

UNIVERSAL INSURANCE PLC
ANNUAL REPORT AND ACCOUNTS
For The Year Ended 31st December 2014

Universal Insurance Plc

RC 2460

Universal Insurance Plc
Statements of Changes in Equity (COMPANY)
for the year ended 31 December 2014

Company
In millions 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

Universal Insurance Plc

Statements of Changes in Equity (GROUP)

for the year ended 31 December 2014

	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 2014	8,000,000	825,018	3,166,405	293,879	979,308	(2,828,998)	10,573,188
Total comprehensive income for the period							-
Profit or loss						436,263	436,263
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	217,061	-	-	(65,118)	151,943
Fair value changes in AFS financial assets	-	-	-	-	69,288	(20,786)	48,502
Fair value reserve derecognised on disposal	-	-	-	-	(480,479)	144,144	(336,335)
Transfer To Contingency Reserve	-	-	-	21,667	-	(21,667)	-
Other comprehensive income for the period	-	-	217,061	21,667	(411,191)	36,573	(135,890)
Total comprehensive income for the period	-	-	217,061	21,667	(411,191)	472,836	300,373
Balance at 31 December 2014	8,000,000	825,018	3,383,466	315,546	568,117	(2,356,162)	10,873,561
Balance at 1 January 2013	8,000,000	825,018	3,166,405	233,088	950,425	(3,025,173)	10,287,338
Total comprehensive income for the period							-
Profit or loss						265,631	265,631
Other comprehensive income							-
Foreign currency translation difference							-
Fair value reserve (available-for-sale) financial assets							-
Net change in fair value							-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Fair value changes in AFS financial assets	-	-	-	-	28,883	(8,665)	20,218
Transfer To Contingency Reserve	-	-	-	60,791	-	(60,791)	-
Other comprehensive income for the period	-	-	-	60,791	28,883	(69,456)	20,218
Total comprehensive income for the period	-	-	-	60,791	28,883	196,175	285,849
Balance at 31 December 2013	8,000,000	825,018	3,166,405	293,879	979,308	(2,828,998)	10,573,187

UNIVERSAL INSURANCE PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	NOTES	GROUP		COMPANY	
		31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Assets		N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6	1,035,301	334,160	1,029,733	331,486
Financial Assets	7	1,859,545	2,913,007	1,859,545	2,913,007
Trade Receivable	8	95,696	84,434	23,196	22,222
Reinsurance Assets	9	115,919	38,243	115,919	38,243
Deferred Acquisition cost	10	32,135	27,095	32,135	27,095
Other Receivable and Prepayment	11	1,740,186	1,739,563	1,709,917	1,710,087
Investment in subsidiaries	12	-	-	1,570,315	2,561,666
Investment Properties	13	1,250,560	1,126,500	1,250,560	1,126,500
Intangible Asset	14	8,489	6,431	8,489	6,431
Property, Plant and Equipment	15	7,036,036	6,730,795	2,900,005	2,491,479
Statutory Deposits	16	335,000	335,000	335,000	335,000
Total Assets		13,508,866	13,335,229	10,834,813	11,563,217
Liabilities					
Insurance Contract Liabilities	17	407,172	322,241	407,172	322,241
Borrowings	18	-	-	-	-
Trade payable	19	14,236	27,307	6,341	13,888
Other payable	20	1,693,549	1,792,647	1,649,890	1,747,920
Employee benefit liability	21	9,346	1,184	9,346	1,184
Income Tax liabilities	22	104,438	153,857	103,738	153,357
Deferred tax liabilities	23	544,140	602,380	397,730	455,970
Total Liabilities		2,772,881	2,899,617	2,574,217	2,694,561
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	315,546	293,879	315,545	293,879
Fair value reserve	24. 4	568,117	979,308	568,117	979,308
Revaluation reserve	24. 5	3,383,466	3,166,405	757,329	540,268
Retained earnings	24. 6	(2,356,162)	(2,828,998)	(2,205,413)	(1,769,817)
Shareholders funds		10,735,985	10,435,612	8,260,596	8,868,656
Other equity instruments		-	-	-	-
Non - controlling interests		-	-	-	-
TOTAL EQUITY & LIABILITIES		13,508,866	13,335,229	10,834,813	11,563,217

Signed on behalf of the Board of Directors on October 27 2015



REGINALD ANYANWU
DIRECTOR
FRC/2013/NIM/0000003245



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



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

Universal Insurance Plc

Statements of Comprehensive Income

For the year ended 31 December 2014

	Notes	GROUP		COMPANY	
		31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
		N'000	N'000	N'000	N'000
Gross Premium written	25	722,228	620,247	722,228	620,247
Decrease/(increase) in unearned premium		(23,173)	(52,484)	(23,173)	(52,484)
Gross Premium Earned		699,055	567,763	699,055	567,763
Reinsurance Premium Expense	26	(65,805)	(24,088)	(65,805)	(24,088)
Net Insurance Premium Income		633,251	543,675	633,251	543,674
Fees and Commission income	27	12,720	2,247	12,720	2,247
Total Underwriting Income		645,970	545,922	645,970	545,921
Claims expenses	28	(62,228)	(101,327)	(62,228)	(101,327)
Claims Expense Recovery from reinsurance	28	(5,121)	8,425	(5,121)	8,425
Net claim expenses		(67,349)	(92,902)	(67,349)	(92,902)
Underwriting Expenses					
Acquisition expenses	29	(16,147)	(41,366)	(16,147)	(41,366)
Maintenance expenses	29	(122,872)	(60,302)	(122,872)	(60,302)
		(139,019)	(101,668)	(139,019)	(101,668)
Underwriting Profit/(Loss)		439,602	351,352	439,602	351,352
Investment income	30	532,487	237,692	532,487	237,692
Other operating income	30 (ii)	145,972	172,421	-	-
Total investment income		678,459	410,113	532,487	237,692
Net Income		1,118,061	761,465	972,089	589,044
Impairment charges	31 (i)	(0)	(57,972)	(991,601)	(20,342)
Net realised gains/(loss) on financial assets	31 (ii)	(3,290)	4,871	(3,290)	4,871
Net fair value gain/(loss) on investment properties	31 (ii)	124,060	192,382	124,060	192,382
Other operating and administrative expenses	32	(777,987)	(592,541)	(549,047)	(420,551)
Total Expenses		(657,217)	(453,260)	(1,419,878)	(243,640)
Result of operating activities		460,844	308,205	(447,789)	345,404
Interest expense	33	-	(826)	-	-
Profit or (Loss) before Taxation		460,844	307,379	(447,789)	345,404
Income Tax Expense/ (Credit)	22	(24,581)	(41,748)	(24,381)	(41,448)
Profit or Loss after Taxation		436,263	265,631	(472,170)	303,956
Profit attributable to:					
Equity holders of the Company		436,263	265,631	(472,170)	303,956
Non-controlling interest		-	-	-	-
Profit/(loss) for the period		436,263	265,631	(472,170)	303,956
Other Comprehensive income					
<i>Items within OCI that may be reclassified to the profit or loss;</i>					
Fair value changes in AFS financial assets	24. 4	69,288	28,883	69,288	28,883
Deferred tax impact of changes in AFS financial assets	23	(20,786)	(8,665)	(20,786)	(8,665)
<i>Items within OCI that will not be reclassified to the profit or loss;</i>					
PPE revaluation gains	24. 5	217,061	-	217,061	-
Deferred tax impact of revaluation gains	23	(65,118)	0	(65,118)	0
Other comprehensive income for the period		200,445	20,218	200,445	20,218
Total comprehensive income		636,708	285,849	(271,725)	324,174
Total comprehensive income attributable to:					
Equity holders of the company		636,708	285,849	(271,725)	324,174
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		636,708	285,849	(271,725)	324,174
Earnings per share-(basic and diluted)	34	2.73	1.66	(2.95)	1.90

Universal Insurance Plc

Statement Of Cash Flows

For the year ended 31 December 2014

	GROUP		COMPANY	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Insurance premium received from policy holders,Brokers & Agents,Cedants	722,228	567,763	722,228	567,763
Commission received	12,720	2,247	12,720	2,247
Reinsurance receipts in respect of claims	(5,121)	8,425	(5,121)	8,425
Reinsurance premium paid	(65,805)	(24,088)	(75,743)	(24,088)
Other operating cash payments	(984,250)	(239,388)	(835,978)	(249,299)
Insurance benefits and Claims paid	(62,228)	(101,327)	(88,064)	(101,327)
Payments to intermediaries to acquire insurance contracts	(139,019)	(101,668)	(144,058)	(101,668)
Interest Received	208,073	153,813	274,978	153,813
Dividend Income Received	524	317	524	317
Cash generated from operations	(312,877)	266,094	(138,514)	256,183
Interest Paid	-	-	-	-
Company Income Tax paid	(74,000)	(7,000)	(74,000)	(7,000)
Net cash provided by operating activities	(386,877)	259,094	(212,514)	249,183
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(263,647)	(15,287)	(259,564)	(1,414)
Purchase of intangible assets	(3,899)	-	(3,899)	-
Investment income and other receipts	438,325	16,657	256,985	16,657
Unlisted AFS disposed	917,239		917,239	
Net Cash provided by investing activities	1,088,018	1,370	910,761	15,243
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	334,160	73,696	331,486	67,060
Net increase/decrease in cash and cash equivalents	701,141	260,464	698,247	264,426
Cash and Cash equivalent at the end of period	1,035,301	334,160	1,029,733	331,486

24. 1. Share capital	GROUP		COMPANY	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
The share capital comprises:	N'000	N'000	N'000	N'000
Authorised -				
16,000,000,000 Ordinary shares of 50k each	8,000,000	8,000,000	8,000,000	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

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

	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Balance, beginning of period	293,879	233,088	293,879	233,088
Transfer from profit and loss	21,667	60,791	21,667	60,791
Balance, end of period	315,546	293,879	315,546	293,879

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.

	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Balance, beginning of period	979,308	950,425	979,308	950,425
Net Fair value gain/(loss) on available-for-sale unquoted equity	69,288	28,883	69,288	28,883
Net Fair Value derecognised at disposal	(480,479)		(480,479)	
Balance as at period end	568,117	979,308	568,117	979,308

The fair value of =N=979,308 at the beginning of the year, includes =N=977,775 on MTN and =N=1,533 on WAR Stock. The amount of =N=(480,479) represents part of MTN fair value derecognised in 2014.

24. 5. Revaluation Reserve	GROUP		COMPANY	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
	N'000	N'000	N'000	N'000
Balance, beginning of period	3,166,405	3,166,405	540,268	540,268
Revaluation Surplus	217,061	-	217,061	0
Balance as at period end	3,383,466	3,166,405	757,329	540,268

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

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. There were (4) (2013 - (5)) outstanding legal proceedings against the Company as at 31 December 2014 with claims totaling N18,453,439. (2013 - N11,729,499). While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. The Company is also subject to insurance solvency regulations and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(b) Bonds and guarantees

The company provides financial guarantee and bonds to third parties at the request of customers in the form of bid and performance bonds or advance payment guarantee. As at the reporting date, the maximum loss that would be recognised if the counter parties failed completely to perform the contract will be N3 Million (December 2013: N56.848 Million).

(c) Capital commitments

The Company has no capital commitments as at the reporting date.

UNIVERSAL INSURANCE PLC

COMPUTATION OF SOLVENCY MARGIN AS AT DECEMBER 31, 2014

	2014 N'000
1 ADMISSIBLE ASSETS	
Cash and bank balances	1,029,733
Financial Assets	1,859,545
Trade Receivable	23,196
Reinsurance Assets	115,919
Other Receivable and Prepayment	1,709,917
Investment in subsidiaries	1,570,315
Deferred Acquisition cost	32,135
Investment Properties	1,250,560
Intangible Asset	8,489
Property, Plant and Equipment	2,900,005
Statutory Deposits	335,000
	<u>10,834,813</u>
Less: Non Admissible Assets:	
Financial Assets (3 1/2% War Stock UK)	(10,459)
Other Receivable	(1,706,314)
Intangible Asset	(8,489)
Revaluation surplus	(757,329)
	<u>(2,482,591)</u>
A	<u><u>8,352,222</u></u>
2 ADMISSIBLE LIABILITIES	
Insurance Contract Liabilities	407,172
Trade payable	6,341
Other payable	1,649,890
Employee benefit liability	9,346
Income Tax liabilities	103,738
Deferred tax liabilities	397,730
	<u>2,574,217</u>
Less Non Admissible Liabilities:	
Other payable	(1,598,942)
Deferred tax liabilities	(397,730)
B	<u><u>577,544</u></u>
Solvency Margin (A-B)	C 7,774,678
15% of Net Premium (633,251 *15%)	D 94,988
Minimum required paid up capital	E 3,000,000

Basis for conclusion:

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

Conclusion:

The company is solvent since its solvency margin of N7.74 billion is higher than the minimum paid up capital of N3.00 billion.

UNIVERSAL INSURANCE PLC

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, 2014 dated 28 January 2016 complied with section 24 of the Insurance Act CAP 117 LFN 2004. 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 ₦ 7,744,678,000 (Seven Billion, Seven Hundred and Forty Four Million Six Hundred and Seventy Eight Thousand Naira)

The accounts and balance sheet are in accordance with information given to us and with the provisions of the Insurance Act CAP 117 LFN 2004 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: 28 January, 2016

Name and address of Auditors

ANUEBUNWA JUDE & CO (Chartered Accountants)
7, SABITU STREET, IJEGUN ZONE 2, SATELITE TOWN
LAGOS - NIGERIA.

Sworn to at

This day of2016

BEFORE ME

COMMISSIONER FOR OATHS

THE UNIVERSAL INSURANCE PLC

UNDERWRITING REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	MOTOR N'000	FIRE N'000	GENERAL ACCIDENT N'000	MARINE N'000	2014 N'000	2013 N'000
Direct Premium Written	84,001	22,166	148,793	146,867	401,826	449,758
Reinsurance Accepted	22,270	50,602	236,897	10,633	320,402	170,489
Gross Premium Written	106,271	72,768	385,689	157,499	722,228	620,247
Changes in Reserve for Unexpired Risk (*)	(17,374)	(7,236)	2,927	(1,490)	(23,173)	(52,484)
Gross Premium Earned	88,897	65,533	388,617	156,009	699,055	567,764
Net Reinsurance Recovery (UPR) per actuarial valuation	-	5,748	1,305	2,886	9,939	16,159
Reinsurance cost	(4,000)	(8,306)	(55,251)	(8,186)	(75,743)	(40,247)
Net Premium Written	84,897	62,975	334,671	150,709	633,251	543,675
Commission Received	-	5,415	4,840	2,465	12,720	2,247
Net Income	84,897	68,389	339,511	153,174	645,971	545,922
Claims Incurred:						
Direct Claims Paid	5,765	7,683	70,852	3,764	88,064	56,300
Changes in Provision for Outstanding Claims (**)	(460)	8,279	73,002	(19,063)	61,758	48,718
Gross Claims Incurred	5,305	15,962	143,854	(15,300)	149,821	105,019
Reinsurance Claims Recovery per actuarial valuation	-	(15,431)	(72,162)	-	(87,593)	(3,692)
Reinsurance Claims Recovered	(507)	283	5,345	-	5,121	(8,425)
Net Claims Incurred	4,798	814	77,037	(15,300)	67,350	92,902
Underwriting Expenses:						
Commission Paid	10,621	19,119	83,356	30,963	144,058	113,538
Changes in deferred commission	(2,000)	(1,439)	(1,170)	(431)	(5,040)	(11,870)
Total Underwriting Expenses	8,620	17,681	82,186	30,532	139,019	101,669
Total Expenses	13,419	18,494	159,223	15,232	206,368	194,570
Underwriting Result	71,478	49,895	180,288	137,942	439,603	351,352
Provision for Unexpired Risk- 1 January 2014	27,159	11,734	103,629	922	143,444	90,960
Provision for Unexpired Risk-	44,533	18,970	100,702	2,412	166,617	152,672
Additional charge (UPR) per actuarial valuation	-	-	-	-	-	(9,228)
Reserve for Unearned premium - 31 December 2014	44,533	18,970	100,702	2,412	166,617	143,444
* Changes in reserve for unexpired Risk	(17,374)	(7,236)	2,927	(1,490)	(23,173)	(52,484)
Gross Claims Outstanding						
Outstanding Claims	8,621	26,801	174,145	9,120	218,686	140,131
Provision for outstanding claims (IBNR)	862	2,680	17,414	912	21,869	7,837
Provision for Outstanding Claims- 31 December 2014	9,483	29,481	191,559	10,032	240,555	178,797
Provision for Outstanding Claims- 1 January 2014	9,943	21,202	118,557	29,095	178,797	130,079
** Changes in provision for outstanding claims	(460)	8,279	73,002	(19,063)	61,758	48,718