk- 1 JANUARY 2019	52,393	199,290	62,339	41,812	34,156	97,562	5,853	39,047	532,451	225,384										
Provision for Unexpired Risk- 31 December 2019	117,467	55,364	81,684	1,313	40,019	100,443	63,462	20,152	479,904	532,451										
Additional charge (UPR) per actuarial valuation	398	6,248	3,573	35,735	1,391	37,403	14,279	34,220	133,247	-										
Provision for Unexpired Risk- 31 Dec 2019	117,865	61,612	85,257	37,043	41,410	137,846	77,741	54,372	613,151	532,451										
* Changes in reserve for unexpired Risk	(65,473)	137,678	(22,918)	4,764	(7,254)	(40,284)	(71,888)	(15,325)	(80,700)	(309,067)										
Gross Claims Outstanding																				
Provision for Outstanding Claims- 1 JANUARY 2019	24,313	16,249	81,993	186,161	11,231	52,800	5,987	11,468	390,202	500,924										
Provision for Outstanding Claims- 31 Dec 2019	21,453	13,468	87,118	135,471	1,136	21,126	2,669	26,986	309,427	390,202										
** Changes in provision for outstanding claims	(2,860)	(2,781)	5,125	(50,690)	(10,095)	(31,674)	(3,318)	15,517	(80,775)	(110,722)										

Computation of Solvency Margin

1

ASSETS

Cash and bank balances
 Financial Assets - Quoted
 Financial Assets - Unquoted
 Trade Receivable
 Reinsurance Assets
 Deferred Acquisition cost
 Deferred tax assets
 Other Receivable
 Investment in Subsidiaries
 Investment Properties
 Intangible Asset
 Property, Plant and Equipment
 Statutory Deposits

A

LIABILITIES

Insurance Contract Liabilities
 Trade payable
 Other payable
 Employee benefit liability
 Income Tax liabilities
 Deferred tax liabilities

B

Excess of total admissible assets over

admissible liabilities (A - B)

Higher of:

Gross premium written

Less: Reinsurance expenses

Net Premium

15% of Net Premium

Solvency Margin

Minimum Paid up Capital

Excess of solvency margin over minimum capital base

C

D

E

TOTAL	Inadmissible	Admissible
N'000	N'000	N'000
111,730	68,419	43,311
1,329,992		1,329,992
(0)	-	(0)
8,735		8,735
453,343		453,343
89,168		89,168
403,685	403,685	0
174,747	160,573	14,174
2,449,516	778,937	1,670,579
1,886,000	816,000	1,070,000
55,242	55,242	-
2,730,026	2,393,204	336,822
335,000		335,000
10,027,183	4,607,641	5,351,122
1,161,345		1,161,345
93,459		93,459
104,003		104,003
-		-
18,902		18,902
296,875	296,875	0
1,674,584	296,875	1,377,709
		-
		3,973,414
		1,789,556
		(410,488)
		1,379,068
		206,860
		3,973,414
		3,000,000
		973,414

Basis for conclusion:

The solvency margin arrived at in D above shall not be less than 15 per centum of the net premium income C or the minimum paid-up capital E which ever is greater.

Conclusion:

The Company is solvent since its solvency margin of N3.97billion is higher than the minimum paid up capital of N3.00 billion.

Computation of Solvency Margin

FORM 19

(Under the Insurance Act 2003)
**AUDITORS CERTIFICATES OF SOLVENCY ON OATH IN
 RESPECT OF A REGISTERED INSURER IN NIGERIA**

We certify that (a) Universal Insurance Plc has during the period covered by our Audit report for the year ended (b) 31 December, 2019 dated 27 May, 2020 complied with section 24 of the Insurance Act 2003. This is to say that the company has in respect of its insurance business, other than life, maintained at all times a margin of solvency (as defined under section 24 (1) and (2) of the Act). The solvency margin maintained is **N 3,973,414 (Three Billion, Nine hundred and Seventy Three Million, Four hundred and fourteen thousand) Naira.**

The accounts and financial position are in accordance with information given to us and with the provisions of the Insurance Act 2003 and reflect a true and fair view of the financial position of the Insurer.

Every information we require has been supplied and the books appear to us to have been properly kept.

Signed:

AUDITORS

Date: 27 May, 2020

Name and address of Auditors

UKWUEGBU, OGBELEJE & CO,
 23 RASAKI SHITTU STREET, ISHERI - OSHUN,
 LAGOS - NIGERIA.

Sworn to at

This day of 2020

BEFORE ME

COMMISSIONER FOR OATHS

Statement of Value Added

	GROUP				COMPANY			
	2019 N'000	%	2018 N'000	%	2019 N'000	%	2018 N'000	%
Underwriting income	1,459,051	203%	1,202,802	268%	1,459,051	206%	1,202,802	281%
Re-insurance, claims and commission and others	(862,166)	-120%	(842,757)	-188%	(873,713)	-123%	(863,353)	-202%
Investment and other income	123,396	17%	88,607	20%	123,396	17%	88,607	21%
Value Added	720,281	100%	448,652	100%	708,734	100%	428,056	100%
Applied as follows:								
Staff and other costs	453,258	63%	334,558	75%	442,466	62%	325,491	76%
Government								
Taxation	10,500	1%	(8,993)	-2%	10,500	1%	(8,478)	-2%
Retained in the business								
Depreciation and amortization	133,635	19%	118,004	26%	128,129	18%	108,414	25%
Retained Profit/(loss) for the year	60,322	8%	(45,578)	-10%	65,073	9%	(48,031)	-11%
Fair value reserve	6,459	1%	-	0%	6,459	1%	-	0%
Contingency reserve	56,108	8%	50,660	11%	56,108	8%	50,660	12%
Value added	720,281	100%	448,651	100%	708,734	100%	428,056	100%

Five Year Financial Summary

GROUP

STATEMENT OF FINANCIAL POSITION

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Cash and Cash Equivalent	113,378	421,033	298,867	581,513	960,418
Financial Assets	1,329,992	2,858,153	2,856,058	2,845,502	2,057,934
Trade Receivables	48,113	57,064	97,096	78,040	84,132
Reinsurance Assets	453,343	237,065	375,503	84,874	113,062
Deferred Acquisition Cost	89,168	96,592	31,090	24,313	25,516
Deferred tax assets	403,685	-	-	-	-
Other Receivables	167,880	1,734,940	1,743,243	1,763,605	1,733,661
Investment in Subsidiary	-	-	-	-	-
Investment Properties	5,235,696	5,224,697	5,203,697	5,136,792	4,614,621
Intangible Assets	55,242	42,914	20,550	17,369	12,063
Property Plant and Equipmeny	2,770,513	2,874,540	2,854,211	2,952,267	2,883,659
Statutory Deposits	335,000	335,000	335,000	335,000	335,000
					798,406
Total Assets	11,002,010	13,881,998	13,815,316	13,819,275	13,618,472
Liabilities					
Insurance Contract Liabilities	1,161,345	1,018,179	497,301	509,656	407,172
Borrowing	-	-	-	-	-
Trade Payables	127,183	40,907	31,998	13,892	14,236
Other Payables	117,347	1,698,568	1,792,531	1,677,123	1,693,550
Employee benefits liability	-	2,178	5,043	13,142	9,346
Income tax liabilities	23,292	36,924	62,807	83,588	104,438
Deferred tax liabilities	387,435	791,120	787,005	550,684	544,140
liabilities associated with assets classified as	-	-	-	73,880	-
Total Liabilities	1,816,602	3,587,876	3,176,685	2,921,965	2,772,882
Equity					
Issued and paid Shared capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018	825,018
Contingency Reserve	484,775	428,667	355,415	337,406	315,545
Fair value reserve	6,459	1,583,838	1,566,217	778,649	568,117
Revaluation reserve	2,524,040	2,513,040	2,513,040	3,383,466	3,383,466
Retained earning	(2,654,885)	(3,056,441)	-2,617,101	-2,628,033	-2,356,162
Shareholders fund	9,185,407	10,294,122	10,642,589	10,696,506	10,735,984
Non-controlling interest	-	-	-	-	-
TOTAL EQUITY & LIABILITIES	11,002,008	13,881,998	13,819,274	13,618,471	13,508,866

STATEMENT OF COMPREHENSIVE INCOME

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
GROSS Premium written	1,870,255	1,688,673	753,067	753,067	536,526
Premium earned	1,789,556	1,379,607	730,849	730,849	573,838
Profi before tax	(332,863)	(37,943)	668,345	668,345	125,929
Taxation	10,500	(8,993)	(32,407)	(32,407)	(33,237)
Profit after taxation	60,322	(46,936)	635,938	635,938	92,692
Transfer to contingency reserve	(56,108)	(50,660)	(22,592)	(22,592)	(18,009)
Retained earning	(693,122)	(46,936)	613,346	613,346	74,683
Earning per share	0.38	(0.29)	3.97	0.58	0.58

Five Year Financial Summary

COMPANY

STATEMENT OF FINANCIAL POSITION

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Cash and Cash Equivalent	111,730	419,296	271,230	553,536	933,534
Financial Assets	1,329,992	2,858,153	2,856,058	2,845,502	2,057,934
Trade Receivables	8,735	10,931	6,773	5,429	11,632
Reinsurance Assets	453,343	237,065	375,503	84,874	113,062
Deferred Acquisition Cost	89,168	96,592	31,090	24,313	25,516
Deferred tax assets	403,685				
Other Receivables	174,747	1,744,652	1,753,153	1,752,244	1,709,913
Investment in Subsidiary	2,449,516	2,449,516	2,449,516	1,576,703	1,610,015
Investment Properties	1,886,000	1,875,000	1,854,000	1,796,000	1,279,410
Intangible Assets	55,242	42,914	20,550	17,369	12,063
Property Plant and Equipmeny	2,730,026	2,822,622	2,808,784	2,905,183	2,840,804
Statutory Deposits	335,000	335,000	335,000	335,000	335,000
Total Assets	10,027,183	12,891,741	12,761,657	11,896,153	10,928,883
Liabilities					
Insurance Contract Liabilities	1,161,345	1,018,179	787,275	497,301	509,656
Borrowing	-	-	-	-	-
Trade Payables	93,459	21,287	22,900	18,385	246
Other Payables	104,003	1,666,578	1,687,537	1,763,746	1,649,390
Employee benefits liability	-	2,178	2,178	5,043	13,142
Income tax liabilities	18,902	32,534	64,056	59,314	81,696
Deferred tax liabilities	296,875	700,560	700,560	697,211	460,890
Total Liabilities	1,674,584	3,441,316	3,264,506	3,041,000	2,715,020
Equity					
Issued and paid Shared capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018	825,018
Contingency Reserve	484,775	428,667	378,007	355,415	337,406
Fair value reserve	6,459	1,583,838	1,576,710	1,566,217	778,649
Revaluation reserve	768,329	757,329	757,329	757,329	757,329
Retained earning	(1,731,982)	(2,144,427)	(2,039,913)	(2,648,825)	(2,484,539)
Shareholders fund	8,352,599	9,450,425	9,497,151	8,855,154	8,213,863
Non-controlling interest	-	-	-	-	-
TOTAL EQUITY & LIABILITIES	10,027,182	12,891,741	12,761,657	11,896,154	10,928,883

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
GROSS Premium written	1,870,255	1,688,673	753,067	536,526	728,685
Premium earned	1,789,556	1,379,606	730,849	573,837	656,826
Profit before tax	(328,112)	(39,553)	666,208	121,681	121,680
Taxation	10,500	(7,120)	(32,024)	(33,237)	(31,637)
Profit after taxation	65,073	(46,673)	634,184	88,444	90,043
Transfer to contingency reserve	(56,045)	(50,660)	(22,592)	(18,009)	(16,096)
Retained earning	(691,401)	(33,398)	611,592	70,435	73,947
Earning per share	0.41	(0.29)	3.96	0.55	0.56

Mandate Form

The Registrars
Carnation Registrars Limited
No. 2A, Gbagada Expressway,
Anthony Village, Lagos

Dear Sir,

Mandate Form for E-Bonus and E-dividend

I/we hereby mandate you to include my/our shareholding in The Universal Insurance Plc. among the e-bonus beneficiaries for future bonus issues. My/our Shareholding particular are:

Surname: _____

Other Name: _____

Signature: _____

Telephone: _____

CSCS Clearing House No.: _____

Account Unmber: _____

Note: please ensure that names are identical with those on you share certificates.

I/We will also like to receive my/our future dividends directly into my/our bank account electronically through e-dividend. My/Our bank details are as stated below:

Bank: _____

Branch: _____

Account Number: _____

Bank Sort Code: _____

Yours faithfully,

Signature(s) of the Shareholder(s)

Admission Form

Shareholder's full name: _____

To be completed in advance by shareholder or his duly appointed proxy to the Annual General Meeting of **THE UNIVERSAL INSURANCE PLC**, which will be held at the

1. The admission card must be produced by the Shareholder or his proxy to obtain entrance to the meeting
2. Shareholders or proxies are requested to sign the admission card before the meeting

Number of shares held: _____

(To be completed by the Company's Officials)

Chinedu A. Onyilimba
(Company Secretary)

THE UNIVERSAL INSURANCE PLC,

Annual General Meeting holding at the
..... 17th December, 2019

Number of Shares held: _____

(To be completed by the Company's Officials)

Shareholder's full name: _____

(To be completed in advance by Shareholder)

Signature of person attending
(To be signed in the presence of the Company's Official at the entrance of the hall)

CSCS Account Notification

The Registrars
 Carnation Registrars Limited
 No. 2A, Gbagada Expressway,
 Anthony Village, Lagos

Please credit my account at central securities clearing system limited (CSCS) with all subsequent allotments and bounces due to me from holdings in the companies as indicated in the right hand column

Personal Data

Surname: _____
 Other Name: _____
 Address: _____

 Mobile Phone: _____
 Email: _____

SHAREHOLDER'S SIGNATURE

1. _____
 2. _____

Corporate Seal/Stamp (for Corporate Shareholders)

CSCS DETAILS
Stockbroker

Clearing House Number: _____

Authorised Signature & Stamp of Stockbroker

Name of Company	Account Number

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.

Proxy Form

Annual General Meeting of **THE UNIVERSAL INSURANCE PLC.**

To be held at 9:00 am on Thursday, 22nd October, 2020 at the Elomaz Hotel, Maryland, Lagos State.

I/WE

Being a member of UNIVERSAL INSURANCE PLC hereby

Appoint

or failing him, **Lt. Gen. Joshua N. Dogonyaro (Rtd.) mni (Chairman)** as my/our proxy to attend and vote for me/us at the Annual General Meeting of the Company to be held on Thursday, 22nd October, 2020

Dated this Day of 2020

RESOLUTION	FOR	AGAINST
1. To receive the Report of Directors, Audited Financial Statement & Auditors report		
2. To receive the Report of the Audit Committee.		
3. DIRECTORS FOR RE-ELECTION: Lt. Gen. Joshua N. Dogonyaro Dr. Anthony Okocha		
4. To authorize the Directors fix the remuneration of the Auditors		
5. To elect/re-elect members of the Audit Committee.		

Please indicate with an X in the appropriate square how you wish to cast your vote on the resolution set above.

Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

Shareholder's signature

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. The above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Provision has been made on this form for the Chairman of the meeting to act as proxy, but if you wish, you may insert the blank spaces on the form the name of any person, whether a member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.
3. Please sign the proxy form if you are not attending the meeting and post it so as to reach The Registrars Carnation Registrars Limited No. 2A, Gbagada Expressway, Lagos. Not later than 48 hours before the time of holding the meeting. If executed by a corporation, the proxy form should be sealed with the common seal.
4. It is a legal requirement that all instruments of proxy must bear appropriate Stamp duty from the Duties Office and not adhesive postage stamps



Let's weather the **STORM** with you.
 Take **UNIVERSAL INSURANCE COVER**
 for peace of mind!

OUR PRODUCTS/SERVICES

- FIRE ▪ MOTOR ▪ BURGLARY
- HEALTH CARE PROFESSIONAL INDEMNITY
- MARINE CARGO ▪ MARINE HULL ▪ BOND
- AVIATION ▪ OIL & GAS ▪ GOODS IN-TRANSIT
- ENGINEERING ALL RISKS ▪ CONTRACTORS ALL RISKS ETC.



UNIVERSAL INSURANCE PLC.

...our word is our bond!

RC. 2460

HEAD OFFICE:

5, Gbagada Expressway, Amihan, Lagos State, Nigeria. ☎ 01 2934845
 E-mail: info@universalinsuranceplc.com Website: www.universalinsuranceplc.com

BRANCHES:

- Aba Office:** No. 82, Aba/Owerri Road, Aba, Abia State. Tel: 09060074843
- Abuja Office:** SCCN House Plot 184, Adetokunbo Ademola Crescent, Wuse II, Abuja. Tel: 07039560876
- Abokiliki Office:** 26A, Water Works Road, Nwagu Plaza, Abokiliki Ebonyi State. Tel: 0803798009
- Enugu Office:** No. 4, Idigwey/Station Road, G.R.A. Enugu State. Tel: 08037398088
- Ibadan Office:** No. SW7/224C, Oyetade Street, Sharp Corner, Oko-Boko, Ibadan, Oyo State. Tel: 08034726447
- Kaduna Office:** Suite 5, 2nd Floor, ASD Mall, Independence Way, Kaduna State. Tel: 08136638859
- Onitsha Office:** 4, Ogura Road, Onitsha, Anambra State. Tel: 08173514098
- Owerri Office:** 1, Tefow, No. 7, Bank Road, Owerri, Imo State. Tel: 08035768041
- Port Harcourt Office:** 245, Aba/Port Harcourt Road, Port Harcourt, (Former Shell Recruitment Centre), Rivers State. Tel: 08063134867
- Umuahia Office:** No. 3, Okpara Square, Umuahia, Abia State. Tel: 08034279188