ANNUAL REPORT 2019

ANNUALREPORT//2019

Pushing Boundaries

NEM

...together to succeed

“

Never **surrender** to the momentum of **mediocrity.**

—

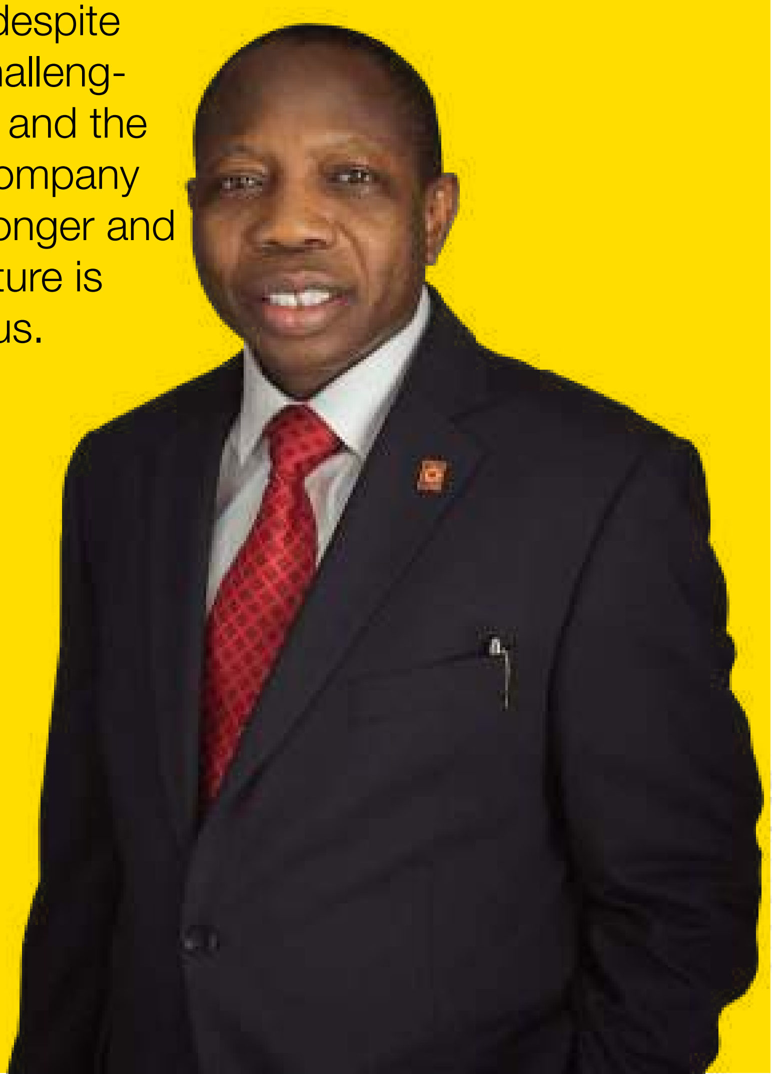
Marlon Brando

By nature, **continuous growth** is **in the DNA of NEM Insurance**, no matter the odds.
Improving service **is our culture**.
Every year, we keep **Pushing Boundaries** in pursuit **of the best value**.
This informs our **thematic philosophy**, **as** we keep going **the extra mile**, sustaining positive momentum and breaking new grounds **in corporate performance** and service **to our clients**.

Pushing for **Greater Value**

Challenges come year after year, but we at NEM Insurance never relent in our avowed quest to always create and preserve value. Our 2019 Annual Report reflects the fact that our commitment stays true to our vision, mission and policy for sustained momentum, continuous growth, better service and greater value. After reaching for new heights in the previous financial year, we are now Pushing Boundaries of greater possibilities. I have no doubt that, despite the tough challenges in Nigeria and the world, our company will grow stronger and a brighter future is assured for us.

Mr. Tope Smart
GMD/CEO



Our Vision

To be the preferred choice of the insuring public

Our Mission

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

Core Values

- Discipline
- Integrity
- Humility
- Excellence
- Empathy
- Courage

Brief history **about the Company**

NEM INSURANCE PLC started insurance business in Nigeria in 1948 through the agency of Edward Turner & Co.

It became a Nigerian branch of NEM General Insurance Association Limited of London in 1965.

Incorporated in 1970 as a Nigerian company in compliance with the Companies Decree of 1968, the company became quoted on the NIGERIAN Stock Exchange in 1989 following the privatization by the Federal Government of Nigeria.

The company, which has contributed immensely towards the growth of Insurance Industry in Nigeria, was into Life and Non-Life business. Following the recapitalization exercise, the company merged with vigilant Insurance company Ltd to transact all classes of General Insurance.

The Company has expanded its operations into the West African Sub region, with the successful registration and commencement of business of its subsidiary, NEM INSURANCE (GHANA) Limited I in May 2009.

Coming Soon

From

NEM Insurance Plc

NEM

...together to succeed

AGRIC INSURANCE POLICY

....a cover that protects your agricultural investment and supports business continuity plan

For Enquiry Contact:
NEM Support Center Phone: +234(1)4489570
and email: nemsupport@nem-insurance.com
Or our Agric Unit on Phone: +234 806 386 8250; 0812 668 9709

...Together to succeed

Authorised and Regulated by National Insurance Commission RIC No. 028

NAICOM/CA/ADV/2020/3324

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Notice of 50th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting of NEM INSURANCE PLC. (the "Company') will hold at the Conference Room, NEM House, 199, Ikorodu Road, Obanikoro on the 18thth of June 2020 at 10.00a.m to transact the following business:

ORDINARY BUSINESS

1. To present the Annual Financial Statements of the Company for the year ended 31st December 2019 and Reports of the Directors, the Auditors Report and Audit Committee's Report thereon.

2. To declare a Dividend.

3. To re-elect Directors retiring by rotation.

4. To ratify the appointment of Directors.

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

6. To elect members of the Audit Committee

SPECIAL BUSINESS

1. Share Capital Increase and Alteration of Memorandum and Articles of Association

1.1 To consider and if thought fit, to pass the following, with or without modification as an Ordinary Resolution of the Company:

"that the Directors be and are hereby authorized to increase the Company's share capital from N4,200,000, 000 (Four Billion, Two Hundred Million Naira) to N10, 000,000,000 (Ten Billion Naira) by the creation and addition thereto of N4, 800,000,000 (Four Billion, Eight Hundred Million Naira) by the creation and addition thereto of 9,600,000,000 (Nine Billion, Six Hundred Million) ordinary shares of 50 kobo (Fifty Kobo) each, such new shares to rank pari passu in all respects with the existing Ordinary Shares in the share capital of the Company"

1.2 To consider and if thought fit, to pass the following, with or without modification as a Special Resolution of the Company:

"that Clause 6 of the Memorandum of Association be and is hereby amended to reflect the new share capital of N10,000,000,000 (Ten Billion Naira) divided into N20,000,000,000 (Twenty Billion) ordinary shares of 50 kobo (fifty kobo) each"

Notice of 50th Annual General Meeting

Cont'd

NOTES:

I. PROXY

(a) With the safety and security of customers, employees, and other stakeholders as our top priority, the Company has been implementing its internal policy on the COVID –19 pandemic based on guidance received from government authorities in order to help prevent the spread of infections.
Therefore, in line with the guidelines of the Corporate Affairs Commission on the conduct of Annual General Meetings (AGM) of Public Companies by Proxies, and the need to comply with the directives and regulations of the Federal Government of Nigeria, Lagos State Government, the Nigerian Centre for Disease Control (NCDC) on safety and health measures against COVID-19 pandemic, Shareholders are hereby informed that attendance shall only be by proxy and shall be limited to a maximum of 20 people. (this is the maximum crowd size currently approved by the Lagos State Government for social/public gatherings).

(b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is attached to the last page of this report and may also be downloaded from the company's website www.nem-insurance.com

In line with CAC's 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 proxies below:

(1) Dr. Fidelis Ayebae (Chairman)
(2) Mr. Tope Smart (GMD/CEO)
(3) Mrs Olajumoke Philip-Akede (Company Secretary)

(c) For the instrument of proxy to be valid for the purposes of this meeting, it must be completed and duly stamped and duly stamped by the Commissioner of Stamp Duties and emailed to registrars@apel.com.ng or deposited at the office of the Registrar, Apel Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent South-West Ikoyi Lagos not less than 48 hours before the time of the meeting.

(d) The Company has made arrangements at its cost for the stamping of the duly completed proxy forms submitted to the Company's Registrars within the stipulated time.

II. CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from Monday 4th of May 2020 till Friday 8th of May 2020 both dates inclusive for the purpose of updating our register of members. Accordingly dividends will only be paid to Shareholders whose names are on the Register before the date of closure. Payment date is 18th of June, 2020

III. UNCLAIMED DIVIDEND WARRANTS

Some dividend warrants have remained unclaimed, or are yet to be presented for payment or are in need of revalidation. Affected Shareholders are advised to contact the Registrar, Apel Capital & Trust Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos on this.

Notice of 50th Annual General Meeting

Cont'd

IV. LIVE STREAMING OF THE AGM

The AGM will be streamed live via the Company's website. This will enable shareholders and other stakeholders who will not be attending the meeting physically to observe the proceedings. Please log on to www.nem-insurance.com for the live streaming.

V. DIVIDEND PAYMENT

If the proposed dividend of 15 kobo per ordinary share of 50 kobo each as recommended by the Directors is approved by members at the Annual General Meeting, e-dividends will be paid to Shareholders' accounts in accordance with the directive of the Securities and Exchange Commission on 18th of June 2020 to the shareholders whose names appear in the Register of Members at the close of business on 30th April 2020

VI. E-DIVIDEND

Notice is hereby given to all Shareholders who are yet to mandate their dividends to their bank accounts to kindly update their records by completing the e-dividend mandate form and submitting same to the Registrars, as dividend will be credited electronically to Shareholders' accounts as directed by the Securities and Exchange Commission.

Detachable application forms for e-dividend mandate change of address and unclaimed dividends are attached to the Annual Report for the convenience of all shareholders. The forms can also be downloaded from the Company's website at www.nem-insurance.com or from the Registrar's website at www.apel.com.ng. The completed forms should be returned to Apel Capital & Trust Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos.

VII. STATUTORY AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, a Shareholder may nominate another Shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than twenty one (21) days before the Annual General Meeting.

Kindly note that the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC) and the National Insurance Commission (NAICOM) respectively indicate that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements.

In view of the above, we request that nominations to the Audit Committee should be accompanied by copies of nominees' Curriculum Vitae.

VIII. RE-ELECTION OF DIRECTORS

In accordance with the Section 259 of the Companies and Allied Matters Act, Alhaji Ahmed I. Yakasai, Chief Ede Dafinone and Mrs. Joy Teluwo will retire by rotation and being eligible offers themselves for re-election. Their profiles are contained in the Annual Report and also on the Company's website.

Notice of **50th Annual General Meeting**

Cont'd

IX. TO RATIFY THE APPOINTMENT OF DIRECTORS

(a) Mr. Kelechi Okoro
(b) Mr. Papa Ndiaye

Their profiles are contained in the Annual Report and also on the Company's website.

X. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange's Rulebook 2015, it is the right of every Shareholder to ask questions not only at the meeting but also in writing prior to and after the meeting. Please send all questions to nem@nem-insurance.com

XI. E-ANNUAL REPORT

The electronic version of this annual report (e-annual report) can be downloaded from the Company's website www.nem-insurance.com. The e-annual report will be emailed to all 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 nem@nem-insurance.com. or registrars@apel.com.ng.

XII. Website

A copy of this Notice and other information relating to the meeting can be found at www.nem-insurance.com.

BY ORDER OF THE BOARD

OLAJUMOKE PHILIP-AKEDE
COMPANY SECRETARY
FRC/2017/NBA/00000015972
199, IKORODU ROAD, LAGOS
DATED THIS 25th DAY OF MAY 2020

Corporate Information

Directors

Dr. Fidelis Ayebae	-	Chairman
Mr. Tope Smart	-	Group Managing Director/CEO
Mrs. Susan Abisola Giwa-Osagie	-	Deputy Managing Director
Ms Stella Omoraro	-	Executive Director
Mr. Andrew Ikekhua	-	Executive Director
Mrs. Yinka Aletor	-	Director
Alhaji Ahmed I. Yakasai	-	Independent Director
Chief Ede Dafinone	-	Director
Mrs Joy Teluwo	-	Director
Mr. Papa Ndiaye	-	Director
Mr. Kelechi Okoro	-	Director

Company Secretary

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

Registered Office

NEM House
199, Ikorodu Road
Obanikoro, Lagos

FRCN Number

FRC/2012/0000000000249

Registration Number

6971

Corporate Head Office

NEM House
199, Ikorodu Road
Obanikoro, Lagos
www.nem-insurance.com

Registrars

APEL Capital & Trust Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent,
South West, Ikoyi
Lagos
Tel: 01-2932121
Mobile No: 07046126698
www.apel.com.ng

Bankers

Access Bank Plc
Diamond Bank Plc (Now Polaris Bank Limited)
Ecobank Nigeria Limited
First Bank of Nigeria Limited
GTBank Plc
Keystone Bank Limited
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
United Bank for Africa Plc
Zenith Bank Plc


WATCHOUT
FOR
FARMERS' COMFORT
NEM
...together to succeed
NEM AGRIC INSURANCE POLICY
....a cover that protects your agricultural investment and supports business continuity plan
For Enquiry, Contact:
NEM Support Center: +234(1)4489570
Agric Unit: +234 806 386 8250; 0812 668 9709
Email: nemsupport@nem-insurance.com
Website: nem-insurance.com
HEAD OFFICE CONTACT:
NEM House, 199, Ikorodu Road, Obanikoro, Lagos.
P. O. Box 654, Marina, Lagos. Tel: 01-4489560-9
•Poultry Farm •Livestock •Multi-perils Crop
•Fishery & Fish Farm •Farm/Area Yield Index Crop
...Together to succeed
Authorised and Regulated by National Insurance Commission RIC No. 028

Corporate Information Cont'd

Auditors

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

Solicitors

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

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

Reinsurers

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

Subsidiary

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

Associate

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

Branch Networks

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

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

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

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

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

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

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

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

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

Corporate Information Cont'd

Kano
3rd Floor, Union Bank Building
37, Niger Street
P.O. Box 1185, Kano

Branch Manager: Ahmed Bello
Mobile No: 08154971638
080652940000

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

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

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

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

Port Harcourt
House 2, Road 2
Circular Road, Residential Estate
Port Harcourt, Rivers State

Branch Manager: Akintan Kolawole
Mobile Nos: 08037236009

Results at a **Glance**

Financial Position	2019 N'000	2018 N'000	N'000	Changes %
Cash and cash equivalents	8,101,885	6,697,017	1,404,868	21
- At fair value through profit or loss	2,485,564	1,108,206	1,377,358	124
- At fair value through other comprehensive income	70,028	1,260,729	(1,190,701)	(94)
- At amortised cost	2,130,855	1,235,106	895,749	73
Trade receivables	207,484	279,709	(72,225)	(26)
Reinsurance assets	5,525,893	4,809,590	716,303	15
Deferred acquisition cost	810,097	655,614	154,483	24
Other receivables and prepayments	683,375	709,859	(26,484)	(4)
Investment in Associate	435,165	413,752	21,413	5
Investment properties	1,589,278	682,951	906,327	133
Statutory deposit	320,000	320,000	-	-
Property, plant and equipment	3,031,838	4,158,807	(1,126,969)	(27)
Intangible asset	1,225	6,405	(5,180)	(81)
Deferred tax Assets	291,203	92,773	198,430	214
Total Assets	**25,683,890**	**22,430,518**	**3,253,372**	**15**
Insurance contract liabilities	9,000,865	7,126,871	1,873,994	26
Trade payables	298,046	319,023	(20,977)	(7)
Other payables	1,386,681	1,247,829	138,852	11
Retirement benefit obligations	81,635	78,496	3,139	4
Income tax liability	462,419	835,998	(373,579)	(45)
Deferred tax liabilities	356,500	397,746	(41,246)	(10)
Total Liabilities	**11,586,146**	**10,005,963**	**1,580,183**	**16**
Issued share capital	2,640,251	2,640,251	-	-
Share premium	272,551	272,551	-	-
Contingency reserve	4,198,848	3,606,052	592,796	16
FVOCI reserve	(51,468)	(35,344)	(16,124)	46
Asset revaluation reserve	1,094,475	1,094,475	-	-
Other Reserves - Employee benefit	111,455	131,043	(19,588)	(15)
Retained earnings	5,831,632	4,715,527	1,116,105	24
Shareholders' Fund	**14,097,744**	**12,424,555**	**1,673,189**	**13**
INCOME STATEMENT	**N'000**	**N'000**	**N'000**	**%**
Gross premium written	**19,759,872**	**15,049,453**	**4,710,419**	**31**
Gross premium income	19,259,541	14,346,488	4,913,053	34
Reinsurance expenses	(6,642,001)	(3,652,694)	(2,989,307)	82
Net premium income	**12,617,540**	**10,693,794**	**1,923,746**	**18**
Fees and commission income	1,174,233	743,570	430,663	58
Net underwriting income	13,791,773	11,437,364	2,354,409	21
Claims expenses	(3,937,318)	(2,554,253)	(1,383,065)	54
Underwriting expenses	(5,505,758)	(4,259,870)	(1,245,888)	29
Underwriting profit	**4,348,697**	**4,623,241**	**(274,544)**	**(6)**
Investment income	878,186	952,783	(74,597)	(8)
Net Fair value gain/(loss)	170,963	(263,382)	434,345	(165)
Other income	72,340	212,667	(140,327)	(66)
Profit on disposal of properties, plant and equipment	872	3,818	(2,946)	(77)
Share of profit in Associate	21,413	21,251	162	1
Management expenses	(3,535,522)	(2,826,843)	(708,679)	25
Profit before taxation	**1,919,754**	**2,685,661**	**(765,908)**	**(29)**
Income taxes	475,612	(648,957)	1,124,569	(173)
Profit for the year after tax	**2,395,366**	**2,036,704**	**358,661**	**18**
Total other comprehensive (loss)/income	(35,712)	1,208,882	(1,244,594)	(103)
Total comprehensive income for the year	**2,359,654**	**3,245,586**	**(885,933)**	**(27)**
Basic Earnings Per Share (Kobo)	0.45	0.39	0.07	17.61
Diluted Basic Earnings Per Share (Kobo)	0.45	0.39	0.07	17.61

Message from **Chairman**

My dearly beloved Shareholders and invited Guests, Representatives of regulatory bodies here present, fellow Directors, Ladies and Gentlemen. I welcome you to the fiftieth (50th) Annual General Meeting of our great Company - NEM Insurance Plc. My fellow Directors and I shall at this meeting present to you the Annual report and Accounts of our company for the year ended 31st December 2019.

Operating Environment

The country held her general elections March in year 2019 with great expectations from the government whose policy thrust is to fight corruption, improve security, tackle un-employment, diversify the economy, enhance climate resilience, and boost the living standards of Nigerians. So much is still being expected as the country's economy is still muted with marginal increase in the Gross Domestic Product from 1.93% in 2018 to 2.3% as the end of 2019.

The price of crude oil (bonny light) declined from US$69.89 per barrel in 2018 to US$64.87 per barrel as at the end of year 2019; thus reducing the External reserves by 10.5% i.e. from US$42.54 billion in 2018 to US$38.07 billion in 2019. As we speak, crude oil prices has continued a nose-diving trend since the outbreak of COVID-19, a pandemic that was first reported in China in November 2019 which has now spread all over the world causing the lockdown of the world's economy.

Chairman's Statement Cont'd

marginal increase in the Gross Domestic Product from 1.93% in 2018 to 2.3% as the end of 2019.

The growth of the non-oil sector rose to 2.3% annually (Quarter three of 2019: +1.8% year-on-year), majorly on the back of accelerated activity in the services sector. The information and communications industry, especially the financial services sector, gained momentum in quarter four. The agricultural output witnessed tremendous boot during the year under review. The boost as generally attributed to the closure of land border to the importation of grains and food items. The Federal Government has been commended for this bold step in various quarters. However, Nigeria is still far from food security occasioned partly by the lack of political will to embrace agriculture in other parts of the country aside from the Northern region. There is also the issue of incessant farmer-herdsmen conflicts in the North Central and part of South-West Nigeria of the country. As for the industrial sector, there was a moderate growth to 2.7% year-on-year (Q3 2019: +3.2% year-on-year), pulled down in large part by weaker construction output; also caused by a weak power sector performance,

According to the report of National Bureau of Statistic (NBS) the Finance and Insurance sectors' contribution to real GDP for 2019 was 3.01%; marginally higher than that of the preceding period that recorded 3.0%. While the GDP of Financial Institutions (i.e. banks) under the Financial and Insurance sector grew by 2.40% in full year 2019 from 1.41% in 2018, the GDP of the Insurance sector declined to 3.59% in 2019 from 6.12% in 2018; though better than the financial institution.

In all, the GDP value of Nigeria represents 0.34% of the world economy and is ranked 27th on the Global nominal GDP.

The official exchange rate of the Dollar to Naira remained at N306.50 as was in the preceding year. The Central Bank of Nigeria (CBN) maintained its monetary policy stance in the review period, retaining the Monetary Policy Rate at 13.50%.

Consumer Price Index (CPI) for all items in 2019 was 307.5 and 274.6 in 2018. The average change during the year 2019 was 11.4%. Nonetheless, the inflation rate came down to 11.98% from 12.1% of 2018.

Activities on the Nigerian Stock Exchange (NSE) indicated bearish developments during the fourth quarter of 2019 as the All Share Index (ASI) which opened at 31,041.42 bpts dropped to 26,842.07 bpts and the Aggregate Market Capitalization increased to N25.89 trillion at the end of the review period from N21.9 trillion at the end of December 2018.

NSE-Insurance indices rose by 8.5% to 125.82 at the end of December 2019.

In all, the GDP value of Nigeria represents 0.34% of the world economy and is ranked 27th on the Global nominal GDP.

Chairman's Statement Cont'd

According to the Central Bank of Nigeria (CBN), it its report, developments in the market were driven, largely, by portfolio switch from money market to capital market, following the CBN policy barring individuals and local corporates from investing in Treasury bills, which crashed the Treasury bill rates, amid profit-taking, as investors took advantage of low prices, ahead of the year-end rally.

Financial Performance
The company's performance has been a consistent upward progression and is summarized as follows

Premium Income
A Gross Premium of N19.8 billion was generated as against N15.04 billion generated in the preceding year 2018; an increase of 31.3%. The Net Premium earned during the period under review was N12.6 billion and 18% increase over the preceding period of 2018 which recorded N10.7 billion.

Investment Income
As a result of the crash in interest rate during the reporting period, the income earned on investment came down to N878.2 million as against the previous income of 2018 which was N952.8 million. This resulted in a reduction of 7.8%.

Claims Paid
While a Gross Claim of N7.4 billion was incurred in 2019, that of 2018 was N6.01 billion; an increase of 22.7%. Even at this, the Gross claims ratio was 2.7% lower than that of the previous period of 2018. In other words, while the ratio for 2019 was 37.3% that of 2018 was 40%.

In the same vain, the Net Claims expenses of N3.9 billion incurred in 2019 was 54.1% higher than that of the preceding period which recorded N2.6 billion. The Net Claims ratio for the period under review was 31.2% as against that of 2018 that was 23.9%, an increase of 7.3%.

Management Expenses
The Group incurred the sum of N3.5 billion; an increase of 25.1% over that of 2018 which was N2.8 billion.

The Parent Company also incurred an increase of 25.3% over that of the previous period of 2018. Specifically, while N3.5 billion was incurred in 2019, N2.8 billion was incurred in 2018.

Profit for the Year
While the Group's Profit After Tax (PAT) for the preceding period was N2.04 billion, the sum of N2.4 billion was recorded in the reporting period; an increase of 17.6%. The Parent Company also recorded an increase of 17.7% PAT over the preceding period. That is, N2.38 billion was generated in 2019 against N2.02 billion in 2018.

Financial Assets, Total Assets & Total Equity
There were increases of N1.08 billion, N3.25 billion and N1.67 billion in the Group's Financial Assets, Total assets and Total Equity respectively.
Also, the Parent Company had increases of N1.08 billion; N3.23 billion and N1.66 billion in Financial Assets, Total assets and Total Equity respectively.

> **"The Net Claims expenses of N3.9 billion incurred in 2019 was 54.1% higher than that of the preceding period which recorded N2.6 billion.**

Earnings per Share (EPS)
The Group's EPS for the year under review was 45 kobo while that of the previous year was 39 kobo; an increase of 17.6%.

The Parent Company's EPS for the year under review was 45 kobo compared to 38 kobo in the preceding year, an increase of 17.7%.

Dividend
The Board is recommending a dividend of 15 kobo per 50 kobo ordinary shares.

Chairman's Statement Cont'd

Human Capital
During the period under review, over 92% of our employees were sent on various local and international trainings to enhance performance

All necessary work tools were provided for staff along with a conducive environment with a further motivation of promotions for deserving staff who performed excellently well during the year. In addition to this, quarterly awards were given to best staff in each department. Inclusive also, was the annual awards to staff in various areas of performances.

The company is gender friendly hence, we maintain a balance in the number of male and female staff in employment. Also, the company does not discriminate between able and physically challenged persons as employment is based on merit.

Future Prospects
After the cancellation of the Tier Based Minimum Solvency capital, NAICOM introduced a new Paid-Up Share Capital in May 2019 to take effect from December 2020 as follows.

Class	Existing Capital	New
Capital Life	N2billion	N8 billion
General	N3billion	N10 billion
Composite	N5 billion	N18 billion
Reinsurance	N10 billion	N20 billion

> "During the period under review, over 92% of our employees were sent on various local and international trainings to enhance performance

NAICOM recognized only Issued Share Capital, Retained Earnings and Share Premium as the qualifying items to make up the new Paid-Up Share Capital. As at the end of the reporting period we have a deficit of N1.27 billion which we believe to organically meet by the end of the second quarter of 2020. Our plan of acquiring a life company has been put in abeyance.

2020 Outlook
Since the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" in December 2019, governments worldwide have enacted emergency measures to combat the spread of the virus. NEM is also actively assessing and responding where possible to its potential impact on the Company's business.
The focus has been on the safety of our personnel, ensuring the continuity of access to our products by our clients and also efficient service delivery.
As the situation continues to be very dynamic, the Company has been working diligently to assess the potential risks posed by COVID-19 to its business on an ongoing basis and to realign its strategies accordingly.
Notwithstanding that the Company remains well positioned and its business strong, given the unprecedented circumstances and current market environment, the Company has adopted policies which are prudent at this time to grow its market share by leveraging extensively on its robust technology infrastructure and maintain a healthy balance sheet.

The Board
During the year, there were two additions to the Board: Mr. Papa Madiaw Ndiaye was appointed as a Non-Executive Director. He is an alumnus of the Wharton School of Business. He brings with him years of experience as a seasoned investor and financial advisor. Mr. Kelechi Okoro was appointed as a Non-Executive Director. He is a leading expert in sourcing, executing and managing investments. He has years of experience in funds management, investments and infrastructure transactions.

Conclusion

I want to use this opportunity to appreciate both the management and members of staff ably led by a very smart and result oriented GMD/CEO while also recognizing my fellow Directors All their efforts, dedication and hard-work are seen in the results being reported in the past years. This is a team to be proud of. Also, I want to appreciate all my fellow shareholders who have been supportive and loyal to the company. Our valued clients, Brokers, Agents, and Re insurers have been very consistently supportive. Thank you all.

Most importantly, I give all the glory and thanks to Almighty God who has been our Pillar, Helper and Guide.

Once again I say a big thank you and promise that with your continued support, our company shall progressively soar high.

DR. FIDELIS AYEBAE
CHAIRMAN

GMD/ CEO'S REPORT

Global economy recorded its weakest performance in 2019 since the global financial crisis. Global economy grew by 2.4% in 2019 as trade and investment recovered. The trade tensions between the United States and China, increased trade policy uncertainty in the United States, slower growth in China, lower commodity prices and tighter financial conditions were some of the reasons for the weak performance of the global economy in 2019.

Though the IMF forecasts global growth for 2020 to be stronger, the recent outbreak of the Coronavirus disease (COVID-19) is a major threat to the growth prospects of global economy.

In Africa, the United States-China trade tensions have contributed to slowing demand in Africa's key trading partners, including China and the Euro area. This has led to lower commodity prices and weaker demand for Africa's commodity exports as well as some turbulence in currency markets. This is against the background of the importance of these two countries to Africa; while China is Africa's single largest trading partner, the United States occupies the fifth position.

The signing of the Africa Continental Free Trade Agreement (AFCTA) by 54 countries is expected to break down continental trade barriers and boost the economies of the countries involved.

On the domestic scene, after the initial uncertainty about the 2019 election outcomes which slowed down growth at the beginning of the year, the economy subsequently picked up on the back of improvements in all the major sectors of the economy. As at Q4 2019, the oil sector grew by 6.36% year on year and the year ended with a GDP of 8.78% from the oil sector.

> "54 countries is expected to break down continental trade barriers

The non-oil sector grew by 2.2% during this period, largely driven by the agriculture and information and communication sub sectors. Over all, the Nigerian economy grew by 2.27% in real terms, a figure higher than the 1.93% growth rate recorded in 2018. It should be noted that this is the highest GDP since 2015 when it recorded 2.79%.

Despite the growth in GDP, Nigeria's foreign reserve declined to \$38.6billion at the end of 2019 from \$43.23billion during the same period of 2018. This was due to pressure on the foreign reserve. Also, inflation rate peaked at 11.98% as against 11.44% as at the end of 2018. Analysts are of the opinion that this may be due to the border closure by the Federal Government which was done in August 2019.

Despite the difficult operating environment, coupled with increased claims profile due to some very big claims paid during the period under review, we were still able to record some modest achievements in most of our indices.

> “Over all, the Nigerian economy grew by 2.27% in real terms

These claims however put a lot of pressure on our bottom line. Efforts are being made to ensure we improve on these numbers.

During the year, our regulator, National Insurance Commission (NAICOM) increased the minimum paid up capital of all Insurance and Reinsurance companies and were initially given up to 30th June 2020 to comply. This period was subsequently changed to 31st December 2020 due to pressure from operators. We are working hard to ensure compliance before the due date. Our associate in Ghana, RegencyNEM Insurance is equally going through a recapitalization process as directed by the National Insurance Commission, Ghana. However, they have up to June 2021 to comply and we are working towards complying with this new capital regime also.

A review of our performance shows that Gross Premium grew by 31% from N15 billion in 2018 to N19.8billion in 2019. Net premium also increased by 18% from N10.6billion in 2018 to N12.6billion in 2019. Shareholders fund also increased from N12.4billion in 2018 to N14.1billion in 2019. Net claims paid during this period increased by 54% from N2.5billion to N3.9billion while investment income decreased by 8% from N953million to N878million due to low yield on investments. The huge claims paid during the period had a negative

GMD/CEO'S REPORT Cont'd

> Profit after tax increased from N2billion to N2.4billion, an increase of 18% due to deferred tax asset.

impact on our bottom line as profit before tax came down from N2.6billion to N1.9billion, a decrease of 29%.

However, profit after tax increased from N2billion to N2.4billion, an increase of 18% due to deferred tax asset. From our associate in Ghana, we achieved a 1% increase in profit from N21.2million in 2018 to N21.4milliom in 2019. We are confident of improving on this next year.

To our highly esteemed brokers and clients who have entrusted us with their businesses, I say a big thank you to all of you.

Our board has remained our pillar of strength. The board has continued to provide strategic direction for our operations for which I am grateful.

My appreciation also goes to all our staff who have continued to deliver exceptional service in order to meet the needs of our customers.

To all our shareholders, I say thank you for your trust and confidence in us and hereby restate our commitment towards delivering superior value to you.

With a very strong foundation and brand reputation, we are well positioned to move to the next level even as we continue to delight all our stakeholders.

TOPE SMART
Group Managing Director/CEO

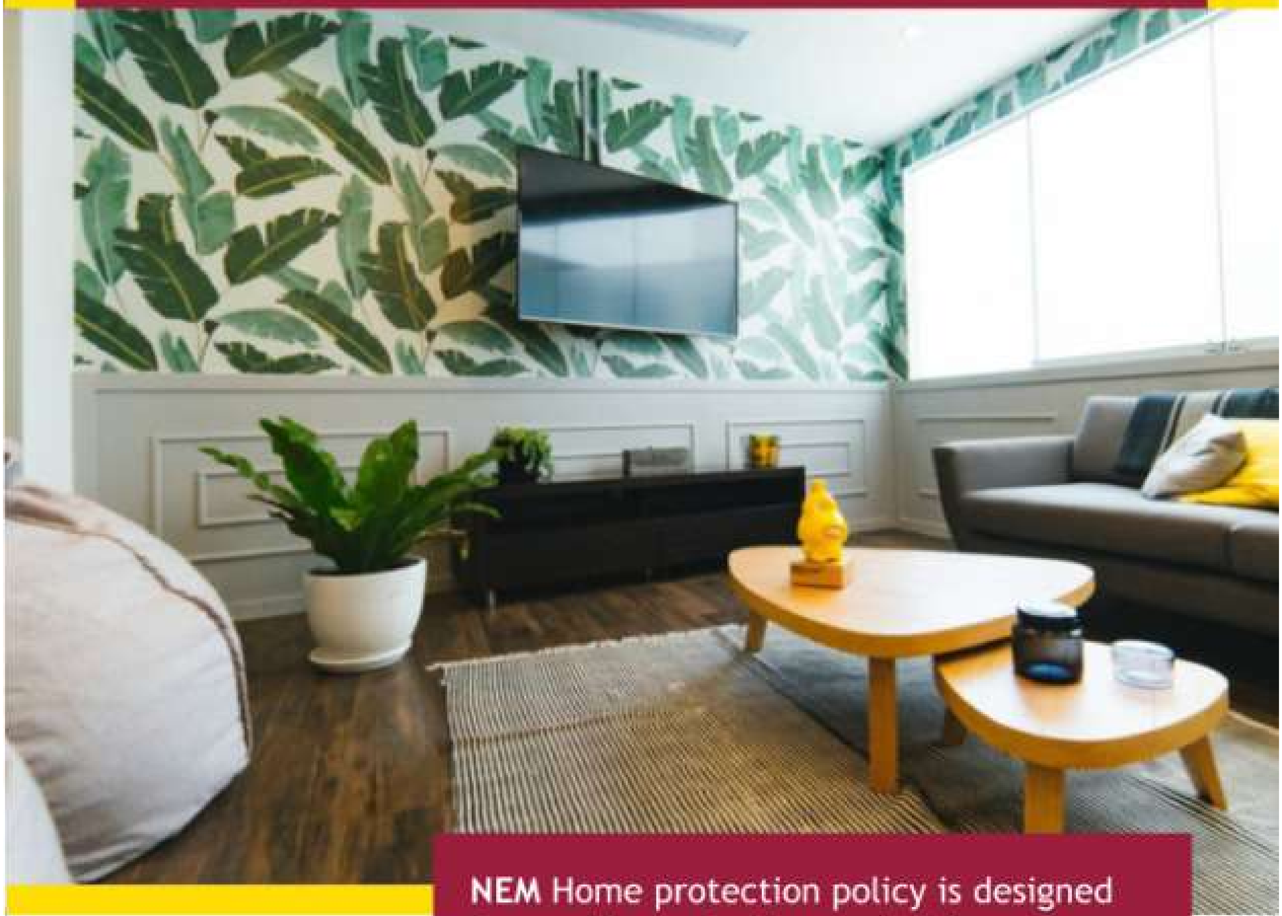
NEM

...together to succeed

NEM Insurance Plc

NEM HOME PROTECTION POLICY

Get your home protected



NEM Home protection policy is designed to provide protection against losses on household content in a residential building

NEM HOUSE:
199, Ikorodu Road, Obanikoro,
P.O. Box 654 Marina, Lagos
Tel: 01-448960-9
Customer Service
Centre: 014489570-2
Email: nem@nem-insurance.com
website: nem-insurance.com

Report Of Directors

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

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

2. **Principal activities and corporate development**
   The company is engaged in the business of General Insurance which includes marine, motor vehicle, fire and burglary, oil and gas etc.

SUMMARY OF THE RESULT

Comprehensive Income	2019 N'000	2018 N'000
Gross premium written	19,759,872	15,049,453
Gross premium income	19,259,541	14,346,488
Reinsurance expenses	(6,642,001)	(3,652,694)
Investment Income	878,186	952,783
Other revenue	1,439,821	981,306
Total Revenue	14,935,547	12,627,883
Claims paid	3,937,318	2,554,253
Underwriting expenses	5,505,758	4,259,870
Management expenses	3,553,738	3,101,138
Total Claims and Other Expenses	12,996,814	9,915,261
Profit before tax	1,938,733	2,712,622
Information Technology Development Levy	(18,979)	(26,961)
Income tax income/(expense)	475,612	(648,957)
Profit For the Year	2,395,366	2,036,704
Other Comprehensive (loss)/income for the year	(35,712)	1,208,882
Total comprehensive income for the year	2,359,654	3,245,586
Basic Earnings Per Share (Kobo)	0.45	0.39
Diluted Basic Earnings Per Share (Kobo)	0.45	0.39

Report Of Directors Cont'd

3. Corporate governance

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

For the financial year under review, 2019; the Board is of the opinion that NEM Insurance Plc has in all material respects, complied with the requirements of the Code of Corporate Governance for Insurance industry in Nigeria.
A summary of the key components of our Corporate Governance System is provided hereunder.

The Board of the Company is responsible for establishing the policy framework that would ensure that the Company fully discharges its legal, financial, as well as regulatory responsibilities. The Board monitors the performance of the Company, monitors the effectiveness of the Governance Structure under which it operates and renders the Accounts of its stewardship of the organization’s resources to the shareholders.

The Board of Directors of the Company is composed of a mix of non-executives and executives whereby the number of non-executives exceeds the number of executives while the position of the Chairman of the Board is clearly delineated from the Chief Executive Officer.

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

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

Independent Director
The Board appointed one independent Director who has remained truly independent since his appointment.

Annual Board Appraisal
In accordance with the requirements of the NAICOM’s Code, the Board renewed the mandate of New Version Consultants Ltd to conduct the appraisal of its performance for 2019. The Board embarked on implementation of some of the recommendations of the last Appraisal Report.

Report Of Directors Cont'd

(a) ACTIVITIES OF THE BOARD

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

Appointment of Non-Executive Directors

Mr. Papa Ndiaye and Mr. Kelechi Okoro were both appointed as directors on the board of the company in the last quarter of year 2019.

Composition of the Board/Schedule of Attendance at Meetings

Name of Director	Status	Meetings Held	Meetings Attended
Dr. Fidelis Ayebae	Chairman	5	5
Mr. Tope Smart	Group Managing Director/CEO	5	5
Mrs. Susan Giwa-Osagie	Deputy Managing Director	5	5
Ms. Stella Omoraro	Executive Director	5	5
Mr Andrew Ikekua	Executive Director	5	5
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	5	5
Mrs Joy Teluwo	Non-Executive Director	5	5
Mrs. Yinka Aletor	Non-Executive Director	5	5
Chief Ede Dafinone	Non-Executive Director	5	4
Mr. Papa Ndiaye	Non-Executive Director	2	2
Mr. Kelechi Okoro	Non-Executive Director	2	2

The board met on the 5th of March, 29th of April, 29th of July, 29th of October and 10th of December 2019

Report Of Directors Cont'd

(b) Board Committees

The Board's committee structure is as specified in the NAICOM's Code and adequate for the complexity of the operations of the Company. The Committees and committee members for the 2019 financial year were:

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

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

Finance, General Purpose and Investment Committee

The key responsibilities Committee are:

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

The Committee met on the 29th of April, 29th of July, 28th October and 10th of December 2019.

Composition of Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mrs Yinka Aletor	Chairman	4	4
Mr. Tope Smart	Group Managing Director	4	4
Mrs. Susan Giwa-Osagie	Deputy Managing Director	4	4
Ms. Stella Omoraro	Executive Director	4	4
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	4	4

Enterprise Risk Management and Strategy Committee

The key responsibilities of the Committee are:

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

The Committee met three times during the year: 27th of March, 23rd of October and 25th of November 2019.

Composition of the Committee/Attendance

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

Remuneration, Nomination and Governance Committee

The Terms of Reference of the Committee are:

- Approve, guide and influence key human resource policies and strategies.
- Ensure disclosure of remuneration in a proper, complete, accurate and transparent manner.
- To advise the Board on the Company's compliance with the NAICOM and SEC Corporate Governance Codes; and the Nigerian Stock Exchange Listed Company Rules and other applicable governance requirements. Make recommendations to the board on matters pertaining to appointments, removals, and resignations of executive and non-executive directors
- Ensure that the process of appointing executives is credible and transparent; and oversee induction and ongoing development of directors.
- The Committee met three times during the year 28th of October, 25th of November and 10th of December 2019

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Alhaji Ahmed I. Yakasai	Chairman	3	3
Mrs Yinka Aletor	Non-Executive Director	3	3
Mrs. Joy Teluwo	Non-Executive Director	3	3
Ms. Stella Omoraro	Executive Director	3	3

Audit and Compliance Committee

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

- The Committee shall have a written mandate and Terms of Reference.
- The Committee shall be responsible for the review of integrity of the data and information provided in the Audit and/or Financial Report.
- The Committee shall provide oversight functions with regards to both the Company's Financial Statement and its Internal Control and Risk Management Functions.
- The Committee shall review the terms of engagement and recommend the appointment or reappointment and compensation of External Auditors to the Board and the Shareholders.

Report Of Directors Cont'd

- Review the procedure put in place to encourage honest whistle blowing.
- The Audit Committee shall meet at least three times in a year and at least once with the External Auditors.
- The Committee performance shall be evaluated periodically.

S.359 (6) of the Companies and Allied Matters Act Cap (20) Laws of the Federation of Nigeria 2004 provides for the functions of the Committee.

The Committee met four times during the year on the 5th of March, 25th of September, 29th of October and 25th of November 2019 and covered the basic components of these responsibilities.

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

Name of Director	Status	Meetings Held	Meetings Attended
Mr. Christopher Ogba	Chairman	4	4
Mr. Taiwo Oderinde	Shareholders' Representative	4	4
Mr. Samuel Mpamaugo	Shareholders' Representative	4	4
Chief Ede Dafinone	Non-Executive Director	4	4
Mrs Joy Teluwo	Non-Executive Director	4	4
Mrs. Yinka Aletor	Non-Executive Director	4	4

4. Dividend

The Directors recommend a declaration of dividend of N792,075,437 which translates to 15 kobo per ordinary share of 50 kobo each subject to the approval of the shareholders at the next Annual General Meeting.

5. Directors and Directors' Interest

Directors

No Director has disclosed any declarable interest in any contract with the Company during the year in pursuant to Section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004.

Directors' interest

The Interest of the Directors in the issued share capital of the Company as recorded in the register of shareholders and/or as notified by them for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 are as follows:

Report Of Directors

Cont'd

Name	Direct	Indirect	Total
BUKSON INVESTMENT LIMITED	-	337,054,367	337,054,367
CAPITAL EXPRESS	-	383,492,958	383,492,958
JEIDOC LIMITED	-	368,445,497	368,445,497
MR. TOPE SMART	124,643,848	-	124,643,848
DR. FIDELIS AYEBAE	24,373,852	-	24,373,852
MRS SUSAN GIWA-OSAGIE	14,722,801	-	14,722,801
MRS STELLA OMORARO	1,895,971	-	1,895,971
MR ANDREW IKEKHUA	585,742	-	585,742
ALHAJI AHMED I. YAKASAI	-	-	-
MR PAPA NDIAYE	-	1,578,870,371	1,578,870,371
MR KELECHI OKORO	-	-	-

6. Directors Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the income statement for that year and comply with the Insurance Act, 2003, Financial Reporting Council of Nigeria Act, No. 6 2011 CAP 117 LFN 2004 and the Companies And Allied Matters Act CAP C20 LFN 2004.

7. Shareholding

The Registrars have advised that the called up and fully paid up shares of the Company as at 31 December, 2019 were beneficially held as follows:

SHARE RANGE ANALYSIS AS AT 31 DECEMBER 2019

	BEGINNING RANGE	TOTAL SHAREHOLDERS	% OF HOLDINGS	TOTAL SHAREHOLDINGS	% OF SHAREHOLDINGS
1	1000	5,059	11.69	2,935,037	0.06
1001	5000	10,892	25.17	34,720,478	0.66
5001	10000	8,093	18.7	67,875,232	1.29
10001	50000	13,868	32.04	349,420,538	6.62
50001	100000	3,010	6.96	237,910,045	4.51
100001	500000	1,967	4.55	411,160,452	7.79
500001	1000000	207	0.48	162,335,985	3.07
1000001	5000000	142	0.33	292,179,167	5.53
5000001	10000000	18	0.04	140,552,409	2.66
10000001	50000000	12	0.03	213,413,893	4.04
50000001	100000000	1	0	78,298,280	1.48
100000001	1000000000000	9	0.02	3,289,701,397	62.3
Grand Total		**43,278**	**100**	**5,280,502,913**	**100**

Report Of Directors Cont'd

NEM SHARE CAPITAL HISTORY

YEAR	AUTHORISED SHARE CAPITAL	ISSUED AND FULLY PAID UP
1989		
1990	8,000,000	800,000
1991	9,200,000	200,000
1993		900,000
1996	100,000,000	2,500,000
1997		34,235,623
1998		46,996,377
2004	380,000,000	251,987,063
2005	2,000,000,000	
2006		706,206,767
2007	7,000,000,000	3,531,133,835
2008	7,000,000,000	
2009	8,400,000,000	4,976,922,766
2010	8,400,000,000	5,280,502,913
2011	8,400,000,000	5,280,502,913
2012	8,400,000,000	5,280,502,913
2013	8,400,000,000	5,280,502,913
2014	8,400,000,000	5,280,502,913
2015	8,400,000,000	5,280,502,913
2016	8,400,000,000	5,280,502,913
2017	8,400,000,000	5,280,502,913
2018	8,400,000,000	5,280,502,913
2019	8,400,000,000	5,280,502,913

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

Report Of Directors Cont'd

S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	2979	JEIDOC LIMITED	CEDDI TOWERS 16, WHARF ROAD , APAPA LAGOS STATE LAGOS	368,445,497	6.98%
2	147140	BUKSON INVESTMENT LIMITED	C/O NEM INSURANCE PLC BROAD STREET, LAGOS LAGOS	337,054,367	6.38%
3	194768	CAPITAL EXPRESS ASSURANCE LIMITED	C/O NEM INSURANCE PLC, 138/146 BROAD STREET LAGOS ISLAND LAGOS	383,492,958	7.26%
4		AFIG FUNDS	C/O ABOX CORPORATE SERVICES LIMITED TOWER 1, 6TH FLOOR, 1 CYBERCITY, EBENE, MAURITIUS	1,578,870,171	29.90%

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

8. Retirement by Rotation and Re-election

In accordance with the Section 259 of the Companies and Allied Matters Act, Alhaji Ahmed I. Yakasai, Chief Ede Dafinone and Mrs. Joy Teluwo will retire by rotation and being eligible offers themselves for re-election. Their profiles are contained in the Annual Report and also on the Company's website.

Composition of Directors

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

Dr. Fidelis Ayebae	Chairman
Mr. Tope Smart	Group Managing Director
Mrs. Susan Giwa-Osagie	Deputy Managing Director
Ms. Stella Omoraro	Executive Director
Mr. Andrew Ikekhua	Executive Director
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director
Mrs. Yinka Aletor	Non-Executive Director
Mrs. Joy Teluwo	Non-Executive Director
Chief Ede Dafinone	Non-Executive Director
Mr. Papa Ndiaye	Non-Executive Director
Mr. Kelechi Okoro	Non-Executive Director

Report Of Directors Cont'd

Records of the Directors Attendance

In accordance with Section 258 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the records of the Directors' attendance at Directors' meetings in 2019 are available for inspection at the Annual General Meeting.

9. SECURITY TRADING POLICY

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

10. COMPLAINTS MANAGEMENT POLICY

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

11. DONATIONS

Donations during the year ended 31 December 2019 amounted to N 17,056,442 (2018: N 7,645,000) as follows:

MODUPE COLE MEMORIAL CHILD CARE	1,150,000
IKEJA GOLF CLUB	250,000
INSTITUTE OF DIRECTORS NIGERIA	1,000,000
THIRD OBSERVERS NIGERIA LTD	100,000
MAYINOLUWA RAINBOW FOUNDATION	100,000
ALPES CHARITABLE FOUNDATION	850,000
ASSBIFI	250,000
CHARTERED INSURANCE INSTITUTE OF NIGERIA	540,000
BADAGRY CHAMBER OF COMMERCE INDUSTRY, MINES & AGRIC.	100,000
RACO CHILD ORPHANAGE HOME LEKKI	1,400,000
LASPOTECH TENNIS CLUB	500,000
PROFESSIONAL INSURANCE LADIES ASSOCIATION	250,000
PHARMACEUTICAL SOCIETY OF NIGERIA	170,000
NATIONAL COUNCIL OF REGISTERED INSURANCE BROKER	1,000,000
ACTURIAL SCIENCE & INSURANCE ASSOCIATION, UNIVERSITY OF LAGOS	250,000
THE LAGOS CHAMBER OF COMMERCE & INDUSTRY	200,000
SHANE PUNJAB ASSOCIATION OF NIGERIA	786,442
LIFE CHANGERS FOUNDATION	790,000
NIGERIA COUNCIL OF REGISTERED INSURANCE BRKS	1,000,000
UNIVERSITY OF LAGOS ALUMNI ASSOCIATION	3,000,000
NIGERIA BRITAIN ASSOCIATION	1,500,000
UCHEONYE GODS ORPHANAGE HOME	420,000
REDEEMER UNIVERSITY	50,000
THE LAGOS CHAMBER OF COMMERCE & INDUSTRY	200,000
NATIONAL ASSOCIATION OF INSURANCE AND PENSION CORRESPONDENT	200,000
ILUPEJU LION CLUB	1,000,000
	17,056,442

12 EVENTS AFTER REPORTING DATE

There were no significant events after reporting date which could have had a material effect on the consoli dated financial statements for the year ended 31 December 2019 which have not been adequately provided for or disclosed in the financial statements.

13 EMPLOYMENT AND EMPLOYEES

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

When an employee becomes physically challenged during the course of his or her employment, the Group endeavours to retain the individual for employment in spite of his or her disability, when this is reasonably possible. As at 31 December 2019 one physically challenged person was in the employment of the Company.

14 EMPLOYEES INVOLVEMENT, TRAINING AND DEVELOPMENT

i. Information dissemination

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

ii. Consultation with employees

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

iii. Encouraging employees' involvement and training

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

iv. Health, safety at work and welfare of employees

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

Report Of Directors Cont'd

13 AUDITORS

In compliance with Section 33(2) of the Securities and Exchange Commission's Code of Corporate Governance and Section 22(1) of National Insurance Commission 2010 guidelines on the tenure of External Auditors, Messrs. BDO Professional Services (Chartered Accountants) have shown willingness to continue in office as the auditors in accordance with Section 357(2) of the Companies and Allied Matters Act 2004, as amended. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

BY ORDER OF THE BOARD

OLAJUMOKE PHILIP-AKEDE
COMPANY SECRETARY
Lagos, Nigeria
FRC/2017/NBA/00000015972

Date: 26th of February 2020

Board Of **Directors**

NEM

Board Of **Directors** Cont'd

01

02

03

04 05 06

Board Of **Directors** Cont'd

07 08 09

10

11

Board Of Directors Cont'd

01

DR. FIDELIS AYEBAE
CHAIRMAN

Dr. Fidelis Ayebae is a Fellow of the Chartered Institute of Corporate Affairs. He is a Member of the Nigerian Institute of Management and Institute of Directors and also an Associate of the Chartered Institute of Administration. He is currently the Managing Director/ Chief Executive Officer of Fidson Healthcare Plc. He is a member of various boards and has undergone various trainings both at local and international levels. An experienced industrialist and investment expert with both banking and engineering backgrounds, Dr. Ayebae understands the Nigerian business terrain. He enjoys inspirational speaking, travelling and reading. He is married with children.

Board Of Directors

Cont'd

02

MR.TOPE SMART

- B.Sc (HONS), ACII, MBA

GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Tope Smart, a graduate and an award winner from the University of Lagos also holds a Masters Degree in Business Administration (MBA) from the University of Nigeria, Nsukka. He is an Associate member of both the Chartered Insurance Institute of London and the Chartered Insurance Institute of Nigeria. Tope, an astute professional, believes very strongly in the entrenchment of insurance in the mind of every Nigerian. He is the Chairman, Nigeria Insurers Association, Council member, Chartered Insurance Institute of Nigeria, Council member, West African Insurance Companies Association (Ghana),Council member, Nigeria-Britain Association, Vice President, African Insurance Organization (AIO) to mention but a few. Tope sits on the board of several companies amongst which are RegencyNem Insurance (Ghana) Limited and NEM Asset Management Limited.

In 2014, he was appointed by the Federal Government as Co-Chairman of Insurance Industry Transformation Committee. He was also recently appointed as Chairman, Planning Committee of the University of Lagos Alumni Association's Golden Jubilee Anniversary. In recognition of his outstanding achievements, Tope has worn several awards amongst which are "A Distinguished Alumnus" by the University of Lagos, University of Lagos Alumni Association Golden Jubilee Special Recognition Award amongst others. He is also a two time winner of the Businessday Top 25 CEOs award. Tope is an alumnus of Harvard Business School

Board Of Directors Cont'd

03

MRS. SUSAN ABISOLA GIWA-OSAGIE – Dip (INS), LLM

DEPUTY MANAGING DIRECTOR

Mrs. Giwa-Osagie is a 1983 Law graduate of the University of Warwick, Coventry, England. She obtained her Master's Degree in International Law (L.L.M.) in 1996, she then worked briefly with the Law Firm of Femi Okunnu & Co (SAN) in Lagos.

She worked with the National Insurance Corporation of Nigeria (NICON) for seven years in various Departments.

In 1994 she joined Olympia Insurance Company as the Head, Legal Services/Admin. She resigned from the company in 1996 having attained the position of an Assistant General Manager.

In 1997 she joined African International Bank (A.I.B) working in the Legal Department with responsibilities for the bank's assets and Insurance matters nationwide.

She joined NEM Insurance on 1st November 2004 as Executive Director (Business Development) with oversight functions on Energy Department. She has extensive experience in Oil & Gas Insurance. She has attended several courses and programs relating to Energy Insurance both locally and internationally. After the successful recapitalization exercise in 2007, she was reappointed as Executive Director (Business Development) and later promoted in 2014 to the position of Deputy Managing Director.

Mrs. Giwa-Osagie is also an Associate member of the Nigeria Institute of Marketing and the Nigeria Institute of Management.

Board Of Directors Cont'd

04

MRS. OLAYINKA TITILOPE ALETOR

DIRECTOR

Mrs. Olayinka Titilope Aletor is a lawyer and a seasoned resource person at various legal seminars and conferences. She currently works at the Nigerian Law School, Abuja campus and has chaired various committees and panel of investigations of the institution. Prior to her current job, she had worked with the Continuing Legal Education Association of Nigeria [CLEAN]; Akeredolu, Olujimi [Legal Practitioners] and Chief Afe Babalola & Co [Emmanuel Chambers].

Mrs. Aletor is well-read and well-traveled. Her knowledge and integrity in handling legal issues of both national and international standing, have endeared her to the corporate world. She is married with children.

Board Of Directors

Cont'd

05

YAKASAI AHMED I.

- (FPSN, FNIM, FNA Pharm)

DIRECTOR

Mr. Yakasai Ahmed, a graduate of Pharmacy from the prestigious Ahmadu Bello University (1983), and holds a Master's degree in International Marketing from the University of Salford, Manchester, UK (2015). He is an astute administrator having held various leadership positions in both private and government establishments.

He is a fellow of several professional bodies including the Pharmaceutical Society of Nigeria, Institute of Logistics Management of Nigeria, Chartered Institute of Commerce, Nigeria Academy of Pharmacy and Nigeria Institute of Management. He is an established pharmacist who has been actively involved in several pharmaceutical committees and associations.

He served as the Commissioner for Land and Physical Planning (Kano State) 2010-2011 and as Commissioner of Commerce, Industry, Cooperatives and Tourism (2005-2010). He was also the Zonal Consultant, NAFDAC (2003-2005). His area of expertise includes strategic Planning & Leadership, Entrepreneurship, Project Planning & Execution, Public Health Management, Financial & Economic Planning, and International Marketing among others.
He is the immediate past president of the Pharmaceutical Society of Nigeria.

Alhaji Yakasai is the Managing Director/Chief Executive Officer of Pharmaplus Nigeria Limited and a board member of several other organizations.

Board Of Directors

Cont'd

06

CHIEF EDE DAFINONE

DIRECTOR

Chief Ede Dafinone studied Economics at the Victoria University of Manchester (1983 and holds a Master's degree from the University of Exeter, UK (1984). He is an astute accountant having held various leadership positions in both private and government establishments. He is a fellow of several professional bodies including Institute of Chartered Accountant in England and Wales (2000), Institute of Chartered Accountants of Nigeria (2000) and an associate member of Chartered Taxation Institute of Nigeria (1999).

He is an established Accountant who has been actively involved in several committees and associations.

He served as the Treasurer of the Nigerian Conservation Foundation (1989), was a Member of the National Broadcasting Commission (1992-1994) and was the Chairman of Nigerian Conservation Foundation (2015).

His area of expertise includes Auditing, Accounting, and Insurance brokerage, Project Planning & Execution, Financial & Economic Planning, among others.

Board Of Directors Cont'd

07

MRS. JOY TELUWO
DIRECTOR

Mrs. Joy Teluwo, is a registered nurse who studied at the Edo State School of Nursing.

She is the Managing Director/ Chief Executive Officer of Jotel Trade Park Limited.

Her career spans over 15 years in the corporate sector, specializing in risk management.
In 2002, she joined the Vigilant Oil & Gas as the General Manager where she set up the Risk Management unit. She continues to successfully run three indigenous companies including Tropical Farms.

Over the years, she has acquired various management skills which include, team building, business development, customer relationship, marketing management amongst several others.

Board Of Directors

Cont'd

08

PAPA MADIAW NDIAYE

DIRECTOR

Papa is a graduate of Harvard College with a bachelor's degree in Economics. He holds an M.A. in International Affairs from the University of Pennsylvania's Lauder Institute, and an M.B.A. from the Wharton School of Business.
He spent the early part of his career at Salomon Brothers and joined JP Morgan's Emerging Markets Group in 1992. In 2000, Papa served as Special Advisor for Economic and Financial Affairs to the President of the Republic of Senegal and Chairman of the Senegalese Presidential Economic and Financial Advisory Council.

He is Founding Partner of AFIG Funds and currently the Chief Executive Officer of the company. Prior to his current position at AFIG, he has worked as Investment Director at Emerging Markets Partnership in Washington (EMP, now ECP) and also held senior responsibilities for IFC's equity and debt investment activities in capital markets and financial institutions in Africa between 1996 and 2000.

Papa sits on the boards of several African companies and non-profit organizations pertaining to Africa.

Board Of Directors Cont'd

09

KELECHI OKORO

DIRECTOR

Kelechi Okoro holds a Bachelor's in Human Physiology from the University of Ibadan, and an M.B.A. from Lagos Business School.

He is a Director at AFIG Funds. He is responsible for sourcing, executing and managing investments for the funds under management. Prior to joining AFIG Funds in 2013, Kelechi was at Argentil Capital Partners where he originated and executed infrastructure transactions.

He also a has stint with the Infrastructure and Natural Resources Group of the International Finance Corporation (IFC), and at ARM Investment Managers both in Nigeria.

Board Of Directors Cont'd

10

MS STELLA O. OMORARO

- HND, MBA, FCA

EXECUTIVE DIRECTOR (FINANCE)

Ms. Omoraro is a graduate of the prestigious Yaba College of Technology (1986–1988) where she obtained a Higher National Diploma (ACCOUNTANCY). She also holds a Master's Degree in Business Administration from Ladoke Akintola University of Tech, Ogbomosho, Oyo state. She is a fellow of the Institute of Chartered Accountants of Nigeria [FCA] 2013. She has worked with reputable organizations which include Nigeria Cotton Board, (1979 – 1986) M. F. Bello & Company (Chartered Accountants) (1988 – 1989) and Vigilant Insurance Company Limited (1989 – 2007) in various management capacities.

Ms. Omoraro is known for her dedication, comportment and exactitude. She has won many awards and certificates in the course of her career. She served as the DGM- Finance & Corporate Planning of the company before her promotion to the position of General Manager [Finance & Information Communication Technology] in 2012. She is currently the Executive Director (Finance).

She has attended several courses in Finance, Investment strategy, ICT & Management.

Board Of Directors

Cont'd

11

MR. ANDREW M. IKEKHUA

– HND, PGD (MGT), PGD (COMM. ADMIN) MBA, MNIM CHARTERED), FCE, ACIIN

EXECUTIVE DIRECTOR (MARKETING)

Mr. Andrew Ikekhua holds a Higher National Diploma Certificate in Mass Communication in 1997 from the Plateau State School of Accountancy & Management Studies, Jos and two Post Graduate Diploma in Management (2000) and Commercial Administration (2004) from University of Lagos and University of Calabar respectively. He is also an Associate of the Chartered Insurance Institute of Nigeria (ACIIN).

He is also a fellow of the Institute of Chartered Economists of Nigeria (FCE) (2009) and a full member, Nigeria Institute of Management (Chartered (MNIM, 2014) and the Institute of Marketing of Nigeria (MIMN) (2013).

Prior to his appointment as the Company's Branch Manager, Ibadan and Ikeja from 2001 to 2006, he worked at various levels of the accounts and audit department of both BAICO (1981 -1990) and NEM Insurance Plc, (1990 -2000). He later became the Head of the Lagos Mainland Branch upon recapitalization in 2007 and later an Assistant General Manager in 2009.

In recognition of his excellent track record, he was promoted to the position of Deputy General Manager in 2013 and in 2014 to the position of General Manager (Marketing). He is currently the Executive Director (Marketing).

He is married with children and has attended several marketing and management courses both locally and internationally.

NEM

Management Team **Profile**

Management Team **Profile** Cont'd

Mr. Tope Smart, a graduate of Insurance and an award winner from the University of Lagos also holds a Masters Degree in Business Administration (MBA) from the University of Nigeria, Nsukka. He is an Associate member of both the Chartered Insurance Institute of London and the Chartered Insurance Institute of Nigeria.

Tope, an astute professional, believes very strongly in the entrenchment of insurance in the mind of every Nigerian. He is the Chairman, Nigeria Insurers Association, Council member, Chartered Insurance Institute of Nigeria, Council member, West African Insurance Companies Association (Ghana),Council member, Nigeria-Britain Association, Vice President, African Insurance Organization (AIO) to mention but a few.

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Tope is an alumnus of Harvard Business School

MR.TOPE SMART

- B.Sc (HONS), ACII, MBA

GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Management Team **Profile** Cont'd

Mrs. Giwa-Osagie is a 1983 Law graduate of the University of Warwick, Coventry, England. She obtained her Master's Degree in International Law (L.L.M.) in 1996, she then worked briefly with the Law Firm of Femi Okunnu & Co (SAN) in Lagos.

She worked with the National Insurance Corporation of Nigeria (NICON) for seven years in various Departments.

In 1994 she joined Olympia Insurance Company as the Head, Legal Services/Admin. She resigned from the company in 1996 having attained the position of an Assistant General Manager.

In 1997 she joined African International Bank (A.I.B) working in the Legal Department with responsibilities for the bank's assets and Insurance matters nationwide. She joined NEM Insurance on 1st November 2004 as Executive Director (Business Development) with oversight functions on Energy Department. She has extensive experience in Oil & Gas Insurance. She has attended several courses and programs relating to Energy Insurance both locally and internationally. After the successful recapitalization exercise in 2007, she was reappointed as Executive Director (Business Development) and later promoted in 2014 to the position of Deputy Managing Director.

Mrs. Giwa-Osagie is also an Associate member of the Nigeria Institute of Marketing and the Nigeria Institute of Management.

MRS. SUSAN ABISOLA GIWA-OSAGIE

– Dip (INS), LLM

DEPUTY MANAGING DIRECTOR

Management Team **Profile** Cont'd

Ms. Omoraro is a graduate of the prestigious Yaba College of Technology (1986–1988) where she obtained a Higher National Diploma (ACCOUNTANCY). She also holds a Master's Degree in Business Administration from Ladoke Akintola University of Tech, Ogbomosho, Oyo state. She is a fellow of the Institute of Chartered Accountants of Nigeria [FCA] 2013.

She has worked with reputable organizations which include Nigeria Cotton Board, (1979 – 1986) M. F. Bello & Company (Chartered Accountants) (1988 – 1989) and Vigilant Insurance Company Limited (1989 – 2007) in various management capacities.

Ms. Omoraro is known for her dedication, comportment and exactitude. She has won many awards and certificates in the course of her career. She served as the DGM- Finance & Corporate Planning of the company before her promotion to the position of General Manager [Finance & Information Communication Technology] in 2012. She is currently the Executive Director (Finance).
She has attended several courses in Finance, Investment strategy, ICT & Management.

MS STELLA O. OMORARO

- HND, MBA, FCA

EXECUTIVE DIRECTOR (FINANCE)

Management Team **Profile** Cont'd

Mr. Andrew Ikekhua holds a Higher National Diploma Certificate in Mass Communication in 1997 from the Plateau State School of Accountancy & Management Studies, Jos and two Post Graduate Diploma in Management (2000) and Commercial Administration (2004) from University of Lagos and University of Calabar respectively. He is also an Associate of the Chartered Insurance Institute of Nigeria (ACIIN).

He is also a fellow of the Institute of Chartered Economists of Nigeria (FCE) (2009) and a full member, Nigeria Institute of Management (Chartered (MNIM, 2014) and the Institute of Marketing of Nigeria (MIMN) (2013).

Prior to his appointment as the Company's Branch Manager, Ibadan and Ikeja from 2001 to 2006, he worked at various levels of the accounts and audit department of both BAICO (1981 -1990) and NEM Insurance Plc, (1990 -2000). He later became the Head of the Lagos Mainland Branch upon recapitalization in 2007 and later an Assistant General Manager in 2009.

In recognition of his excellent track record, he was promoted to the position of Deputy General Manager in 2013 and in 2014 to the position of General Manager (Marketing). He is currently the Executive Director (Marketing).

He is married with children and has attended several marketing and management courses both locally and internationally.

MR. ANDREW M. IKEKHUA

– HND, PGD (MGT), PGD (COMM. ADMIN) MBA, MNIM CHARTERED), FCE, ACIIN

EXECUTIVE DIRECTOR (MARKETING)

Management Team **Profile** Cont'd

Mr. S. J. Adebayo has had over twenty-five (25) years of experience in the insurance industry.

He obtained a Bachelor of Science Degree in Insurance from the prestigious University of Lagos in 1988 and he is a Chartered Insurer (ACIIN). He also holds a Master Degree in Public Administration from OOU, Ago-Iwoye (2008).

He started his career with Leadway Assurance Company Limited. He proceeded to Barrow Lloyds Insurance Brokers and Prime Investment Insurance Company Limited before joining Vigilant Insurance Company Limited in 1996. As a result of his hard work and dedication to duty he was elevated to the position of Deputy General Manager in 2011. Mr. S. J. Adebayo is the currently General Manager, Technical Operations where he oversees the Reinsurance, Underwriting and Claims Departments of the company. He has attended several courses in Insurance and Management.

MR. SUNDAY J. ADEBAYO

– B. Sc., MPA, ACIIN

GENERAL MANAGER, TECHNICAL

Management Team **Profile** Cont'd

Mr. Momoh A. Odamah, is a graduate of Education from the popular Ahmadu Bello University Zaria (1988) and an Associate of the Chartered Insurance Institute of Nigeria (ACIIN) 2004.

He obtained a Master's degree in Business Administration (Marketing), from the prestigious University of Lagos, Akoka, Lagos (2016). He had earlier obtained a diploma in Professional Salesmanship from Burleigh College of Concise Studies, Harrow, Middlesex, England (1983), and an Affiliate Member of the Chartered Institute of Personnel Management of Nigeria.

He started his career with Vigilant Insurance Ltd as an Assistant Superintendent (1990), and was engaged in NEM Insurance Plc in 2007, as an Assistant General Manager – Marketing.

Mr. Odamah is a highly committed and trusted insurance marketer, these qualities have helped him to win and retain clients and brokers effortlessly. He is currently the General Manager (Branch Operations & Special Accounts), a team builder; an adept marketing, innovation, business & scenario strategist; a lean resource & talent manager. He has attended several quality trainings locally and internationally, including a Transformational Leadership training in Singapore

MR. MOMOH A. ODAMAH

- B.ED, MBA, ACIIN

GENERAL MANAGER (BRANCH OPERATIONS & SPECIAL ACCOUNTS)

Management Team **Profile** Cont'd

Mrs. Mojisola Teluwo is a graduate of Yaba College of Technology where she obtained the Higher National Diploma [HND] certificate in Business administration, 1993.

She is a full member of the Nigeria Institute of Management [MNIM] 2003 and Fellow Institute of Chartered Economist of Nigeria [FCE] 2011. She is also an Associate of the Chartered Institute of Personnel Management of Nigeria [ACIPM] 2012.

She is a seasoned veteran of over two decades in the insurance industry. Her career stated from Vigilant Insurance Company in 1994 where she rose to the position of AGM/Head Corporate Affairs. She continued to head the Corporate Affairs department of NEM Insurance Plc after the recapitalization exercise in 2007.

Mrs. Teluwo is a Deputy General Manager and currently heads the Corporate Services Department. She has attended several courses on management, Human Resources and Industrial Relations.

MRS. MOJISOLA TELUWO

– HND; ACIPM MNIM, FCE

DEPUTY GENERAL MANAGER (CORPORATE SERVICES)

Management Team **Profile** Cont'd

Mr. Idowu Semowo holds a Bachelor of Science Degree in Fisheries Management in 1990 from the University of Ibadan and a Master of Business Administration in Marketing from the University of Lagos (1995). He is a fellow and an Associate of the Institute of Chartered Accountants of Nigeria [FCA], 2013 and Chartered Institute of Bankers of Nigeria [ACIB] 2005 respectively. He is also an Associate of the Chartered Institute of Stockbrokers of Nigeria [ACS], 2011.

He has over twenty two [22] years of experience in the financial industry [Auditing, Banking and Stock Broking]. He started his career with BBC Balogun Badeji & Co [a firm of Chartered Accountants] in 1993 and later worked with various banks: UTB, Magnum and MBC International Bank Limited between 1997 and 2005.

He worked with Kinley Securities Limited as AGM [Finance Service] up till December, 2007 before joining NEM Insurance Plc as AGM [Investment]. He is a Deputy General Manager (Investment & Risk Management).

He has attended several courses on Professional Management, Credit Analysis, Selling, Marketing and Costing of Financial Services and Products.

MR. IDOWU OLAITAN SEMOWO
- B.Sc., MBA, ACIB, ACS, FCA

DEPUTY GENERAL MANAGER (INVESTMENT & RISK MANAGEMENT)

Management Team **Profile** Cont'd

Mr. Adeyemi Mabayoje Mayadenu holds a Higher National Diploma Certificate in Insurance from The Polytechnic Ibadan (1993). He became an Associate member of the Chartered Insurance Institute of Nigeria (ACIIN) in 2001.

His insurance career started from Nigeria Life & Pensions, Lagos where he served as a clerk in 1990. He served as a Youth Corp Member at the Regional office of NICON Insurance Company, Benin City (1994-1995). He then proceeded to Hogg Robinson (Nig.) Limited, Warri as a senior staff (1995-1998).

Thereafter, he worked in various capacities with reputable insurance companies including IGI Company Limited and Goldlink Insurance Company. He joined Vigilant Insurance Company Limited as Assistant Controller (2003-2007) and rose to become a Group Executive and headed the Port Harcourt branch of NEM INSURANCE PLC upon the merger and recapitalization.

Mr. Mayadenu is a versatile Insurance practitioner with vast experience in technical and marketing skills. In recognition of his marketing prowess, he was elevated to the position of Assistant General Manager in 2011 and continued as Head of the Port Harcourt branch of the company.

He has attended several courses (home and abroad) in Insurance, Marketing and Management. He is the Deputy General Manager (Strategy & Systems). He is happily married with children.

MR. ADEYEMI MABAYOJE MAYADENU

– HND, ACIIN

DEPUTY GENERAL MANAGER [STRATEGY & SYSTEMS]

Management Team **Profile** Cont'd

Mr. George Augustine Emefiele holds a bachelor degree in Sociology [1986] from the University of Ibadan. He proceeded to the University of Lagos where he obtained an M.Sc. in Industrial Relations and Personnel Management [1995] and MBA from Federal University of Technology Akure, Ondo State [2002]. He is also an Associate of the Chartered Institute of Personnel Management of Nigeria [ACIPM], 2000.

He has over 20years working experience as an academic and as a seasoned insurance marketer. He started his working career with Yaba College of Technology as a lecturer in 1995 and later worked with Piccadilly Insurance Company Limited, 1999, Vigilant Insurance company Limited (2004). In 2004, he moved to the United States of America where he worked in various organizations amongst which are Farmers Insurance incorporated (2005), Home Depot Inc., USA (2007), Citi Group Inc. Dallas, USA (2008).

In January, 2009, he joined NEM Insurance Plc as a Group Executive. H is currently the Deputy General Manager [Telecommunication and Education].

He has attended many courses in Management and Marketing Strategy locally and international.

He is happily married with children.

MR. GEORGE AUGUSTINE EMEFIELE

– B.Sc, M.Sc, MBA, ACIPM

DEPUTY GENERAL MANAGER (MARKETING)

Management Team **Profile** Cont'd

Mr. Iyiola Saraki holds a Bachelor of Business Education Degree from the Ahmadu Bello University, Zaria, Nigeria and a Diploma in Insurance from the Chartered Insurance Institute of Nigeria (ACIIN). In addition, he holds a post-graduate Degree in Education from his alma mater, Ahmadu Bello University, Zaria. He is a fellow of the Insurance Institute of Ghana [FIIG].

He started his Insurance Career in 1992 when he joined Piccadilly Insurance Company as a marketer. He worked at various times with Golden Insurance Company Limited and Royal Trust assurance Limited before joining NEM Insurance Plc (Nigeria) in 2007.

Mr. Saraki is a staunch believer in the promotion of performance. He pioneered a number of innovative insurance products whilst he was heading the Northern operations of NEM Insurance Plc

He served meritoriously as the Managing Director of NEM Insurance Ghana for about eight years. He is currently in Nigeria as the Special Assistant to the Group Managing Director.

He enjoys teaching and listening to music.

MR. IYIOLA SARAKI

– B.B(ED.), Dip(Ins), FIIG, ACIIN

ASSISTANT GENERAL MANAGER (HUMAN RESOURCES & S.A. TO GMD)

Management Team **Profile** Cont'd

Mr. Kayode Arimoro is a graduate of Obafemi Awolowo University and Ambrose Alli University where he bagged Bachelor of Arts and Masters in Business Administration respectively. He started his insurance career with Leadway Assurance Limited in 1995 where he grew through the ranks to become the Assistant Branch Manager of the Warri branch. In 2001, he joined Vigilant Insurance Co. Limited as Branch Manager (Warri).

His business acumen and dedication to work has contributed immensely to the company performance and brand recognition in Warri and its environs where he has been overseeing the company's growing clients' base for over a decade.

Mr. Arimoro is an Assistant General Manager in charge of the Warri branch.

He is an associate member of the Chartered Insurance Institute of Nigeria (ACIIN) and the National Institute of Marketing of Nigeria. He has attended several courses locally and international which cuts across management, strategy, financial management and business development.

He is happily married with children.

MR. KAYODE BUSUYI ARIMORO

- BA, MBA, ACIIN

ASSISTANT GENERAL MANAGER, WARRI BRANCH

Management Team **Profile** Cont'd

Mrs. Moyosola Olayinka Okeremi is a graduate of Insurance from the Enugu State University of Science and Technology, Enugu (1996). She obtained a Master's in Business Administration (MBA) from the Ladoke Akintola University, Ogbomoso in year 2005. She is a member of various professional associations which includes the Nigeria Institute of Marketing NIM and Nigeria Institute of Management (Chartered) MNIM.

She began her working career at Airclaims Consult Limited in 1997 as a Youth Corps Member. Due to her commitment and dedication to work, she was employed after her service year as a Clients Relations Officer by the company. In 1999, Mrs. Okeremi joined Piccadilly Insurance Company Limited where she started her insurance career and was with the company till March 2002.

In 2002, she joined NEM Insurance Plc as Senior Manager, Marketing and has grown through the ranks to become a member of the Management. In recognition of her contribution to the company, Mrs. Okeremi was promoted to the position of Assistant General Manager in year 2020.

She is a good manager with excellent business acumen. She has attended various courses both locally and internationally in insurance, management, business processes and marketing.

MRS. MOYOSOLA OLAYINKA OKEREMI

– BSC, MBA, MNIM (CHARTERED)

ASSISTANT GENERAL MANAGER (MARKETING)

Management Team **Profile** Cont'd

Mr. Onorienbohwo is currently the Head of the Internal Audit Department of NEM Insurance Plc. He attended the Federal Polytechnic, Ado-Ekiti (1989) and Yaba College of Technology, Yaba-Lagos (1998) where he obtained National Diploma and Higher National Diploma respectively in Accounting.

In addition to having a professional certification in accountancy (Fellow of Institute of Chartered Accountants), he has also obtained a Master's Degree in Business Administration (MBA) Finance at Ladoke Akintola University of Technology, Ogbomosho, (2011).

Onos, as popularly called, started his career with Guinea Insurance Plc in the early 90s. At Guinea Insurance, he contributed his quota in salvaging the company from troubled waters. He was one of the ten (10) staff retained when the company embarked on re-engineering in 2001. In 2004, he moved briefly to the then Hallmark Assurance Plc as Finance Manager. By December 2005, NEM Insurance Plc employed him as Senior Manager in Finance Department.

He is a Group Head and oversees the Internal Audit Department and has attended several courses locally and internationally on Finance, Internal Auditing and Risk-Based Internal Audit. He is happily married with children.

JAMES OBEVU ONORIENBOHWO

– HND, MBA, FCA

(GROUP HEAD, INTERNAL AUDIT)

Management Team **Profile** Cont'd

Olajumoke Philip-Akede, is currently the Company Secretary and Legal Adviser of NEM Insurance Plc. She attended Obafemi Awolowo University (2005) and proceeded to the Nigerian Law School, Kano thereafter where she was called to the Nigerian Bar (NBA) as a Barrister and Solicitor of the Supreme Court of Nigeria.

She has a professional certification in International Contract & Commercial Management (IACCM) and is a member of the International Bar Association (IBA).

She also has a diploma in Global Governance from the International Business Management Institute, Germany.

She has over a decade of experience in diverse sectors as a Legal practitioner. She is well-grounded in legal/corporate advisory, strategic planning and business development. She is happily married with children.

MRS. OLAJUMOKE PHILIP-AKEDE

– LLB, IACCM

GROUP EXECUTIVE (COMPANY SECRETARY)

NEM Enhanced **Third Party Motor** Insurance Policy

...a cover with comfort
and peace of mind

A cover for you and
third party for as low as

N7,500

NEM Support Centre No.:
01-4489570-2

NEM

NEM Insurance Plc RC:6971

NAICOM/CA/ADV/2020/3275

Authorized and Regulated by National Insurance Commission RIC 028L9

...together to succeed

Report Of **External Consultants On Board Appraisal** To Nem Insurance Plc

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

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

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

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

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

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

Report Of **External Consultants On Board Appraisal** To Nem Insurance Plc **Cont'd**

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

BY ORDER OF THE BOARD

BOLADE SUNMONU
FRC/2016/1CAN/00000014573
Lagos, Nigeria
Date: 26th of February 2020

Statement of
Directors' Responsibilities

In accordance with the provisions of Section 334 and 335 of the Companies and Allied Matters Act 2004 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and the yearly Operational Guidelines issued by NAICOM.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.
-

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

- Insurance Act 2003
- International Financial Reporting Standards;
- Companies and Allied Matters Act 2004;
- Banks and Other Financial Institutions Act, 1991;
- NAICOM Operational Guidelines; and
- Financial Reporting Council Act, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended 31 December 2019.

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

Signed on behalf of the Directors on 26th of February 2020 by:

Mr. Tope Smart
GMD
FRC/2013/CIIN/00000001331

Dr. Fidelis Ayebae
Chairman, Board of Directors
FRC/2013/CIANG/00000002376

Certification Pursuant To Section 60(2) Of Investment And Securities Act No. 29 Of 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2019 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
    - Any untrue statement of a material fact, or
    - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.
- We:
    - Are responsible for establishing and maintaining internal controls.
    - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
    - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
    - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
    - All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
    - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation,including any corrective actions with regard to significant deficiencies and material weaknesses.

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

Miss Stella Omoraro CFO
FRC/2013/ICAN/00000001238

Independent Auditors' Report

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion
We have audited the accompanying consolidated and separate financial statements of NEM Insurance Plc ("the Company") and its Subsidiary (together "the group), which comprise, the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, and consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the financial position of the Company and its Subsidiary as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Independent Auditors' Report Cont'd

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company

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

(ii) Valuation of investment properties

Management has estimated the value of the Company's and its Subsidiary's investment properties to be N1.589billion as at 31 December 2019. Independent external valuations were obtained in order to support the value in the Company's and its Subsidiary's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

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

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

(iii) Valuation of insurance contract liabilities

Management has estimated the value of insurance contract liabilities in the Company's and its Subsidiary's financial statements to be N9.001billion as at year ended 31 December 2019 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

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

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

Our response

We ascertained the following

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

Independent Auditors' Report Cont'd

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company

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

The Company's investments in this class of financial assets include cash and short-term deposits and debt instruments carried at amortised costs. This totaled N10.226 billion as at 31 December 2019 representing 40% of the Company's total assets and the associated expected credit loss (ECL) is significant to the financial statements. This was considered a Key Audit Matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the impairment loss reserve.

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

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

Our response

We ascertained the following

- We reviewed the IFRS 9 ECL models and documentation prepared by the management for the computation of impairment losses on financial assets carried at amortised costs in line with the requirements of IFRS 9.
- We gained an understanding of how the client derived the risk parameters (i.e. PD's and LGD's) by performing a walkthrough exercise. We also challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization, the forecast, and assigned probability weight to the scenarios.
- In instances where we were not satisfied with the assumptions used by the management in its cash flow estimation and discounting, we challenged management assumptions by re-computing the cash flows to determine the recoverable amounts and all other parameters used.
- We focused on the most significant model assumptions including probability of default and loss given default.
- We performed detailed procedures on the completeness and accuracy of the information used.
- Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures

Other Information

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

Independent Auditors' Report Cont'd

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company

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

Responsibilities of the Directors for the consolidated and separate Financial Statements
The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Contravention of laws and regulations
As stated in note 47 of these consolidated and separate financial statements, the Company paid the sum of eight hundred and fifty thousand naira only to National Insurance Commission being penalty for engaging the services of loss adjuster who does not possess valid operational licence and late submission of post placement report.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its Subsidiary's internal control.

Independent Auditors' Report Cont'd

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its Subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its Subsidiary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, CAP C20, LFN, 2004 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

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

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

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

Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
15 May 2020

Report Of The Audit And Compliance Committee

To the members of NEM Insurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit and Compliance Committee of NEM Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December 2019 and we confirm that they were adequate;
- The Company's and its Subsidiary's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2019

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

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

Date 26th of February 2020

Members of the Audit Committee

Mr. Christopher Ogba	(Shareholders' Representative)	Chairman
Mr. Samuel Mpamaugo	(Shareholders' Representative)	Member
Mr. Taiwo Oderinde	(Shareholders' Representative)	Member
Mrs. Yinka Aletor	(Non Executive Director)	Member
Mrs. Joy Teluwo	(Non Executive Director)	Member
Chief Ede Dafinone	(Non Executive Director)	Member

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

Statement Of
Significant Accounting Policies

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

1.0 GENERAL INFORMATION

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

In 2016, the Company opened a subsidiary NEM Asset Management Ltd and NEM Insurance Ghana Limited became an Associate after merger with Regency Insurance to transact the same line of business. The financial statements were authorised for issue by the Board of Directors on 26 February 2020.

(b) Principal activity

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

1.1 Summary of Significant Accounting Policies

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

1.2 Going Concern

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

1.3 Basis of Preparation and Compliance with IFRS

The Group's financial statements for the year 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, CAP C20 LFN 2004, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commisson and Investment and Securities Act 2007.

1.3.1 Foreign currency translation

(a) Functional and Presentation Currency

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

(b) Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit or loss. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities

Statement Of Significant Accounting Policies Cont'd

are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial assets, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

1.3.2 Basis of measurement

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

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

1.4 Critical Accounting Estimates, Judgments and Assumptions

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

1.5 Judgments, Estimates and Assumptions

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

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

1.5.1 Income Taxes

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

1.5.2 Retirement Benefits

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

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

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

1.5.3 Fair Valuation of Investment Properties

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

1.6 New standards and interpretations issued but not yet adopted by the Group

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2019. They have not been adopted in preparing the financial statements for the year ended 31 December 2019.

Statement Of Significant Accounting Policies

Cont'd

Standard/Interpretation		Date issued by IASB	Effective date period beginning on or after
Conceptual Framework amendments	Amendments to references to Conceptual Framework in IFRS Standards	March 2018	1 January 2020
IFRS 3 amendment	Definition of a business	October 2018	1 January 2020
Definition of Material	Amendments to IAS I and IAS 8	October 2018	1 January 2020
IFRS 17	Insurance Contracts	May 2017	1 January 2022
IFRS 10 and IAS 28 amendments	Sales or Contribution of assets between an investor and its Associate or Joint Venture	September 2014	Deferred indefinitely

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

2.1 Consolidation

(i) Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

Statement Of
Significant Accounting Policies
Cont'd

2.3 FINANCIAL ASSETS

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

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

The Group classifies its financial assets into the following categories in line with the provisions of IFRS 9:
(a) Fair Value Through Profit or Loss (FVTPL)
(b) Amortized Cost
(c) Fair Value Through Other Comprehensive Income (FVOCI)

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

Business Model Assessment
Business model assessment shall involve determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group shall assess business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Group will take into consideration the following factors:
The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that shall be funding those assets or realizing cash flows through the sale of the assets;
How the performance of assets in a portfolio will be evaluated and reported to the relevant heads of departments and other key decision makers within the Company's business lines;
The risks that affect the performance of assets held within a business model and how those risks shall be managed;
How compensation shall be determined for the Company's business lines, management that manages the assets; and
The frequency and volume of sales in prior periods and expectations about future sales activity.

Management shall determine the classification of the financial instruments at initial recognition.
The business model assessment falls under three categories:
I) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows
II) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
III) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or

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BM2 above. These shall be basically financial assets held with the sole objective to trade and to realize fair value changes.

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

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

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

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

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the Management

Cash flow Characteristics Assessment

The Group shall assess the contractual features of an instrument to determine if they give rise to cash that shall be consistent with a basic investment arrangement.

Contractual cash flows shall be consistent with a basic deposit arrangement if they represent cash flow that are solely payments of principal and interest on the principal amount outstanding (SPPI).

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

A. Classification of Financial Assets

a) Financial assets measured at amortised cost

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

income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost shall be calculated using the expected credit loss approach.
Financial assets measured at amortized cost shall be presented net of the allowance for credit losses (ACL) in the statement of financial position.

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

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

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

B. **Classification of Financial Liabilities**
Financial liabilities shall be classified into one of the following measurement categories:

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

(a) **Financial Liabilities at fair value through profit or loss**
Financial liabilities accounted for at fair value through profit or loss fall into two categories:
Financial liabilities held for trading and Financial liabilities designated at fair value through profit or loss on inception
Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments

that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

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

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

C. Reclassifications
Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:
- Significant internal restructuring or business combinations; for example: an acquisition of a private asset management company that might necessitate transfer and sale of assets to willing buyers, this action will constitute changes in business model and subsequent reclassification of the assets held from BM1 to BM2 Category.
Any other reason that might warrant a change in the Group's business model are determined by management based on facts and circumstances.
The following shall not be considered to be changes in the business model:
(a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
(b) A temporary disappearance of a particular market for financial assets.
(c) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 31 January 2019, the reclassification date will be 1 April, 2019 (i.e. the first day of the entity's next reporting period), the

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Group shall not engage in activities consistent with its former business model after 31 January, 2019. Gains, losses or interest previously recognised shall not be restated when reclassification occurs.

2.3.3 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

Expected Credit Loss Impairment Model

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

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

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

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

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

Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

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

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

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness

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5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.

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

Write-off
The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):
- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

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

2.5 REINSURANCE ASSETS
Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for the insurance contracts in accounting policy 2.14 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered in to by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance

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contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

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

(a) Receivables and payables related to insurance contracts

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

2.6 DEFERRED ACQUISITION COSTS

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

2.7 OTHER RECEIVABLES AND PREPAYMENTS

2.7.1 Other receivables

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

2.7.2 Prepayments

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

2.8 INVESTMENT IN ASSOCIATE

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

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

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

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2.9 INVESTMENT IN SUBSIDIARY

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

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

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

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

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

2.10 INVESTMENT PROPERTIES

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

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

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

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

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

2.11 STATUTORY DEPOSIT

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

2.12 INTANGIBLE ASSETS

(i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Goodwill

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

2.13 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

(iv) De-recognition

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

2.14 INSURANCE CONTRACT LIABILITIES

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

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

Technical Reserves

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

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a) **Insurance Funds**

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

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

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

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

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

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

2.16 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS
The Group operates the following contribution and benefit schemes for its employees:

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

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

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

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

2.17 INCOME TAX

Income tax expense comprises current and deferred tax

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

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

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

However, deferred income tax is not recognized for:
(a) Temporary differences arising on the initial recognition of goodwill
(b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Statement Of
Significant Accounting Policies
Cont'd

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

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

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

2.18 SHARE CAPITAL AND PREMIUM

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

2.19 CONTINGENCY RESERVE

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

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

2.20 RETAINED EARNINGS

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

2.21 FVOCI RESERVE

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

2.22 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS

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

2.23 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

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

Statement Of
Significant Accounting Policies
Cont'd

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-ends exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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

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

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

Recognition and Measurement of Insurance Contracts

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

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

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

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

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

2.26 FEES AND COMMISSION INCOME
Fees and commission income represents the income the Company is entitled to for ceding businesses to the reinsurers and other insurance Companies. Fees and commission income is recognized over time, in accordance with IFRS 15 (Revenue from Contracts with Customers), covering the policy period over which services are expected to be provided, using the time apportionment basis. Fees and commission

covering the reporting period are recognized in profit or loss as fees and commission income earned, while the unearned portion of fees and commission income is reported in the statement of financial position as deferred commission income.

2.27 CLAIMS AND LOSS ADJUSTMENT EXPENSES

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

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(a) Salvages

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

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

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

2.28 UNDERWRITING EXPENSES

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

(a) Commission expenses

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

(b) Maintenance expenses

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

2.29 INVESTMENT INCOME

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

(b) Interest income and expense
Interest income on financial assets that are classified as amortised cost and interest expense on financial liabilities other than those at FVTPL are determined using the effective Interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying

amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e net of the expected credit loss provision). Interest income on assets classified as amortised cost are recognised in investment income.

2.30 MANAGEMENT EXPENSES

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

2.31 SEGMENT REPORTING

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

2.32 CONTINGENT LIABILITIES

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

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Financial Statements & Notes to the Accounts

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Statement Of
Financial Position

As at 31 December, 2019

	Notes	Group 2019 N'000	Group 2018 N'000	Parent 2019 N'000	Parent 2018 N'000
Assets					
Cash and cash equivalents	3	8,101,885	6,697,017	8,095,230	6,675,924
Financial assets					
- At fair value through profit or loss	4	2,485,564	1,108,206	2,485,564	1,108,206
- At fair value through other comprehensive income	4	70,028	1,260,729	70,028	1,260,729
- At amortised cost	4	2,130,855	1,235,106	2,130,855	1,235,106
Trade receivables	5	207,484	279,709	207,484	279,709
Reinsurance assets	6	5,525,893	4,809,590	5,525,893	4,809,590
Deferred acquisition cost	7	810,097	655,614	810,097	655,614
Other receivables and prepayments	8	683,375	709,859	627,253	698,696
Investment in Associate	9	435,165	413,752	435,165	413,752
Investment in Subsidiary	10	-	-	50,000	50,000
Investment properties	11	1,589,278	682,951	1,589,278	682,951
Statutory deposit	12	320,000	320,000	320,000	320,000
Intangible asset	13	1,225	6,405	1,225	2,042
Property, Plant and Equipment	14	3,031,838	4,158,807	3,030,737	4,156,609
Deferred tax assets	20	291,203	92,773	281,736	83,306
Total Assets		**25,683,890**	**22,430,518**	**25,660,545**	**22,432,234**
Liabilities					
Insurance contract liabilities	15	9,000,865	7,126,871	9,000,865	7,126,871
Trade payables	16	298,046	319,023	298,046	319,023
Other payables	17	1,386,681	1,247,829	1,382,477	1,247,412
Retirement benefit obligations	18	81,635	78,496	81,635	78,496
Income tax liability	19	462,419	835,998	457,987	835,528
Deferred tax liabilities	20	356,500	397,746	356,500	397,746
		11,586,146	10,005,963	11,577,510	10,005,076
Share capital	21	2,640,251	2,640,251	2,640,251	2,640,251
Share premium	22	272,551	272,551	272,551	272,551
Statutory contingency reserve	23	4,198,848	3,606,052	4,198,848	3,606,052
Retained earnings	24	5,831,632	4,715,527	5,816,923	4,718,130
FVOCI reserve	25	(51,468)	(35,344)	(51,468)	(35,344)
Asset revaluation reserve	26	1,094,475	1,094,475	1,094,475	1,094,475
Other Reserves - gratuity	27	111,455	131,043	111,455	131,043
Total Equity		14,097,744	12,424,555	14,083,035	12,427,158
Total Equity and Liabilities		**25,683,890**	**22,430,518**	**25,660,545**	**22,432,234**

The financial statements on pages 112 to 189 were approved by the Board of Directors and authorised for issue on 26th February, 2020 and signed on its behalf by:

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

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

Miss. Stella Omoraro (CFO)
FRC/2013/ICAN/00000001238

The accompanying notes and significant accounting policies on pages 87 to 183 and other national disclosures on pages 184 to 189 form an integral part of these financial statements.

Statement of Profit or Loss and other **Comprehensive Income**

For the Year ended 31 December, 2019

	Notes	Group 2019 N'000	Group 2018 N'000	Parent 2019 N'000	Parent 2018 N'000
Gross premiums written	28	19,759,872	15,049,453	19,759,872	15,049,453
Increase in unearned premium	29(a)	(500,331)	(702,965)	(500,331)	(702,965)
Gross premium income	29	19,259,541	14,346,488	19,259,541	14,346,488
Reinsurance expenses	30	(6,642,001)	(3,652,694)	(6,642,001)	(3,652,694)
Net premium income		12,617,540	10,693,794	12,617,540	10,693,794
Fees and commission income	31	1,174,233	743,570	1,174,233	743,570
Net underwriting income		13,791,773	11,437,364	13,791,773	11,437,364
Claims expenses	32	(3,937,318)	(2,554,253)	(3,937,318)	(2,554,253)
Underwriting expenses	33	(5,505,758)	(4,259,870)	(5,505,758)	(4,259,870)
Underwriting profit		4,348,697	4,623,241	4,348,697	4,623,241
Investment income	34	878,186	952,783	878,186	952,783
Net fair value gain/(loss)	35	170,963	(263,382)	170,963	(263,382)
Other income	36	72,340	212,667	27,575	173,099
Profit on disposal of properties, plant and equipment	38	872	3,818	872	3,818
Share of profit in Associate	9	21,413	21,251	21,413	21,251
Management expenses	37	(3,535,522)	(2,826,843)	(3,512,569)	(2,803,813)
Allowance for credit losses - Cash	3	(15,274)	(8,920)	(15,274)	(8,920)
Allowance for credit losses - Bonds	4.3(e)	(68)	(338)	(68)	(338)
Allowance for credit losses - Fixed deposits	4.3(f)	(2,874)	(1,655)	(2,874)	(1,655)
Profit before NITDA and taxation		1,938,733	2,712,622	1,916,921	2,696,084
Information Technology Development Levy		(18,979)	(26,961)	(18,979)	(26,961)
Profit before taxation		1,919,754	2,685,661	1,897,942	2,669,123
Income taxes	19(b)	475,612	(648,957)	480,112	(648,487)
Profit for the year after tax		2,395,366	2,036,704	2,378,054	2,020,636
Other comprehensive income:					
Items within OCI that may be reclassified to the Profit or loss:					
Actuarial (loss)/gain-change in assumption	18	(5,949)	5,482	(5,949)	5,482
Actuarial loss - experience adjustment	18	(13,639)	(15,053)	(13,639)	(15,053)
(Loss)/gains on FVTOCI		(16,124)	123,978	(16,124)	123,978
Items within OCI that will not be reclassified to the Profit or loss:					
Gain on revaluation of land and buildings	26	-	1,094,475	-	1,094,475
Total other comprehensive (loss)/income for the year		(35,712)	1,208,882	(35,712)	1,208,882
Total comprehensive income for the year		2,359,654	3,245,586	2,342,342	3,229,518
Basic earnings per share (Kobo)		0.45	0.39	0.45	0.38
Diluted earnings per shares (Kobo)		0.45	0.39	0.45	0.38

The accompanying notes and significant accounting policies on pages 87 to 183 and other national disclosures on pages 184 to 189 form an integral part of these financial statements.

Statement Of Changes in Equity - Group

For the Year ended 31 December, 2019

	Share capital	Share premium	Contingency reserve	Other reserve -Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2019	2,640,251	272,551	3,606,052	131,043	(35,344)	1,094,475	4,715,527	12,424,555
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	2,395,366	2,395,366
Transfer to contingency reserve	-	-	592,796	-	-		(592,796)	-
Dividend paid during the year	-	-	-	-	-	-	(686,465)	(686,465)
Fair value loss on FVOCI	-	-	-	-	(16,124)	-	-	(16,124)
Changes in valuation of gratuity	-	-	-	(19,588)	-	-	-	(19,588)
Changes in valuation of land and building	-	-	-	-	-	-	-	-
Balance 31 December, 2019	2,640,251	272,551	4,198,848	111,455	(51,468)	1,094,475	5,831,632	14,097,744
Balance 1 January, 2018	2,640,251	272,551	3,154,568	140,614	(159,322)	-	3,658,357	9,707,019
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	2,036,704	2,036,704
Transfer to contingency reserve	-	-	451,484	-	-	-	(451,484)	-
Dividend paid during the year	-	-	-	-	-	-	(528,050)	(528,050)
Fair value gain on FVOCI	-	-	-	-	123,978	-	-	123,978
Changes in valuation of land and building	-	-	-	-	-	1,094,475	-	1,094,475
Changes in valuation of gratuity	-	-	-	(9,571)	-	-	-	(9,571)
Balance 31 December, 2018	2,640,251	272,551	3,606,052	131,043	(35,344)	1,094,475	4,715,527	12,424,555

The accompanying notes and significant accounting policies on pages 87 to 183 and other national disclosures on pages 184 to 189 form an integral part of these financial statements.

Statement Of Changes in Equity - Parent

For the Year ended 31 December, 2019

	Share capital	Share premium	Contingency reserve	Other reserve -Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2019	2,640,251	272,551	3,606,052	131,043	(35,344)	1,094,475	4,718,130	12,427,158
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	2,378,054	2,378,054
Transfer to contingency reserve	-	-	592,796	-	-	-	(592,796)	-
Dividend paid during the year	-	-	-	-	-	-	(686,465)	(686,465)
Fair value gain on FVOCI	-	-	-	-	(16,124)	-	-	(16,124)
Changes in valuation of gratuity	-	-	-	-	-	-	-	-
Changes in valuation of land and building	-	-	-	(19,588)	-	-	-	(19,588)
Balance 31 December, 2019	2,640,251	272,551	4,198,848	111,455	(51,468)	1,094,475	5,816,923	14,083,035
Balance 1 January, 2018	2,640,251	272,551	3,154,568	140,614	(159,322)	-	3,677,028	9,725,690
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	2,020,636	2,020,636
Transfer to contingency reserve	-	-	451,484	-	-	-	(451,484)	-
Dividend paid during the year	-	-	-	-	-	-	(528,050)	(528,050)
Fair value gain on FVOCI	-	-	-	-	123,978	-	-	123,978
Changes in valuation of land and building	-	-	-	-	-	1,094,475	-	1,094,475
Changes in valuation of gratuity	-	-	-	(9,571)	-	-	-	(9,571)
Balance 31 December, 2018	2,640,251	272,551	3,606,052	131,043	(35,344)	1,094,475	4,718,130	12,427,158

The accompanying notes and significant accounting policies on pages 87 to 183 and other national disclosures on pages 184 to 189 form an integral part of these financial statements.

Statement Of
Cash Flows
For the Year ended 31 December, 2019

		Group		Parent	
		2019	2018	2019	2018
Cash flows from Operating Activities:	**Notes**	**N'000**	**N'000**	**N'000**	**N'000**
Premium received from policy holders	5(a)	19,529,337	15,493,279	19,529,337	15,493,279
Deposit premium		272,636	302,760	272,636	302,760
Reinsurance Premium Paid		(5,294,731)	(5,126,081)	(5,294,731)	(5,126,081)
Fees and Commission Received	31	1,088,545	1,106,384	1,088,545	1,106,384
Direct Claims Paid	32	(7,374,491)	(6,012,351)	(7,374,491)	(6,012,351)
Claims paid on behalf of co-assurance companies	6.5	(1,144,841)	(422,997)	(1,144,841)	(422,997)
Claims Received from Reinsurers	32(d)	1,936,513	2,440,410	1,936,513	2,440,410
Claims Received from co-assurance companies	32(c)	1,875,018	582,228	1,875,018	582,228
Commission Paid	33(b)	(3,107,891)	(2,458,366)	(3,107,891)	(2,458,366)
Maintenance Expenses Paid	33(c)	(2,552,350)	(1,869,874)	(2,552,350)	(1,869,874)
Cash paid to and on behalf of Employees	37(a)	(1,591,840)	(1,503,672)	(1,581,730)	(1,492,399)
Other Operating Expenses paid		(1,168,450)	(1,205,001)	(1,181,352)	(1,258,907)
Company Income Tax Paid	19(a)	(156,622)	(155,542)	(156,084)	(155,542)
Net cash inflow from operating activities		2,310,833	1,171,177	2,308,579	1,128,544
Cash flows from Investing Activities:					
Purchase of FVTPL	4(a)	(128,844)	(172,054)	(128,844)	(172,054)
Proceeds from Short term placement above 90 days	4.3(d)	784,755	2,184,272	784,755	2,184,272
Investment in short term placement above 90 days	4.3(d)	(1,659,926)	-	(1,659,926)	-
Proceeds from Redemption of Amortised cost	4.3(a)	24,487	69,101	24,487	69,101
Proceeds on disposal FVTPL	4(b)	101,882	203,984	101,882	203,984
Purchase of financial assets at amortised cost	4.3(a)	(50,000)	(81,483)	(50,000)	(81,483)
Investment Income received	34	878,186	945,914	878,186	945,914
Acquisition of Investment properties	11	(6,272)	-	(6,272)	-
Acquisition of property, plant and equipment	14	(164,640)	(429,388)	(164,638)	(429,388)
Deposit for shares in subsidiary	8(c)ii)	-	-	16,690	25,000
Proceeds from disposal on PPE	38	872	4,744	872	4,744
Net cash (outflow)/inflow from investing activities		(219,500)	2,725,090	(202,808)	2,750,090
Cash flows from financing activities					
Dividends paid to equity holders of the parent	24	(686,465)	(528,050)	(686,465)	(528,050)
Net cash outflow from financing activities		(686,465)	(528,050)	(686,465)	(528,050)
Total cash inflow		1,404,868	3,368,217	1,419,306	3,350,584
Cash and cash equivalents at 1 January		6,697,017	3,328,800	6,675,924	3,325,340
Cash and cash equivalents at 31 December		8,101,885	6,697,017	8,095,230	6,675,924
Represented by:					
Cash and cash equivalents at 31 December	3	8,101,885	6,697,017	8,095,230	6,675,924

The accompanying notes and significant accounting policies on pages 87 to 183 and other national disclosures on pages 184 to 189 form an integral part of these financial statements.

		Group		Parent	
3.	**Cash and Cash Equivalents**	**2019**	**2018**	**2019**	**2018**
		N'000	**N'000**	**N'000**	**N'000**
	Cash - petty cash	677	583	663	572
	Balances with Local banks	875,267	615,634	868,626	594,552
	Domiciliary accounts with local banks	284,269	413,759	284,269	413,759
	Placement with banks	6,007,984	5,376,433	6,007,984	5,376,433
	Placement with other institutions	957,882	299,528	957,882	299,528
		8,126,079	6,705,937	8,119,424	6,684,844
	Allowance for credit losses (Note 3(c))	(24,194)	(8,920)	(24,194)	(8,920)
	Total cash and cash equivalents	**8,101,885**	**6,697,017**	**8,095,230**	**6,675,924**
	Current	8,101,885	6,697,017	8,095,230	6,675,924
	Non-current	-	-	-	-

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

		Group 2019	Group 2018	Parent 2019	Parent 2018
(a)	**Attributable to policyholders**	**N'000**	**N'000**	**N'000**	**N'000**
	Balances with Local Banks	875,944	616,217	869,289	595,124
	Domiciliary Accounts with local banks	284,269	413,759	284,269	413,759
	Placement with Banks	6,007,984	5,376,433	6,007,984	5,376,433
		7,168,197	**6,406,409**	**7,161,542**	**6,385,316**
(b)	**Attributable to shareholders**	**N'000**	**N'000**	**N'000**	**N'000**
	Balances with local banks	-	-	-	-
	Placement with other institutions	957,882	299,528	957,882	299,528
	Cash and cash equivalents	**8,126,079**	**6,705,937**	**8,119,424**	**6,684,844**
(c)	**Impairment allowance for cash & cash equivalents**	**N'000**	**N'000**	**N'000**	**N'000**
	ECL allowance as at 1 January 2019 under IFRS 9	8,920	2,966	8,920	2,966
	Reclassification from financial assets at amortised cost	**-**	4,161	-	4,161
	Additions during the year (Note 37(c))	**15,274**	1,793	15,274	1,793
	Balance at the end of the year	**24,194**	8,920	24,194	8,920

		Group		Parent	
		2019	2018	2019	2018
4.	**Financial Assets**	N'000	N'000	N'000	N'000
	The Company's financial assets are summarised by categories as follows:				
	Fair value through profit or loss (Note 4.1)	2,485,564	1,108,206	2,485,564	1,108,206
	Fair value through other comprehensive income (Note 4.2)	70,028	1,260,729	70,028	1,260,729
		2,130,855	1,235,106	2,130,855	1,235,106
	Financial asset at amortised cost (Note 4.3)	4,686,447	3,604,041	4,686,447	3,604,041
	Current	87,477	1,260,729	87,477	1,260,729
	Non- current	4,598,956	2,343,312	4,598,956	2,343,312
		4,686,433	3,604,041	4,686,433	3,604,041

(a)	**Financial assets at fair value through profit or loss**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,108,206	1,347,462	1,108,206	1,347,462
	Purchases	128,844	172,054	128,844	172,054
	Reclassification from FVOCI (Note 4.2(c))	1,174,577	-	1,174,577	-
	Fair value gains/(loss) (Note 35)	170,782	(269,778)	170,782	(269,778)
	Disposal	(96,845)	(141,532)	(96,845)	(141,532)
	Balance at the end of the year	2,485,564	1,108,206	2,485,564	1,108,206
	Attributable to policyholders	2,485,564	1,108,206	2,485,564	1,108,206
	Attributable to shareholders	-	-	-	-

(b)	**Gain on disposal**	N'000	N'000	N'000	N'000
	Fair value at the beginning of the year	96,845	141,531	96,845	141,531
	Sales proceed	(101,882)	(203,984)	(101,882)	(203,984)
	Gain on disposal (Note 36)	(5,037)	(62,453)	(5,037)	(62,453)

(c) **Fair value through profit or loss**

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

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

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

Equity investments at FVOCI comprise the following individual investments:

	Group		Parent	
Equity securities	**2019**	**2018**	**2019**	**2018**
Fair value	**N'000**	**N'000**	**N'000**	**N'000**
CSCS	27,370	28,559	27,370	28,559
WAMCO	42,658	57,593	42,658	57,593
MTN	-	1,174,577	-	1,174,577
	70,028	1,260,729	70,028	1,260,729

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

(b)

Equity instrument measured at fair value through other comprehensive income	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	1,260,729	1,136,751	1,260,729	1,136,751
Fair value (loss)/gains (Note 25)	(16,124)	123,978	(16,124)	123,978
Reclassification to FVTPL (Note 4.2(c))	(1,174,577)	-	(1,174,577)	-
Disposal during the year	-	-	-	-
Balance at the end of the year	70,028	1,260,729	70,028	1,260,729
Attributable to policy holders	-	-	-	-
Attributable to shareholders	70,028	1,260,729	70,028	1,260,729

(c) The Company's change in business model during the year necessitated the reclassification of MTN shares from FVOCI to FVTPL and will henceforth be held for trading

		Group		Parent	
4.3	**Financial assets at amortised cost**	**N'000**	**N'000**	**N'000**	**N'000**
	Bonds (Note 4.3(a))	225,384	200,277	225,384	200,277
	Fixed deposits and Treasury bills (Note 4.3(d))	1,905,471	1,034,829	1,905,471	1,034,829
		2,130,855	1,235,106	2,130,855	1,235,106

(a)	**Bonds**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	200,277	181,364	200,277	181,364
	Purchases during the year	50,000	81,483	50,000	81,483
	Accrued interest capitalised (Note 34)	-	6,869	-	6,869
		250,277	269,716	250,277	269,716
	Disposal during the year	(24,487)	(69,101)	(24,487)	(69,101)
	Allowance for credit losses (Note 4.3(e))	(406)	(338)	(406)	(338)
	Balance at the end of the year	225,384	200,277	225,384	200,277

			2019		2019	2018
(b)	**Breakdown of the bonds**	**Maturity date**	**Coupon Rate**	**Frequency**	**N'000**	**N'000**
	Access Bank Eurobond	October 2021	10.50%	Half yearly	46,984	51,849
	Ondo State Government	February 2020	15.50%	Half yearly	1,166	1,582
	Osun State Government	October 2020	14.75%	Half yearly	4,280	6,911
	Niger State Government	November 2020	14.00%	Half yearly	12,003	17,288
	FIDSON Bond	October 2023	15.50%	Half yearly	6,222	13,078
	UBA Bond	December 2021	16.45%	Half yearly	24,933	27,018
	Sterling Bond	September 2023	16.25%	Half yearly	29,933	30,901
	Wema Bond	October 2023	18.50%	Half yearly	49,894	51,650
	Ondo State Government	December 2026	13.00%	Half yearly	49,969	-
					225,384	200,277

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

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
(d)	**Fixed deposits and Treasury bills**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,034,829	3,220,756	1,034,829	3,220,756
	Liquidation during the year	(784,755)	(2,184,272)	(784,755)	(2,184,272)
	Addition during the year	1,659,926	-	1,659,926	-
	Allowance for credit losses (Note 4.3(f))	(4,529)	(1,655)	(4,529)	(1,655)
	Balance at the end of the year	1,905,471	1,034,829	1,905,471	1,034,829
	Attributable to policyholders	-	-	-	-
	Attributable to shareholders	2,130,855	1,235,106	2,130,855	1,235,106

(e)	**Impairment allowance on Bond:**	N'000	N'000	N'000	N'000
	ECL allowance as at 1 January 2019	338	-	338	-
	Additions during the year	68	338	68	338
	Balance at the end of the year (Note 4.3(a))	406	338	406	338

(f)	**Impairment allowance on Fixed deposits and Treasury bills:**	N'000	N'000	N'000	N'000
	ECL allowance as at 1 January 2019	1,655	-	1,655	-
	Additions during the year	2,874	1,655	2,874	1,655
	Balance at the end of the year (Note 4.3(d))	4,529	1,655	4,529	1,655

5	**Trade Receivables**	N'000	N'000	N'000	N'000
(a)	Premium Receivable (Note 5(a))	207,484	279,709	207,484	279,709
	Receivable from reinsurer	-	-	-	-
		207,484	279,709	207,484	279,709

Premium Receivable	N'000	N'000	N'000	N'000
Balance at the beginning of the year	279,709	723,535	279,709	723,535
Gross premium written during the year (Note 29)	19,759,872	15,049,453	19,759,872	15,049,453
Premium received in the year	(19,832,097)	(15,493,279)	(19,832,097)	(15,493,279)
Balance at the end of the year	207,484	279,709	207,484	279,709
Current	207,484	279,709	207,484	279,709
Non-current	-	-	-	-

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
(b)	**Analysis of Trade Receivables**	N'000	N'000	N'000	N'000
	Amount due from reinsurance Companies	-	-	-	-
	Amount due from Insurance Brokers	207,484	279,709	207,484	279,709

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

	N'000	N'000	N'000	N'000
Age of Trade Receivables	N'000	N'000	N'000	N'000
Within 30 days	207,484	279,709	207,484	279,709
Above 30 days	-	-	-	-
	207,484	279,709	207,484	279,709

(d) Trade receivables are receivables from insurance contracts as at the year end from brokers and these have been collected subsequent to the year ended 31 December 2019.

6	**Reinsurance Assets**	N'000	N'000	N'000	N'000
	Reinsurance share of UPR (Note 6.1)	1,082,294	2,420,417	1,082,294	2,420,417
	Reinsurance share of IBNR (Note 6.2)	973,497	334,016	973,497	334,016
	Reinsurance share of Outstanding Claim (Note 6.3)	1,579,148	955,927	1,579,148	955,927
		3,634,939	3,710,360	3,634,939	3,710,360
	Reinsurance share of Claims paid (Note 6.4)	1,063,775	870,367	1,063,775	870,367
	Co assurance receivables (Note 6.5)	726,851	38,815	726,851	38,815
	Reinsurance receivables (Note 6.6)	100,328	190,048	100,328	190,048
		5,525,893	4,809,590	5,525,893	4,809,590
	Current	1,909,473	2,983,296	1,909,473	2,983,296
	Non-current	3,616,420	1,826,294	3,616,420	1,826,294

6.1	**Prepaid Reinsurance expense**	N'000	N'000	N'000	N'000
	Reinsurance share of UPR (Note 6.1(a))	1,082,294	902,427	1,082,294	902,427
	Prepaid reinsurance premium (Note (6.1(b))	-	1,517,990	-	1,517,990
		1,082,294	2,420,417	1,082,294	2,420,417

Notes To The
Financial Statements Cont'd

		Group		Parent	
(a)	**Reinsurance share of UPR**	**2019**	**2018**	**2019**	**2018**
		N'000	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	902,427	834,130	902,427	834,130
	Movement during the year (Note 30)	179,867	68,297	179,867	68,297
	Balance at the end of year	1,082,294	902,427	1,082,294	902,427

(b)	**Balance at the end of the year**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	1,517,990	112,900	1,517,990	112,900
	Changes during the year (Note 30)	(1,517,990)	1,405,090	(1,517,990)	1,405,090
		-	1,517,990	-	1,517,990

i i Prepaid reinsurance premium of N1,082,294,000 : (2018: 2,420,417,000) was as result of time apportionment on reinsurance outward ceded out amounting to N5,303,878,000 : (2018: 5,126,081,000).

(c)	**Prepaid reinsurance premium**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	1,517,990	112,900	1,517,990	112,900
	Premium ceded during the year (Note 30)	5,303,878	5,126,081	5,303,878	5,126,081
	Balance at the end of the year (Note 6.1(b))	-	(1,517,990)	-	(1,517,990)
	Amortised Reinsurance	6,821,868	3,720,991	6,821,868	3,720,991
	Movement in UPR during the year (Note 30)	(179,867)	(68,297)	(179,867)	(68,297)
	Reinsurance Expenses (Note 30)	6,642,001	3,652,694	6,642,001	3,652,694

6.2	**Reinsurance share of IBNR**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	334,016	323,698	334,016	323,698
	Movement during the year (Note 32(d))	639,481	10,318	639,481	10,318
	Balance at the end of year (Note 6)	973,497	334,016	973,497	334,016

6.3	**Reinsurance share of Outstanding Claim**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	955,927	729,310	955,927	729,310
	Movement during the year (Note 32(d))	623,221	226,617	623,221	226,617
	Balance at the end of year (Note 6)	1,579,148	955,927	1,579,148	955,927

6.4	**Reinsurance share of Claims paid**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	870,367	382,421	870,367	382,421
	Movement during the year (Note 32(d))	193,408	487,946	193,408	487,946
	Balance at the end of year (Note 6)	1,063,775	870,367	1,063,775	870,367

Notes To The
Financial Statements Cont'd

(a) Reinsurance share of Claims paid relate to amount paid by NEM Insurance Plc yet to be reconciled with reinsurance brokers.

6.5	**Co assurance receivables**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	38,815	-	38,815	-
	Claims paid on behalf of Co-assurance Companies	1,144,841	422,997	1,144,841	422,997
	Claims recovered from co-assurance companies (Note 32(c))	(456,805)	(384,182)	(456,805)	(384,182)
	Balance at the end of year (Note 6)	726,851	38,815	726,851	38,815

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

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

7	**Deferred acquisition cost**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	655,614	587,244	655,614	587,244
	Commission paid during the year (Note 33(a))	3,107,891	2,458,366	3,107,891	2,458,366
	Amortised acquisition cost during the year (Note 33(a))	(2,953,408)	(2,389,996)	(2,953,408)	(2,389,996)
	Balance at the end of the year	810,097	655,614	810,097	655,614

8	**Other receivables and prepayments**	**2019**	**2018**	**2019**	**2018**
	Prepayments (Note 8(a))	66,608	83,111	66,608	83,111
	Interest receivable (Note 8(b))	109,430	114,271	109,430	114,271
	Withholding Tax Receivable	109,075	76,316	109,075	76,316
	Other receivables (Note 8(c))	309,748	205,936	253,626	194,773
	Stock brokers' current accounts (Note 8(d))	88,514	230,225	88,514	230,225
		683,375	709,859	627,253	698,696

(a)	**Prepayments**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	83,111	9,559	83,111	9,559
	Payment during the year	11,221	103,817	11,221	103,817
	Amortisation during the year (Note 37(b))	(27,724)	(30,265)	(27,724)	(30,265)
	Balance at the end of the year	66,608	83,111	66,608	83,111

	Group		Parent	
(i) **Breakdown of prepayments**	**2019**	**2018**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**
Prepaid Commission	53,240	65,810	53,240	65,810
Rent and rates	13,368	17,301	13,368	17,301
	66,608	83,111	66,608	83,111

(ii) Prepaid commission represent commission paid to brokers on deposit premium received during the year.

(b) **Interest receivable**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	114,271	86,197	114,271	86,197
Movement during the year	(4,841)	28,074	(4,841)	28,074
Balance at the end of the year	109,430	114,271	109,430	114,271

(i) Interest receivable represents accrued interest on various placements as at the reporting period. The movement of N4.841million during the year has been included in investment income reported in Note 34

(c) **Other Receivables**	**N'000**	**N'000**	**N'000**	**N'000**
Staff loans and advances (Note 8(c)(i))	63,545	22,826	63,545	22,826
Others	246,203	183,110	5,891	4,447
Deposit for shares in NEM Asset Management Ltd (Note 8(c)(ii))	-	-	184,190	167,500
	309,748	205,936	253,626	194,773

Staff loans and advances	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	22,826	35,498	22,826	35,498
Additions during the year	69,584	13,911	69,584	13,911
Repayment during the year	(28,865)	(26,583)	(28,865)	(26,583)
Balance at the end of the year	63,545	22,826	63,545	22,826

(ii) Deposit for shares in NEM Asset Management Ltd represents amount given to NEM Asset Management Limited for future increase in shares

	N'000	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	-	-	167,500	142,500
Movement during the year	-	-	16,690	25,000
Balance at the end of the year	-	-	184,190	167,500

Notes To The Financial Statements Cont'd

	Group		Parent	
	2019	2018	2019	2018
(d) Stock brokers' current accounts	**N'000**	**N'000**	**N'000**	**N'000**
Fundvine Capital and Securities Limited	85,314	85,314	85,314	85,314
Centrepoint Investment Limited	3,200	1,215	3,200	1,215
Apel Asset Limited	-	124,755	-	124,755
Qualinvest Capital Limited	-	18,941	-	18,941
	88,514	230,225	88,514	230,225

i Stock broker's current accounts comprise of amount due to NEM Insurance Plc after year end reconciliation with brokers. During the year, brokers traded on behalf of the Company and N5 million was recognised as Gain on equity disposed (Note (4.1(b).

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

9 Investment in Associate	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	413,752	392,501	413,752	392,501
Addition during the year	-	-	-	-
Share of Profit during the year	21,413	21,251	21,413	21,251
Balance at the end of the year	435,165	413,752	435,165	413,752

10 Investment in subsidiary	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	-	-	50,000	50,000
Addition during the year	-	-	-	-
Balance at the end of the year	-	-	50,000	50,000

(a) NEM Insurance Plc acquired 100% interest in NEM Asset Management in 2016. The principal activity of NEM Asset Management is asset leasing and LPO financing. The Assets and Liabilities of the new Subsidiary (NEM Asset Management) are consolidated in these Financial Statements. During the year, the subsidiary made a Profit after tax of N17 million (2018: N16 million).

11 Investment Properties	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	682,951	676,555	682,951	676,555
Reclassification (Note 14 and (Note 11(f))	899,874	-	899,874	-
Addition during the year (Note 11(g))	6,272	-	6,272	-
Revaluation gain (Note 35)	181	6,396	181	6,396
Balance at the end of the year	1,589,278	682,951	1,589,278	682,951

Notes To The
Financial Statements Cont'd

(a) Carrying amount of investment properties	Status of Title	Balance at the begining of the year	Additions	Fair value changes	Carrying amount
		N'000	N'000	N'000	N'000
Oniru-Block Xv1, Plot 11, Aremo Adesegun Oniru Crecent, Off Onigefon Road, Oniru, Lagos	Not Perfected	228,251	-	4,539	232,790
Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos	Perfected	399,496	6,272	(5,037)	400,731
Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State	Perfected	55,204	-	553	55,757
Block Viib Plot 4 Oniru Chieftaincy Family Private Estate Victoria Island, Lagos	Not Perfected	-	899,874	126	900,000
		682,951	906,146	181	1,589,278

The Company's investment properties are allocated as follows:

Attributable to policyholders	-	-	-	-
Attributable to shareholders	1,589,278	682,951	1,589,278	682,951

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

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

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

(e) In the year, there is revaluation surplus on investment properties of N181,000.

(f) Reclassification represents building under construction in property plant and equipment completed during the year and reclassified to Investment property to generate income.

(g) Additions during the year represents amount spent on property located at Ebute-Metta- 22a, Borno Way, Lagos to enhance the building.

		Group		Parent	
12	**Statutory deposit**	**2019**	**2018**	**2019**	**2018**
		N'000	**N'000**	**N'000**	**N'000**
	Statutory deposit	320,000	320,000	320,000	320,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2019: (2018: N 320m) which was in accordance with section 9(1) and section 10 (3) of Insurance Act CAP I17 LFN 2004. Statutory deposits are measured at cost.

13	**Intangible asset**				
	Cost	**N'000**	**N'000**	**N'000**	**N'000**
	At January 1,	79,051	79,051	61,596	61,596
	Addition	-	-	-	-
	At December 31	79,051	79,051	61,596	61,596
	Amortisation				
	At January 1,	72,646	60,054	59,554	51,326
	Amortisation during the year	5,180	5,181	817	817
	Adjustment	-	7,411	-	7,411
	At December 31	77,826	72,646	60,371	59,554
	Carrying Amount	1,225	6,405	1,225	2,042

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

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

Cost/Valuation	Building under Construction	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000		N'000
At 1 January 2018	839,874	123,000	1,393,629	144,141	493,829	419,240	365,258	3,778,971
Additions	60,000	-	-	8,160	334,718	2,588	23,922	429,388
Disposals	-	-	-	(16,403)	(104,012)	(4,243)	(7,987)	(132,645)
Reclassification	-	-	(10,000)	10,000	-	(2,757)	2,757	-
Revaluation Surplus	-	284,900	813,471	-	-	-	-	1,098,371
At 31 December 2018	899,874	407,900	2,197,100	145,898	724,535	414,828	383,950	5,174,085
At 1 January 2019	899,874	407,900	2,197,100	145,898	724,535	414,828	383,950	5,174,085
Additions	-	10,000	-	3,354	92,331	10,386	48,569	164,640
Disposals	-	-	-	(10,293)	(65,927)	(2,953)	(5,710)	(84,883)
Reclassification (Note 14(a)i) and Note 11)	(899,874)	-	-	-	-	-	-	(899,874)
Revaluation Surplus	-	-	-	-	-	-	-	-
At 31 December 2019	-	417,900	2,197,100	138,959	750,939	422,261	426,809	4,353,968
<u>Accumulated depreciation</u>								
At 1 January 2018	-	-	90,439	92,935	269,447	250,430	210,925	914,176
Charge for the year	-	-	27,873	27,178	138,390	83,518	73,575	350,534
Disposals	-	-	-	(16,403)	(103,087)	(4,243)	(7,987)	(131,720)
Reclassification			(600)	600	-	(1,655)	1,655	-
Revaluation Surplus			(117,712)	-	-	-	-	(117,712)
At 31 December 2018	-	-	-	104,310	304,750	328,050	278,168	1,015,278
At 1 January 2019	-	-	-	104,310	304,750	328,050	278,168	1,015,278
Charge for the year	-	-	43,942	27,745	150,235	84,434	85,379	391,735
Disposals	-	-	-	(10,293)	(65,927)	(2,953)	(5,710)	(84,883)
Revaluation Surplus	-	-	-	-	-	-	-	-
At 31 December 2019	-	-	43,942	121,762	389,058	409,531	357,837	1,322,130
Carrying amounts at:								
31 December 2019	-	417,900	2,153,158	17,197	361,881	12,730	68,972	3,031,838
31 December 2018	899,874	407,900	2,197,100	41,588	419,785	86,778	105,782	4,158,807

(i) Building under Construction represents amount spent on Oniru building which was completed during the year and reclassified to Investment property to generate income.

(ii) Included in motor vehicles are 15 units of new vehicles, 7 units of Toyota cars, 4 units of FAW cars and 4 units of Hyundai cars, which were financed by 25% equity contribution from the Company and 75% finance lease facility from Frontline Trust Limited. The value is N75 million(2018: N224 million)

(iii) The Group had no capital commitments as at the statement of financial position date (2018: Nil). As at the reporting date land is being carried at revalued amount.

Notes To The Financial Statements Cont'd

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

As at 31 December 2018	Building under Construction	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2018	839,874	123,000	1,393,629	144,140	489,229	419,154	364,454	3,773,480
Additions	60,000	-	-	8,160	334,718	2,588	23,922	429,388
Disposals	-	-	-	(16,403)	(104,012)	(4,243)	(7,987)	(132,645)
	-	-	(10,000)	10,000	-	(2,757)	2,757	-
	-	284,900	813,471	-	-	-	-	1,098,371
At 31 December 2018	899,874	407,900	2,197,100	145,897	719,935	414,742	383,146	5,168,594
At 1 January 2019	899,874	407,900	2,197,100	145,897	719,935	414,742	383,146	5,168,594
Additions	-	10,000	-	3,353	92,330	10,386	48,569	164,638
Disposals	-	-	-	(10,293)	(65,927)	(2,953)	(5,710)	(84,883)
Reclassification (Note 11)	(899,874)	-	-	-	-	-	-	(899,874)
Revaluation Surplus	-	-	-	-	-	-	-	-
At 31 December 2019	-	417,900	2,197,100	138,957	746,338	422,175	426,005	4,348,475
<u>**Accumulated depreciation**</u>								
At 1 January 2018	-	-	90,439	92,935	267,608	250,395	210,604	911,981
Charge for the year	-	-	27,873	27,178	137,470	83,500	73,415	349,436
Disposals	-	-	-	(16,403)	(103,087)	(4,243)	(7,987)	(131,720)
Reclassification			(600)	600	-	(1,655)	1,655	-
Revaluation Surplus			(117,712)	-	-	-	-	(117,712)
At 31 December 2018	-	-	-	104,310	301,991	327,997	277,687	1,011,985
At 1 January 2019	-	-	-	104,310	301,991	327,997	277,687	1,011,985
Charge for the year	-	-	43,942	27,745	149,315	84,434	85,200	390,636
Disposals	-	-	-	(10,293)	(65,927)	(2,953)	(5,710)	(84,883)
Revaluation Surplus	-	-	-	-	-	-	-	-
At 31 December 2019	-	-	43,942	121,762	385,379	409,478	357,177	1,317,738
<u>**Carrying amounts at:**</u>								
31 December 2019	-	417,900	2,153,158	17,195	360,959	12,697	68,828	3,030,737
31 December 2018	899,874	407,900	2,197,100	41,587	417,944	86,745	105,459	4,156,609

Notes To The **Financial Statements** Cont'd

15	Insurance Contract Liabilities	Group 2019 N'000	Group 2018 N'000	Parent 2019 N'000	Parent 2018 N'000
	Outstanding Claims reserve (Note 15.1)	2,615,469	1,976,983	2,615,469	1,976,983
	Incurred but not reported (IBNR) (Note 15.1(b))	1,738,829	1,003,652	1,738,829	1,003,652
	Total outstanding Claims (including IBNR)	4,354,298	2,980,635	4,354,298	2,980,635
	Unearned Premium Reserve (Note 15.2)	4,646,567	4,146,236	4,646,567	4,146,236
		9,000,865	7,126,871	9,000,865	7,126,871

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

15.1	Outstanding Claims reserve	N'000	N'000	N'000	N'000
	Fire	674,733	592,099	674,733	592,099
	Accident	879,515	866,573	879,515	866,573
	Marine and Aviation	132,379	140,989	132,379	140,989
	Motor	499,190	315,943	499,190	315,943
	Oil and Gas	429,652	61,379	429,652	61,379
		2,615,469	1,976,983	2,615,469	1,976,983

(a)	Movement in outstanding Claims reserve	N'000	N'000	N'000	N'000
	Opening balance	1,976,983	1,592,296	1,976,983	1,592,296
	Increase in the year (Note 32)	638,486	384,687	638,486	384,687
	Closing balance	2,615,469	1,976,983	2,615,469	1,976,983

(b)	Movement in Incurred but not reported	N'000	N'000	N'000	N'000
	Opening balance	1,003,652	1,483,100	1,003,652	1,483,100
	Increase in the year (Note 32)	735,177	(479,448)	735,177	(479,448)
	Closing balance	1,738,829	1,003,652	1,738,829	1,003,652

(c) The Age Analysis of Outstanding Claims in thousands of Nigerian Naira as at 31 December 2019 is as follows:

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge vouchers not returned by the customers	Total
0 - 90 days	113,193	125,015	451,846	690,054
91 - 180 days	191,522	195,896	230,745	618,163
181 - 270 days	157,933	159,307	179,615	496,855
270 - 365 days	105,512	114,685	205,390	425,587
365 days and above	143,915	117,327	123,568	384,810
	712,075	712,230	1,191,164	2,615,469

15.2 Unearned Premium reserve	N'000	N'000	N'000	N'000
Balance at the beginning of the year	4,146,236	3,443,271	4,146,236	3,443,271
Changes in unearned premium (Note 29(a))	500,331	702,965	500,331	702,965
Balance at the end of the year (Note 29(a))	4,646,567	4,146,236	4,646,567	4,146,236

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

16 Trade Payables	N'000	N'000	N'000	N'000
Due to Reinsurance Broker - A.O.N.	25,410	16,263	25,410	16,263
Premium Deposit (Note 16(b))	272,636	302,760	272,636	302,760
	298,046	319,023	298,046	319,023

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

(b) Premium deposit represents advance received in 2019 for 2020 production.

17 Other Payables	N'000	N'000	N'000	N'000
Accruals (Note 17(b))	500,892	371,743	496,688	367,964
Dividend payable (Note 17(b(i))	390,482	287,636	390,482	287,636
Other creditors (Note 17(c))	218,181	225,636	218,181	228,998
Deferred commission Income (Note 17(g) and Note 31)	277,126	362,814	277,126	362,814
	1,386,681	1,247,829	1,382,477	1,247,412

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

Notes To The Financial Statements Cont'd

	Group		Parent	
	2019	2018	2019	2018
(b) Accruals	**N'000**	**N'000**	**N'000**	**N'000**
Audit fees	3,600	4,200	3,600	3,200
Profit Sharing	150,000	150,000	150,000	150,000
Performance bonus	30,079	28,000	30,079	28,000
Medical expenses	5,760	-	5,760	-
Naicom Levy	197,599	-	197,599	-
WHT Payable	-	2,349		2,349
VAT Payable	32,159	88,534	32,159	88,534
Legal fees	-	19,068	-	19,068
Others	81,695	79,592	77,491	76,813
	500,892	371,743	496,688	367,964

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

(c) Other Creditors	**N'000**	**N'000**	**N'000**	**N'000**
Lease creditor (Note 17 (d))	117,636	220,636	117,636	220,636
Due to NEM Assets Management Ltd (Note 17 (e))	-	-	-	3,362
Deferred Income (Note 17(f))	100,545	-	100,545	-
Fines and penalty	-	5,000		5,000
	218,181	225,636	218,181	228,998

(d) The Company has a liability with lease creditor to finance the purchase of fifteen units of motor vehicles. The tenor of the lease is three years. The liability shall be settled from the Company's operational cash flows.

(e) NEM Asset Management Ltd financed the purchase of some motor cars for NEM Insurance Plc under finance lease. The total amount outstanding as at 31 December 2019 was Nil (2018: N3.4million). NEM Asset Management Limited is a subsidiary of NEM Insurance Plc.

(f) The Deferred income represents rental income received in advance from tenants.

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

18 Retirement Benefit Obligations

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

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

	Group		Parent	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Current service cost	-	-	-	-
Interest cost on benefit obligation (Note 37(a))	11,446	11,801	11,446	11,801
	11,446	11,801	11,446	11,801

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

	N'000	N'000	N'000	N'000
Present value of the defined benefit obligation				
Total defined benefit obligation	81,635	78,496	81,635	78,496

The movement in the defined benefit obligation is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	78,496	91,910	78,496	91,910
Current service cost	-	-	-	-
Interest cost	11,446	11,801	11,446	11,801
Benefits paid (Note 42)	(27,895)	(34,786)	(27,895)	(34,786)
Actuarial losses/(gains) - Due to change in assumption	5,949	(5,482)	5,949	(5,482)
Actuarial losses - Due to experience adjustment	13,639	15,053	13,639	15,053
Balance at the end of the year	81,635	78,496	81,635	78,496

Actuary Report Extracts

Valuation Assumption

The Valuation assumptions fall under two broad categories:

A **Financial Assumptions**

B **Demographic Assumptions**

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

A **Financial Assumptions**

Average Long-Term Future	**2019**	**2018**	**2019**	**2018**
Discount Rate (p.a)	13.50%	15.50%	13.50%	15.50%
Inflation Rate (p.a)	12%	12%	12%	12%
Interest Credit Rate (p.a)	0%	0%	0%	0%

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

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

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

The weighted average liability duration for the Plan is 5.44years. The average weighted duration of the closest Nigerian Government bond as at 31 December 2019 was 6.09 years with a gross redemption yield of 11.63%.

We have prudently adopted a discount rate of 13.5% for the current valuation.

B Demographic Assumptions

Mortality in Service

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

Sample Age	**No of Deaths in year of age out of 10,000 lives**		**No of Deaths in year of age out of 10,000 lives**	
	2019	**2018**	**2019**	**2018**
25	7	7	7	7
30	7	7	7	7
35	9	9	9	9
40	14	14	14	14
45	26	26	26	26

Withdrawal from Service				
Age Band	Rate		Rate	
	2019	**2018**	**2019**	**2018**
Less than or equal to 30	3%	3%	3%	3%
31-39	2%	2%	2%	2%
40-44	2%	2%	2%	2%
45-50	0%	0%	0%	0%
51-59	0%	0%	0%	0%

Valuation Method

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

i recognises the Company service rendered by each member of staff at the review date.

ii anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement and then

iii discounts the expected benefit payments to the review date.

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

MEMBERSHIP DATA
The calculations are based on the membership data as at 31 December 2019 as summarised below.

	Number of Employees	**Crystallised Gratuity as 31 December 2014**
Summary by Category		N
Category		
Male	43	117,188,649
Female	18	45,802,518
Total	61	162,991,167
Data Reconciliation Summary		N
As at 31 December 2018	82	196,960,603
Exits	(21)	(33,969,436)
As at 31 December 2019	61	162,991,167

Had the plan discontinued as at 31 December 2019, we estimate the accrued benefits payable as N162.99million. This is the sum of the crystallised gratuity benefits of all qualified employees as at the review date.

The statement of financial position liability of N81.6million is lower because it is the discounted value of the crystallised gratuity benefits (with no interest credit) from their expected payment date to the review date.

ACTUARY'S STATEMENT

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

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

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

Notes To The Financial Statements Cont'd

19 Taxation

(a) **Per Financial Position**

	Group 2019 N'000	Group 2018 N'000	Parent 2019 N'000	Parent 2018 N'000
Balance at the beginning of the year	835,998	591,760	835,528	591,760
Income tax for the year	405,334	330,768	401,335	330,700
Education tax for the year	38,174	42,051	37,673	41,649
Prior year over-provision	(679,444)	-	(679,444)	-
Information technology levy (Note 19(d))	18,979	26,961	18,979	26,961
Paid during the year	(156,622)	(155,542)	(156,084)	(155,542)
Balance at the end of the year	462,419	835,998	457,987	835,528

(b) **Per Income Statement**

	N'000	N'000	N'000	N'000
Income tax	405,334	330,768	401,335	330,700
Education tax	38,174	42,051	37,673	41,649
Prior year over-provision	(679,444)	-	(679,444)	-
	(235,936)	372,819	(240,436)	372,349
Deferred tax asset (Note 20 (i))	(198,430)	-	(198,430)	-
Deferred tax liabilities (Note 20 (ii))	(41,246)	276,138	(41,246)	276,138
Charge for the year	(475,612)	648,957	(480,112)	648,487

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

	N'000	N'000	N'000	N'000
Profit before income tax	1,938,733	2,712,622	1,916,921	2,696,084
Tax calculated at the corporate tax rate	581,620	813,787	575,076	808,825
Effect of:				
Non-deductible expenses	54,894	(233,041)	54,894	(228,148)
Effect of Education tax levy	38,174	42,051	37,673	41,649
Effect of Capital allowance on income tax	(143,176)	(291,656)	(140,631)	(291,656)
Effect of Balancing and Investment Allowance	(23,128)	(2,385)	(23,128)	(2,385)
Effect of Deferred tax	(239,676)	276,138	(239,676)	276,138
Tax exempt income	(64,876)	44,063	(64,876)	44,064
Overprovision in prior years	(679,444)	-	(679,444)	-
Total income tax expense in income statement	(475,612)	648,957	(480,112)	648,487
Effective tax rate (%)	(24.53)	23.92	(25.05)	24.05

(d) **Information Technology Levy**

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

Notes To The Financial Statements Cont'd

20	Deferred Taxation	Group		Parent	
		2019	2018	2019	2018
i	**Deferred tax Assets**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	(92,773)	(92,773)	(83,306)	(83,306)
	Charge for the year	(198,430)	-	(198,430)	-
	Balance at the end of the year	(291,203)	(92,773)	(281,736)	(83,306)
ii	**Deferred tax Liabilities**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	397,746	-	397,746	-
	Charge for the year	(41,246)	276,138	(41,246)	276,138
	Revaluation surplus (Note 26)	-	121,608	-	121,608
	Balance at the end of the year	356,500	397,746	356,500	397,746

As a result of accelerated rates of capital allowances, the carrying amount of the Company's property, plant and equipment at the statement of financial position date exceeded their corresponding tax written down value by N.......................... (2018: N642,773,939). There was a deferred tax liability of N.................. (2018: 121,608,000) on revaluation surplus which is 10% capital gains tax of the balance in the revaluation surplus account. Deferred tax liabilities arising during the year amounting to N.................. (2018: 314,400,000) have been recognised in the Audited Financial Statements

21	**Share Capital**	N'000	N'000	N'000	N'000
	Authorised Share Capital				
	8,400,000,000 ordinary shares of 50k each	4,200,000	4,200,000	4,200,000	4,200,000
(a)	**Ordinary shares issued and fully paid**	N'000	N'000	N'000	N'000
	5,280,502,913 ordinary shares of 50k each	2,640,251	2,640,251	2,640,251	2,640,251
22	**Share Premium**	N'000	N'000	N'000	N'000
	Share Premium	272,551	272,551	272,551	272,551

Premium from the issue of shares are reported in share premium

23	**Statutory contingency reserve**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	3,606,052	3,154,568	3,606,052	3,154,568
	Transfer from revenue reserve (Note 24)	592,796	451,484	592,796	451,484
	Balance at the end of the year	4,198,848	3,606,052	4,198,848	3,606,052

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

During the current year, this was calculated based on 3% of the gross premium.

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
24	**Retained earnings**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	4,715,527	3,658,357	4,718,130	3,677,028
	Profit for the year	2,395,366	2,036,704	2,378,054	2,020,636
	Transfer to contingency reserve (Note 23)	(592,796)	(451,484)	(592,796)	(451,484)
	Dividend paid	(686,465)	(528,050)	(686,465)	(528,050)
	Balance at the end of the year	5,831,632	4,715,527	5,816,923	4,718,130

25	**FVOCI reserve**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	(35,344)	(159,322)	(35,344)	(159,322)
	Additions during the year (Note4.2(b)	(16,124)	123,978	(16,124)	123,978
	Balance at the end of the year	(51,468)	(35,344)	(51,468)	(35,344)

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

26	**Asset revaluation reserve**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	1,094,475	-	1,094,475	-
	-accumulated depreciation (Note 14 & Note 26(a))	-	117,712	-	117,712
	Revaluation amount (Note 14)	-	1,098,371	-	1,098,371
		1,094,475	1,216,083	1,094,475	1,216,083
	Transferred to deferred tax (Note 20ii)	-	(121,608)	-	(121,608)
	Balance at the end of the year	1,094,475	1,094,475	1,094,475	1,094,475

(a) This represents change in depreciation of revalued property in line with IAS 16.

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

27	**Other Reserves - gratuity**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	131,043	140,614	131,043	140,614
	Loss during the year	(19,588)	(9,571)	(19,588)	(9,571)
	Balance at the end of the year	111,455	131,043	111,455	131,043

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

Notes To The
Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
28	**Gross Premium written**	N'000	N'000	N'000	N'000
	Direct premium (Note 28(a))	19,510,665	14,809,858	19,510,665	14,809,858
	Inward reinsurance (Note 28(a))	249,207	239,595	249,207	239,595
		19,759,872	15,049,453	19,759,872	15,049,453

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

(a)	**Gross Premium written**	N'000	N'000	N'000	N'000
	Fire	4,695,644	3,437,146	4,695,644	3,437,146
	Oil and Gas	2,928,191	2,479,973	2,928,191	2,479,973
	General accident	3,992,349	2,636,886	3,992,349	2,636,886
	Marine	2,151,309	1,516,010	2,151,309	1,516,010
	Motor	5,743,172	4,739,843	5,743,172	4,739,843
	Direct premium (Note 28)	19,510,665	14,809,858	19,510,665	14,809,858
	Inward reinsurance (Note 28)	249,207	239,595	249,207	239,595
		19,759,872	15,049,453	19,759,872	15,049,453

29	**Gross premium income**	N'000	N'000	N'000	N'000
	Premium written during the year (Note 28)	19,759,872	15,049,453	19,759,872	15,049,453
	Changes in unearned premium (Note 29(a))	(500,331)	(702,965)	(500,331)	(702,965)
		19,259,541	14,346,488	19,259,541	14,346,488

(a)	**Movement in Unearned premium**	N'000	N'000	N'000	N'000
	Unearned premium brought forward (Note 15.2)	4,146,236	3,443,271	4,146,236	3,443,271
	Unearned premium carried forward (Note 15.2)	(4,646,567)	(4,146,236)	(4,646,567)	(4,146,236)
	Increase in unearned premium	(500,331)	(702,965)	(500,331)	(702,965)

30	**Reinsurance expenses**	N'000	N'000	N'000	N'000
	Reinsurance premium (Cost) paid during the year (Note 30(a))	5,303,878	5,126,081	5,303,878	5,126,081
	Change in Reinsurance Share of UPR (Note 6.1(a))	(179,867)	(68,297)	(179,867)	(68,297)
	Change in Prepaid Reinsurance Premium (Note 6.1(b))	1,517,990	(1,405,090)	1,517,990	(1,405,090)
		6,642,001	3,652,694	6,642,001	3,652,694

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
(a)	**Reinsurance expense**	N'000	N'000	N'000	N'000
	Motor	27,193	18,196	27,193	18,196
	Marine	864,723	693,660	864,723	693,660
	Fire	1,832,133	2,088,035	1,832,133	2,088,035
	General Accident	1,311,447	1,458,768	1,311,447	1,458,768
	Oil & Gas	1,268,382	867,422	1,268,382	867,422
		5,303,878	5,126,081	5,303,878	5,126,081

(b) Reinsurance expenses of N5,303,878,000 was paid during the year, N3,462,377,000 was paid to the foreign insurers while N1,841,501,000 was paid to local insurers. In 2018 reinsurance expense stood at N5,126,081,000 (Foreign N2,706,689,000 - Local N2,419,392,000)

31	**Fees and commission income**	**N'000**	**N'000**	**N'000**	**N'000**
	Deferred Commission as at 1 January (Note 17)	362,814	-	362,814	-
	Fees and Commission Income received during the year (Note 31(b))	1,088,545	1,106,384	1,088,545	1,106,384
	Fees and Commission Income earned during the year	(1,174,233)	(743,570)	(1,174,233)	(743,570)
	Deferred Commission as at 31 December (Note 17)	277,126	362,814	277,126	362,814

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

(b)	Classes	**N'000**	**N'000**	**N'000**	**N'000**
	Motor	7,300	3,897	7,300	3,897
	Marine	203,403	157,037	203,403	157,037
	Fire	505,740	546,943	505,740	546,943
	General Accident	356,127	355,689	356,127	355,689
	Oil and Gas	15,975	42,818	15,975	42,818
		1,088,545	1,106,384	1,088,545	1,106,384

Notes To The
Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
32	**Claims Expenses**	**N'000**	**N'000**	**N'000**	**N'000**
	Gross Claims paid (Note 32(a))	7,374,491	6,012,351	7,374,491	6,012,351
	Increase in outstanding claims (Note 15.1(a))	638,486	384,687	638,486	384,687
	Changes in IBNR (Note 15.1(b))	735,177	(479,448)	735,177	(479,448)
	Gross claims incurred during the year	8,748,154	5,917,590	8,748,154	5,917,590
	Claims recovered (Note 32(c))	(1,418,213)	(198,046)	(1,418,213)	(198,046)
	Recoverables from Reinsurance (Note 32(d))	(3,392,623)	(3,165,291)	(3,392,623)	(3,165,291)
	Net Claims expenses	3,937,318	2,554,253	3,937,318	2,554,253

(a)	**Claims Paid**				
	Classes	**N'000**	**N'000**	**N'000**	**N'000**
	Motor	2,757,281	2,471,399	2,757,281	2,471,399
	Marine	1,273,321	590,010	1,273,321	590,010
	Fire	1,795,778	1,170,851	1,795,778	1,170,851
	General Accident	1,323,482	1,026,982	1,323,482	1,026,982
	Oil and Gas	224,629	753,109	224,629	753,109
		7,374,491	6,012,351	7,374,491	6,012,351

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

(c)	**Claims recovered**				
	Classes	N'000	N'000	N'000	N'000
	Motor	451,324	267,120	451,324	267,120
	Marine	633,769	2,905	633,769	2,905
	Fire	412,996	203,837	412,996	203,837
	General Accident	132,629	99,814	132,629	99,814
	Oil and Gas	244,300	8,552	244,300	8,552
		1,875,018	582,228	1,875,018	582,228
	Claims recovered from co-assurance companies (Note 6.5)	(456,805)	(384,182)	(456,805)	(384,182)
		1,418,213	198,046	1,418,213	198,046

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

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
(d)	**Reinsurance Recoverable**	N'000	N'000	N'000	N'000
	Claims recovered from reinsurance	1,936,513	2,440,410	1,936,513	2,440,410
	Changes in Reinsurance share of Outstanding Claims (Note 6.3)	623,221	226,617	623,221	226,617
	Changes in Reinsurance share of IBNR (Note 6.2)	639,481	10,318	639,481	10,318
	Change in Reinsurance share of Claims paid not yet recovered	193,408	487,946	193,408	487,946
		3,392,623	3,165,291	3,392,623	3,165,291

33	**Underwriting Expenses**	N'000	N'000	N'000	N'000
	Commission expense (Note 33(a))	2,953,408	2,389,996	2,953,408	2,389,996
	Maintenance expense (Note 33(c))	2,552,350	1,869,874	2,552,350	1,869,874
		5,505,758	4,259,870	5,505,758	4,259,870

(a)	**Commission expense**	N'000	N'000	N'000	N'000
	Commission paid during the year (Note 33(b))	3,107,891	2,458,366	3,107,891	2,458,366
	Changes in deferred acquisition cost	(154,483)	(68,370)	(154,483)	(68,370)
		2,953,408	2,389,996	2,953,408	2,389,996

(b)	**Commission expense**				
	The analysis of commission expenses by business class is as follows:	N'000	N'000	N'000	N'000
	Motor	724,996	604,635	724,996	604,635
	Marine	397,591	300,791	397,591	300,791
	Fire	1,030,192	763,665	1,030,192	763,665
	General Accident	801,695	532,227	801,695	532,227
	Oil & Gas	153,417	257,048	153,417	257,048
		3,107,891	2,458,366	3,107,891	2,458,366

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
(c)	**Maintenance expense**	N'000	N'000	N'000	N'000
	Wages and salaries - Technical Staff	233,689	156,488	233,689	156,488
	Stamp duty	4,333	14,547	4,333	14,547
	Entertainment & hotel expenses	66,318	65,163	66,318	65,163
	NIID Expenses	7,335	3,920	7,335	3,920
	Printing and Stationery expenses	43,676	48,475	43,676	48,475
	Transport & Travelling Expenses	711,043	583,274	711,043	583,274
	Professional Fees	488,240	313,561	488,240	313,561
	Marketing Float Expenses	15,711	14,664	15,711	14,664
	Business development expenses	359,516	332,909	359,516	332,909
	Tracking device	254,327	225,208	254,327	225,208
	Insurance levy	351,557	105,764	351,557	105,764
	Industrial Training Fund	5,549	5,901	5,549	5,901
	VAT Expenses	11,056	-	11,056	-
		2,552,350	1,869,874	2,552,350	1,869,874

(d)	The analysis of Maintenance expenses by business class is as follows:	N'000	N'000	N'000	N'000
	Motor	814,158	596,012	814,158	596,012
	Marine	271,610	192,059	271,610	192,059
	Fire	592,841	440,529	592,841	440,529
	General Accident	504,047	330,902	504,047	330,902
	Oil & Gas	369,694	310,372	369,694	310,372
		2,552,350	1,869,874	2,552,350	1,869,874

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

		Group		Parent	
34	**Investment Income**	2019 N'000	2018 N'000	2019 N'000	2018 N'000
	Dividend income	140,372	91,432	140,372	91,432
	Interest from fixed deposit	670,026	777,932	670,026	777,932
	Interest from Amortised cost financial assets	24,358	25,074	24,358	25,074
	Interest from statutory deposit	43,430	51,476	43,430	51,476
		878,186	945,914	878,186	945,914
	Amortised cost financial assets - Accrued interest (Note 4.3(a))	-	6,869	-	6,869
		878,186	952,783	878,186	952,783

Notes To The Financial Statements Cont'd

		Group		Parent	
		2019	2018	2019	2018
(a)	**Investment Income**	**N'000**	**N'000**	**N'000**	**N'000**
	Attributable to Policy holders	490,366	532,020	490,366	532,020
	Attributable to Share holders	397,820	420,763	397,820	420,763
		888,186	952,783	888,186	952,783

35	**Net Fair Value Gain/(Loss)**				
	Investment properties	**N'000**	**N'000**	**N'000**	**N'000**
	Fair Value Gain (Note 11)	181	6,396	181	6,396
	Fair Value through Profit or Loss:				
	Quoted Equity Securities (4.1(a))	170,782	(269,778)	170,782	(269,778)
		170,963	(263,382)	170,963	(263,382)

36	**Other Income**	**N'000**	**N'000**	**N'000**	**N'000**
	Sundry Income	6,599	17,962	146	14,516
	Interest and Similar Income	40,002	36,122	-	-
	Provision no longer required (Note 36 (a))	-	34,443	-	34,443
	Rental Income	20,702	51,772	22,392	51,772
	Gain on equity disposed (Note (4.1(b))	5,037	62,453	5,037	62,453
	Exchange (loss)/gain	-	9,915	-	9,915
		72,340	212,667	27,575	173,099

(a) Provision no longer required relates to excess provision made for The Nigeria Information Technology Development Agency (NITDA) in prior year now written back.

37	**Management Expenses**	**N'000**	**N'000**	**N'000**	**N'000**
	Employee benefit expenses (Note 37(a))	1,603,286	1,515,473	1,593,176	1,504,200
	Other Management Expenses (Note 37(b))	1,395,574	838,765	1,389,193	833,470
	Directors expenses	104,400	88,000	104,400	88,000
	AGM expenses	25,347	19,890	25,347	19,890
	Auditors Remuneration (Note 39(a)and (b)	10,000	9,000	9,000	8,000
	Depreciation (Note 14)	391,735	350,534	390,636	349,436
	Amortisation (Note 13)	5,180	5,181	817	817
		3,535,522	2,826,843	3,512,569	2,803,813
				-	

Notes To The Financial Statements Cont'd

	Group		Parent	
	2019	2018	2019	2018
(a) **Employee benefit expenses**	N'000	N'000	N'000	N'000
Salaries and Wages	989,885	840,133	981,048	829,899
Medical Expenses	49,474	39,034	49,359	38,812
Staff Training	204,389	176,145	204,273	175,995
Staff Welfare	295,145	397,140	294,471	396,473
Employers' Pension Contribution	52,947	51,220	52,579	51,220
	1,591,840	1,503,672	1,581,730	1,492,399
Gratuity (Note 18)	11,446	11,801	11,446	11,801
	1,603,286	1,515,473	1,593,176	1,504,200

(b) **Other Management Expenses**	N'000	N'000	N'000	N'000
Advertising	298,202	81,958	298,202	81,958
Business permit	3,554	2,395	3,554	2,385
Hotel Expenses	77,245	52,788	77,195	52,788
Postages & Telephone	10,960	10,520	10,932	10,484
Motor Running Expenses	22,428	20,725	22,390	20,609
Electricity Expenses	29,206	26,635	29,206	26,635
Fine & Penalty	850	5,000	850	5,000
Rent, rates and other expenses (Note 8(a))	27,724	30,265	27,724	30,265
Filing Fees	1,000	500	1,000	500
Donations	17,056	13,784	17,056	13,784
Generator Expenses	188,030	31,221	188,030	31,221
Dailies and Subscription	64,065	56,658	63,950	56,040
Bank charges	49,302	47,282	49,017	47,001
Computer Expenses	83,171	70,431	83,127	70,375
Office General Expenses	308,740	178,664	307,707	178,395
Other Tax Expenses	-	32,021	-	32,021
Repair & Maintenance	38,568	35,457	38,568	35,455
Motor Repair & Maintenance	45,324	33,776	44,833	33,526
ECOWAS Brown Card	2,603	5,128	2,603	5,128
Nigerian Insurers Association Levy	8,341	3,709	8,341	3,709
Insurance Expenses	80,604	78,777	80,604	78,777
Exchange loss	22,134	-	22,134	-
Other assets written off	1,217	7,410	-	7,410
Other Expenses	15,250	13,661	12,170	10,004
	1,395,574	838,765	1,389,193	833,470

		Group		Parent	
		2019	2018	2019	2018
(c)	**Expected credit loss expense**	**N'000**	**N'000**	**N'000**	**N'000**
	Allowance for credit losses - Cash (Note 3(c))	15,274	8,920	15,274	8,920
	Allowance for credit losses - Fixed deposits and treasury bills (Note 4.3(d))	2,874	1,655	2,874	1,655
	Allowance for credit losses - Bonds (Note 4.3(a))	68	338	68	338
		18,216	10,913	18,216	10,913

		Stage 1	Stage 2	Stage 3	Total
	Cash and cash equivalents	15,274	-	-	15,274
	Financial Assets measured at amortised costs	2,874	-	-	2,874
	Financial Assets measured at amortised costs	68	-	-	68
		18,216	-	-	18,216

38	**Profit on disposal of Property, Plant and Equipment**	**N'000**	**N'000**	**N'000**	**N'000**
	Sale proceeds	872	4,744	872	4,744
	Cost (Note 14(b))	84,883	(132,646)	84,883	(132,646)
	Accumulated depreciation (Note 14(b))	(84,883)	131,720	(84,883)	131,720
		872	3,818	872	3,818

39	**Supplementary profit and loss information**	**N'000**	**N'000**	**N'000**	**N'000**
(a)	Profit before taxation is arrived at after charging:				
	Depreciation (Note 14)	391,735	350,534	390,636	349,436
	Amortisation (Note 13)	5,180	5,181	817	817
	Auditors' fees (Note 37)	10,000	9,000	9,000	8,000
	Exchange loss realised (Note 36)	22,134	-	22,134	-
	Directors' emoluments (Note 37)	104,400	88,000	104,400	88,000
	and after crediting:				
	Profit on disposal of property, plant and equipment (Note 38)	872	3,818	872	3,818
	Gain on investment properties (Note 35)	181	6,396	181	6,396
	Exchange gain realised (Note 36)	-	9,915	-	9,915

(b) BDO Professional Services was appointed to carry out only the statutory audit of the financial statements of the Company.

(c) **Staff Costs**

The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows:

	Number	Number	Number	Number
Managerial	15	15	14	14
Senior	180	164	179	163
Junior	21	23	21	23
	216	202	214	200

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

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

N - N	Number	Number	Number	Number
60,001 - 500,000	40	58	40	58
500,001 - 1,000,000	113	93	113	93
1,000,001 - 1,500,000	36	37	35	36
1,500,001 - 2,000,000	4	3	4	3
2,000,001 - 2,500,000	11	7	10	6
2,500,001 - 3,000,000	6	-	6	-
3,000,001 - Above	6	4	6	4
	216	202	214	200

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

i Aggregate emoluments of the directors were:

	N'000	N'000	N'000	N'000
Fees				
Chairman	4,400	4,000	4,400	4,000
Other Directors	23,100	14,000	23,100	14,000
	27,500	18,000	27,500	18,000
Emoluments as Executives	76,900	70,000	76,900	70,000
	104,400	88,000	104,400	88,000

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

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

The Highest paid Director earned N36,900,000 in 2019 (2018:N33,600,000)

40 Basic/Diluted earnings per ordinary share

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

	Group		Parent	
	2019 N'000	**2018 N'000**	**2019 N'000**	**2018 N'000**
Net profit attributable to ordinary shareholders for basic and diluted EPS	2,395,366	2,036,704	2,378,054	2,020,636
Weighted average number of ordinary shares for EPS	5,280,503	5,280,503	5,280,503	5,280,503
Basic Earnings Per Share (kobo)	0.45	0.39	0.45	0.38
Diluted Basic Earnings Per Share (kobo)	0.45	0.39	0.45	0.38

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

41 Related party disclosures

(a) **Parent**

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

(b) **Subsidiary**

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

	N'000	**N'000**	**N'000**	**N'000**
Due to NEM Assets Management Limited	-	-	-	3,362
Investment in Subsidiary	-	-	50,000	50,000
Investment in Associate	435,165	413,752	435,165	413,752

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

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

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

	Group		Parent	
Fees:	**2019 N'000**	**2018 N'000**	**2019 N'000**	**2018 N'000**
Chairman	4,400	4,000	4,400	4,000
Other Directors	23,100	14,000	23,100	14,000
	27,500	18,000	27,500	18,000
Other Emoluments:				
Other Directors	76,900	70,000	76,900	70,000
	104,400	88,000	104,400	88,000
Short term Benefits (Management Team)				
Salaries and Allowances:	223,102	202,820	217,771	197,974
Post Employment Benefits (Management Team)				
Pension	19,977	18,161	19,465	17,695
Total Benefits to Key Personnel	347,479	308,981	341,636	303,669

42 Cash flow from Operating activities	Notes	Group 2019 N'000	Group 2018 N'000	Parent 2019 N'000	Parent 2018 N'000
Operating profit before tax		1,919,754	2,685,661	1,897,942	2,669,123
Adjustment for non-operating items:					
Depreciation - Property, plant & equipment (Note 14)		391,735	350,534	390,636	349,436
Amortisation - Intangible assets (Note 13)		5,180	5,181	817	817
Adjustment on Intangible assets		-	7,411	-	7,411
Profit on disposal of property and equipment		(872)	(3,818)	(872)	(3,818)
Share of Profit in Associate	9	(21,413)	(21,251)	(21,413)	(21,251)
Fair value gain on investment properties	11	(181)	(6,396)	(181)	(6,396)
Fair value (gain)/loss on quoted investment	4	(170,782)	269,778	(170,782)	269,778
Gain on FVTPL		(5,037)	(62,453)	(5,037)	(62,453)
Information Technology Development Levy		18,979	26,961	18,979	26,961
Allowance for credit losses		18,216	1,993	18,216	1,993
Service & Interest cost on retirement benefit	37(a)	11,446	11,801	11,446	11,801
Investment Income	34	(878,186)	(952,783)	(878,186)	(952,783)
Cash flow changes before changes in working capital		1,288,839	2,312,619	1,261,565	2,290,619
Changes in operating assets and liabilities					
Decrease in Trade receivables		72,225	443,826	72,225	443,826
Increase in Reinsurance assets		(716,303)	(2,427,131)	(716,303)	(2,427,131)
Increase in Deferred acquisition cost		(154,483)	(68,370)	(154,483)	(68,370)
Decrease/(increase) in Other receivables and prepayments		26,484	(450,343)	54,753	(447,442)
Increase in Insurance contract liabilities		1,860,713	608,204	1,860,713	608,204
Decrease/increase in Trade payables		(20,977)	245,329	(20,977)	245,329
Increase in Other payables		138,852	697,371	135,065	673,837
Net cash inflow from operating activities		2,495,350	1,361,505	2,492,558	1,318,872
Gratuity benefit to employees (Note 18)		(27,895)	(34,786)	(27,895)	(34,786)
Tax paid		(156,622)	(155,542)	(156,084)	(155,542)
		2,310,833	1,171,177	2,308,579	1,128,544

43 **Capital Commitments**
There were no material capital commitments at 31 December 2019 (2018 Nil).

44 **Contingent liabilities**
There were no material contingent liabilities at 31 December 2019 (2018 Nil).

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

46 **Contingencies and commitments**

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

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

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

47 **Contravention of laws and regulations**
The company contravened certain laws and regulations during the year ended 31 December 2019. Details of the contraventions and the appropriate penalties are as follows:

SECTION	DESCRIPTION OF PENALTY	Number of times	Year of Contravention	Amount of Penalty
National Insurance Commission	Engaging the services of unprofessional loss adjuster.	1	2019	600,000
National Insurance Commission	Late submission of post placement report	1	2019	250,000
				850,000

48 **Events after the reporting period**
The directors are not aware of any events which occurred since 31 December 2019 which may have effect on the Financial Statements at that date or which may need to be mentioned in the Financial Statements in order not to make them misleading as to the operations or Financial Position at 31 December 2019

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

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

Segments Report – Underwriting Result per class of business

Group	MOTOR	MARINE	FIRE	GENERAL ACCIDENT	OIL & GAS	2019	2018
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Direct Business Premium	5,743,172	2,151,309	4,695,644	3,992,349	2,928,191	19,510,665	14,809,857
Reinsurance Inward	-	18,257	162,652	64,442	3,856	249,207	239,596
Gross Premium written	5,743,172	2,169,566	4,858,296	4,056,791	2,932,047	19,759,872	15,049,453
Increase in Unexpired Risk	(352,932)	12,245	(111,963)	(302,904)	255,223	(500,331)	(702,965)
Gross Premium Earned	5,390,240	2,181,811	4,746,333	3,753,887	3,187,270	19,259,541	14,346,488
Reinsurance Cost	(28,217)	(1,216,530)	(2,393,772)	(1,490,752)	(1,512,730)	(6,642,001)	(3,652,694)
Net Premium Earned	5,362,023	965,281	2,352,561	2,263,135	1,674,540	12,617,540	10,693,794
Commission Received	7,421	167,219	661,567	314,533	23,494	1,174,234	743,570
	5,369,444	1,132,500	3,014,128	2,577,668	1,698,034	13,791,774	11,437,364
Direct Claim Paid	(2,757,281)	(1,273,321)	(1,795,778)	(1,323,482)	(224,629)	(7,374,491)	(6,012,351)
Increase in Outstanding Claims & IBNR	(339,569)	(3,259)	(279,069)	(234,341)	(517,425)	(1,373,663)	94,761
Gross Claim Incurred	(3,096,850)	(1,276,580)	(2,074,847)	(1,557,823)	(742,054)	(8,748,154)	(5,917,590)
Claim recoveries	251,324	767,951	162,996	132,629	103,313	1,418,213	198,046
Reinsurance Recoveries	68,348	939,977	836,643	925,149	622,505	3,392,622	3,165,291
Net Claim Expense	(2,777,178)	431,348	(1,075,208)	(500,045)	(16,236)	(3,937,319)	(2,554,253)
Acquisition Cost	(703,785)	(389,321)	(1,001,596)	(694,556)	(164,150)	(2,953,408)	(2,389,996)
Underwriting Expenses	(814,158)	(271,610)	(592,841)	(504,047)	(369,694)	(2,552,350)	(1,869,874)
Total Deduction	(4,295,121)	(229,583)	(2,669,645)	(1,698,648)	(550,080)	(9,443,077)	(6,814,123)
Underwriting Profit	1,074,323	902,917	344,483	879,020	1,147,954	4,348,697	4,623,241

Notes To The Financial Statements Cont'd

50 Claim Development Table

Extracts from EY Nigeria Limited Valuation Report

50.1 Data Reconciliation

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

(a)

Claims Data Class of Business	Gross Claims Paid Data N'000	Gross Claims Paid Account N'000	Precentage Difference
General Accident	1,323,482	1,323,482	0%
Fire	1,795,778	1,795,778	0%
Marine	1,273,320	1,273,320	0%
Motor	2,757,281	2,757,281	0%
Oil and Gas	224,629	224,629	0%
Total	**7,374,490**	**7,374,490**	0%

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

(b)

Premium Data Class of Business	Gross Premium Written Data N'000	Gross Premium Written Account N'000	Precentage Difference
General Accident	4,019,277	4,056,791	-1%
Fire	4,858,296	4,858,296	0%
Marine	2,169,566	2,169,566	0%
Motor	5,780,686	5,743,172	1%
Oil and Gas	2,932,047	2,932,047	0%
Total	**19,759,872**	**19,759,872**	0%

(c) Comments on Claims Data

The claims data was divided into five risk groups - (Marine, Motor, Fire, General Accident and Oil & Gas) in accordance with the Nigerian Insurance Act CAP I17, LFN 2004.

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

(d) Business Trend

We illustrate in the table below that the overall Gross Written Premium slightly increased by 31% between the calendar years 2018 and 2019 with increases in all sectors.

Class of Business	Gross Premium Written Data 2019 N'000	Gross Premium Written Data 2018 N'000	Precentage Difference
General Accident	4,019,277	2,663,228	51%
Fire	4,858,296	3,545,546	37%
Marine	2,169,566	1,545,763	40%
Motor	5,780,686	4,796,933	21%
Oil and Gas	2,932,047	2,497,983	17%
Total	**19,759,872**	**15,049,453**	**31%**

50.2 Valuation Methodology

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

(a) Premium Reserves

i Our reserves consist of Unearned Premium Reserve ("UPR"), Unexpired Risk Reserve ("URR") and Additional Unexpired Risk Reserve ("AURR"), which are all described in section 3.

ii We used the 365th (time apportionment) method each policy's unexpired insurance period UP as the exact number of days of insurance cover available after the valuation date and estimate the UPR as the premium *(UP)/ policy duration.

iii Each policy's URR= UP* Assumed Loss Ratio. Typically, the Unearned Premium Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 3.

(b) Claims Reserves

The claim reserves comprise of:

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

The Gross Claim Reserve is the sum of the OCR and the IBNR.
The OCR is obtained from the annual financial statements and is the figure reported by the Loss Claim Adjusters.

In estimating the Gross Claim Reserves, we used four (4) approaches namely:

i Basic Chain Ladder Method (BCL)
ii Inflation Adjusted Basic Chain Ladder Method (IABCL)
iii Boot Strap simulation (Stochastic approach)
iv Discounted Basic Chain Ladder and Inflation Adjusted Basic Chain Ladder

However, based on the risk nature and claims distribution, we have as our reserve estimate recommended the Discounted IABCL Method.

Notes To The Financial Statements Cont'd

50.3 Valuation Results

(a) Inflation Adjusted Chain Ladder Method - Result table
Discounted Inflation Adjusted Basic Chain Ladder Method - Discounted

Class of Business	Gross Outstanding Claims N'000	Estimated Reinsurance Recoveries N'000	Net Outstanding Claims
General Accident	1,312,325	(741,723)	570,602
Fire	1,165,041	(772,187)	392,854
Marine	280,323	(236,912)	43,411
Motor	823,247	(234,179)	589,068
Oil and Gas*	773,363	(567,645)	205,718
Total	**4,354,299**	**(2,552,646)**	**1,801,653**
Accounts (Outstanding Claims)	2,615,469	(1,579,149)	1,036,320
Difference	1,738,830	(973,497)	765,333

* Estimated using Expected loss ratio method and discounted

(b) Incurred But Not Reported (IBNR) Table

Class of Business	Outstanding Claim Reserves N'000	Estimated Reinsurance Recoveries N'000	Net Outstanding Claims N'000
General Accident	1,312,325	879,515	432,810
Fire	1,165,042	674,734	490,308
Marine	280,323	132,379	147,944
Motor	823,247	499,190	324,057
Oil and Gas	773,362	429,651	343,711
Total	**4,354,299**	**2,615,469**	**1,738,830**

(c) Reinsurance IBNR table

Class of Business	Total Outstanding Reinsurance Recoveries N'000	Outstanding Reported Reinsurance Recoveries N'000	Reinsurance IBNR N'000
General Accident	**741,723**	553,775	187,948
Fire	**772,187**	452,513	319,674
Marine	**236,912**	98,490	138,422
Motor	**234,179**	203,791	30,388
Oil and Gas	**567,645**	270,580	297,065
Total	**2,552,646**	**1,579,149**	**973,497**

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

Class of Business	Gross UPR	Reinsurance UPR	Net UPR
	N'000	N'000	N'000
General Accident	1,123,090	(320,391)	802,699
Fire	1,084,850	(437,273)	647,577
Marine	372,492	(196,369)	176,123
Motor	1,742,367	(6,223)	1,736,144
Oil and Gas	323,768	(122,038)	201,730
Total	**4,646,567**	**(1,082,294)**	**3,564,273**

(e) **Additional Unexpired Risk Reserve (AURR)**
We derived our expense ratio as the average of the management expense ratio for the last three years using the information provided by NEM Insurance Plc. The average expense ratio was calculated to be about 25%.

Class of Business	Claims Ratio	Combined Ratio
General Accident	34%	59%
Fire	23%	48%
Marine	21%	47%
Motor	43%	69%
Oil and Gas	33%	59%

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

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

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

Technical Reserves
We are reporting Gross Reserves of N9 billion and Reinsurance Assets of N3.64 billion as shown in the table below. Our estimates meet the Liability Adequacy Test.

Reserves	Gross	Reinsurance Assets	Net
	N'000	N'000	N'000
Claims	4,354,299	(2,552,646)	1,801,653
UPR	4,646,567	(1,082,294)	3,564,273
Total	**9,000,866**	**(3,634,940)**	**5,365,926**

51 **Financial Risk Management Policy**
Management of financial and insurance risk

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

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

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

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

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

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

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

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

Underwriting Risk Appetite
- The following statements amongst others shall underpin NEM's underwriting risk appetite:
- We do not underwrite risks we do not understand;
- We are cautious in underwriting unquantifiable risks;
- We are extremely cautious in underwriting risk observed to poorly managed at proposal state e.g. those with low safety standards, shoddy construction or businesses with excessively high risk profile;
- We carefully evaluate businesses or opportunities that could create systemic risk exposures i.e.
- incidents of multiple claims occurring from one event e.g. natural catastrophe risks, and risks dependent on the macroeconomic environment);
- We consider all applicable regulatory guidelines while carrying out our underwriting activities;
-

- We established and adhere to internal standards for co-insurance, reinsurance transactions;
- We exercise extreme caution when underwriting discrete (one-off) risks, particularly where we do not have the requisite experience or know-how;
- Where the broker has inadequate knowledge of the trade of the client or the class of business, we exercise caution in taking on such risks into our books;
- We exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and
- We ensure compliance with NAICOM's guideline on KYC for consistency.

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

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

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

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

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

Consequential Loss Policy
This type of policy, often referred to as "business interruption insurance" is designed to indemnify the insured against loss of productive capacity or future earning power which may occur as a result of loss or damage to the premises and property insured under the Fire/Extraneous Perils in 1 above. This policy is normally taken out in conjunction with the Fire Policy so that when the latter pays for the material damage

to property insured under it, this will pick up the intangible loss that will flow from the primary loss of the Fire perils. The items usually covered under this policy are as follows:

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

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

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

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

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

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

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

Group Personal Accident Policy
This type of policy is designed to foster the welfare of employees as well as reduce the financial constrain that an organization could undergo in the event of death or bodily injury to a member of staff arising as a result of any injury sustained through accidental, violent, external and visible means. The policy provides

a world-wide cover on 24 hours basis and benefits payable in respect of Death and Permanent Disability are usually expressed as multiple of salaries. Cover also extends to pay weekly benefit in the event of temporary total disability resulting from bodily injury to the insured person as well as certain allowance for expenses incurred on medical treatment as a result of accidental injury. Death or injuries from natural causes are however not covered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Aviation Risks
No Aviation risk, Marine Hull risk, Marine Cargo export and any other special risks of different nature shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments.
Approaches to Risk Mitigation
Generally, we shall apply any of the following four (4) approaches to risk mitigations:

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

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

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

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

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

with a consortium of reputable reinsurance companies.

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

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

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

3) Excess of Loss
This arrangement protects the ceding Company against a loss where the ceding company's claims liability exceeds its retention.

Concentration of insurance risk

The Company monitors concentrations of insurance risk by product and sector. An analysis of concentrations of insurance risk at 31 December 2019 and 2018 for Gross Premiums written is set out below:

(a) By product	**2019**	**2018**
	N'000	**N'000**
Motor business	5,743,172	4,796,933
Fire & Property	4,858,296	3,545,545
Marine & Aviation	2,169,566	1,545,763
General Accident	4,056,791	2,663,229
Energy business	2,932,047	2,497,983
	19,759,872	**15,049,453**

(b) By sector	**N'000**	**N'000**
Energy	2,349,607	1,819,965
Financial Services	5,643,623	4,267,814
IT/Telecoms & Other Corp.	4,700,508	3,602,835
Manufacturing	5,069,370	3,914,231
Retail	1,996,764	1,444,608
	19,759,872	**15,049,453**

52 **Financial risk management**

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

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

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

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

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

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

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

(a) **Risk Management Strategy**

The Company adopts the following strategy for managing risks:

i. Establish a clearly defined risk management process for identifying, measuring, controlling, monitoring and reporting risks.
ii. Entrench and incorporate risk management principles in all functions across the Company
iii. Comprehensive implementation and maintenance of our risk management framework
iv. Ensure good corporate governance practices
v. Board and senior management support to promote sound risk management
vi. Zero tolerance for non-compliance with risk and control procedures

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vii. Avoid concentration of risk to any industry, market, sector or individual entity.
viii. Deployed a risk management systems to facilitate the effective management of risks

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

	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
At 31 December 2019							
Financial assets							
Cash & bank balances	1,153,558	-	1,153,558	-	-	-	-
Short Term Deposits	6,965,866	-	2,264,490	-	-	-	-
Trade receivables	207,484	-	207,484	-	-	-	-
Other Receivables	627,253	-	285,113	88,514	253,626	-	-
Amortised Cost Assets	2,130,855	-	-	1,905,471	-	-	225,384
Equity securities							
Financial Assets -FVTPL	2,485,564	2,485,564	-	-	-	-	-
Financial Assets -FVOCI	70,028	70,028	-	-	-	-	-
	13,640,608	**2,555,592**	**3,910,645**	**1,993,985**	**253,626**	**-**	**225,384**
Insurance liabilities							
Insurance Contract liability	9,000,865	-	9,000,865	-	-	-	-
Reinsurance Assets	(5,525,893)	-	(5,525,893)	-	-	-	-
	3,474,972	**-**	**3,474,972**	-	-	-	-

	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
At 31 December 2018							
Financial assets							
Cash & bank balances	1,008,883	-	1,008,883	-	-	-	-
Short Term Deposits	5,675,961	-	2,264,490	-	-	-	-
Trade receivables	279,709	-	279,709	-	-	-	-
Other Receivables	698,696	-	273,698	230,225	194,773	-	-
Amortised Cost Assets	1,235,106	-	-	1,034,829	-	-	200,277
Equity securities							
Financial Assets -FVTPL	1,108,206	1,108,206	-	-	-	-	-
Financial Assets -FVOCI	1,260,729	1,260,729	-	-	-	-	-
	11,267,290	**2,368,935**	**3,826,780**	**1,265,054**	**194,773**	-	**200,277**
Insurance liabilities							
Insurance Contract liability	7,126,871	-	7,126,871	-	-	-	-
Reinsurance Assets	(4,809,590)	-	(4,809,590)	-	-	-	-
	2,317,281	-	**2,317,281**	-	-	-	-

(b) Sensitivity analysis - interest-rate risk

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

31 December 2019 (N'000)	Carrying amount	Fixed rate	Floating rate
Assets			
Cash and cash equivalents	8,095,230	-	-
Trade receivables	207,484	-	-
Reinsurance Assets	5,525,893	-	-
Amortised Cost Assets	2,130,855	2,130,855	-
	15,959,462	2,130,855	-
Liabilities			
Non-life insurance liability	9,000,865	-	-
Other liabilities	1,680,523	-	-
Bank Overdraft	-	-	-
Debt security in issue	-	-	-
	10,681,388	-	-

31 December 2018
(N'000)

Assets	Carrying amount	Fixed rate	Floating rate
Cash and cash equivalents	6,675,924	-	-
Trade receivables	279,709	-	-
Reinsurance Assets	4,809,590	-	-
Amortised Cost Assets	1,235,106	1,235,106	-
	13,000,329	1,235,106	-
Liabilities			
Non-life insurance liability	7,126,871	-	-
Other liabilities	1,566,435	-	-
Bank Overdraft	-		-
Debt security in issue	-	-	-
	8,693,306	-	-

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

(c) Sensitivity analysis - equity risk

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

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

As at 31 December 2019, the market value of quoted securities held by the Company is N 2.485 billion (2018: N 1.108 billion). If the all share index of the NSE moves by 100 basis points at 31 December 2019, the effect on profit or loss would have been N 24.85 million (N 11.08 million).

The Company held a number of investments in unquoted securities with a market value of N 1.3billion of which investment in MTN Nigeria Communications Plc (formerly MTN Nigeria Communication Limited) was the significant holding. This investment was valued at N 1.174 billion (cost N 1.15 billion) as at 31 December 2018 and in 2019 reclassified to FVTPL. The Company's change in business model during the year necessitated the reclassification of MTN shares from FVOCI to FVTPL and will henceforth be held for trading

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

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

Other areas where the Company is exposed to credit risk are:
- amounts due from reinsurers for the insurance risks ceded;
- amounts due from insurance intermediaries.
- amounts due from insured
- amounts of deposits held in banks and correspondent accounts

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

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

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

(a) Credit Risk Principles

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

- Individuals who create the credit risk and those who manage the risk clearly understand the nature of the risk;
- The Company's credit risk exposure is within the limits as approved by the Board;
- Credit decisions are clear and explicit and in line with the business strategy and objectives as approved by the Board;
- Credit risk exposures shall be within the defined limits to ensure there is no excessive concentration and that credit control procedures for managing large exposures and related counterparties are adhered to;
- Appropriate classification of credit risk through periodic evaluation of the collectability of risk assets; and
- Adequate loan loss provisioning to ensure that provisions or allowances are made to absorb anticipated losses.
- The expected payoffs more than compensate for the credit risks taken by the Company;
- Credit risk taking decisions are explicit and clear;
- There shall be clear delegated authorization limits for transactions;
- Sufficient capital as a buffer is available to take credit risk;

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

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

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

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Maximum exposure

Maximum exposure to credit risk before collateral held or other credit enhancements:	2019 N'000	2018 N'000
Cash and cash equivalents	8,095,230	6,675,924
Trade receivables	207,484	279,709
Debt measured at amortised cost	2,130,855	1,235,106
Loans and other receivables	627,253	698,696
Total assets bearing credit risk	11,060,822	8,889,435

Age analysis for past due and impaired	Cash and cash equivalents N'000	Trade receivables N'000	Loans & other receivables N'000	Amortised cost N'000	Total N'000
31 December 2019	8,095,230	207,484	627,253	2,130,855	11,060,822
Neither past due nor impaired	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Impaired	-	-	-	-	-
Net	**8,095,230**	**207,484**	**627,253**	**2,130,855**	**11,060,822**

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

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

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

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

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

Management of credit risk due to outstanding premium

Credit Rating
We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers while others are explored for possible potentials.
Receivables are reviewed and categorized into grade A, B, C and D on the basis of:

a) Previous year contribution
b) Payment mode
c) Outstanding as at December of the previous year
d) Future prospect
e) Recommendation

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

a) Formulating credit policies with strategic business units, underwriters, brokers covering, brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
b) Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.
c) Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.
d) Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during management meeting.
e) Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three models:
a) The Probability of Default(PD), the likelihood that the insured will fail to make full and timely payment of financial obligations
b) The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default
c) The Loss Given Default (LGD) which states the amount of the loss if there is a default, expressed as a percentage of the (EAD).

Impairment Model
Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The Group adopts simplified provision ma-

trix for calculating expected losses on premium receivables as a practical expedient in line with IFRS 9. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables which is adjusted for forward-looking estimates

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

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

Operational Risk Management
A summary of the analytical tools that the Group employed in operational risk management are discussed below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1) Fixed LGD ratios prescribed by the Bank for International Settlements (BIS) under the foundation approach
2) Recovery rates on insolvencies in Nigeria as published by the World bank

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

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

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

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

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

Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

i **Quantitative elements**
The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:
- The remaining lifetime PD as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

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

iii Backstop indicators

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

Definition of Default and Credit Impaired Financial Assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:
(i) Significant financial difficulty of the borrower or issuer;
(ii) A breach of contract such as a default or past due event;
(iii) It is becoming probable that the issuer will enter bankruptcy or other financial reorganisation; or
(iv) The disappearance of an active market for a security because of financial difficulties.
(v) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

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

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

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

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

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

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

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

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

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

Liquidity Risk

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

At 31 December 2019, management does not believe the current maturity profile of the Group lends itself to any material liquidity risk, taking into account the level of cash and deposits and the nature of its securities portfolio at year end, as well as the reinsurance structure of the Group's insurance portfolio. The Group's bank deposits and trading securities are able to be released at short notice when and if required. The possible payments of significant insurance claims are secured by the reinsurance contracts' clause that allows a cash call from the reinsurers for the losses exceeding a certain amount based on line of business.

Sources of Liquidity Risk

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

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

Liquidity Risk Management Strategy

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

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

Liquidity Risk Appetite/Tolerance

Our liquidity risk appetite is defined using the following parameters:

- Liquidity gap limits;
- Scenario and Sensitivity Analysis
- Liquidity Ratios such as:
    - Claims ratio
    - Cash ratio
    - Quick ratio
- Receivable to capital ratio
- Technical provision to capital ratio
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio

- Retention rate
- Re-insurance receipts to ceded premium ratio
- Solvency margin

(b) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

At 31 December 2019 (N'000)	Level 1	Level 2	Level 3
Financial assets			
Financial Assets -FVTPL	2,485,564	-	-
Financial Assets -FVOCI	-	70,028	-
Amortised Cost Assets	2,130,855	-	-
	4,616,419	**70,028**	**-**

At 31 December 2018 (N'000)	Level 1	Level 2	Level 3
Financial assets			
Financial Assets -FVTPL	1,108,206	-	-
Financial Assets -FVOCI	-	1,260,729	-
Amortised Cost Assets	1,235,106	-	-
	2,343,312	**1,260,729**	**-**

(c) Fair valuation methods and assumptions

(i) Cash and bank balances

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

(ii) Equity securities

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

(iii) Debt securities

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

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

53 Capital management Policy

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

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

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

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

(a) Minimum Capital Requirement

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

(b) Solvency Status

The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N8,805,069,000

(c) Capital Adequacy Test

Based on the capital adequacy claculation below, NEM Insurance Plc has a surplus of N13.73 billion.

Notes To The
Financial Statements Cont'd

	2019	
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		14,083,035
Less:		
	(1,225)	
Intangible Assets	(356,500)	
Deferred tax liability	-	
Due from related parties		(357,725)
Capital base		13,725,310

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company capital base is above the minimum capital requirement of N3 billion specified by NAICOM.

(d) **DETERMINATION OF SOLVENCY MARGIN**

	Admissible	Inadmissible	2019 N'000	2018 N'000
Cash and cash equivalents	7,137,348	957,882	8,095,230	6,376,396
Financial assets				
-FVTPL	2,485,564	-	2,485,564	1,108,206
-Amortised Cost	1,953,883	176,972	2,130,855	1,053,216
-FVOCI	70,028	-	70,028	1,260,729
Trade receivables	207,484	-	207,484	279,709
Reinsurance assets	5,525,893	-	5,525,893	4,809,590
Deferred acquisition costs	810,097	-	810,097	655,614
Investment in Subsidiary	50,000	-	50,000	50,000
Staff loans and advances	6,103	-	6,103	6,103
Investment in Properties	-	1,589,278	1,589,278	454,700
Property, plant and equipment	1,459,679	1,571,058	3,030,737	1,197,035
Statutory deposit	320,000	-	320,000	320,000
Admissable assets	**20,026,079**	**4,295,190**	**24,321,269**	**17,571,298**
LIABILITIES				
Insurance contract liabilities	9,000,865		9,000,865	7,126,871
Trade payables	298,046		298,046	319,023
Provisions and other payables	1,382,477		1,382,477	1,247,412
Retirement benefits obligations	81,635		81,635	78,496
Current income tax liabilities	457,987		457,987	835,528
Admissible liabilities	11,221,010	-	11,221,010	9,607,330
Solvency margin	8,805,069			7,963,968
Minimum share capital	3,000,000			3,000,000
Surplus in solvency margin	5,805,069			4,963,968
Percentage of solvency	66%			62%

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

Notes To The
Financial Statements Cont'd

Asset and Liability Management
The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

Asset and Liability management (ALM) attempts to address financial risks the group is exposed to which include interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Group.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

Assets	**Insurance funds N'000**	**Shareholders' funds N'000**	**Total N'000**
Cash and cash equivalents	7,137,348	957,882	8,095,230
Financial assets			
-FVTPL	2,485,564	-	2,485,564
-FVOCI	-	70,028	70,028
- At amortised cost	-	2,130,855	2,130,855
Trade receivables	-	207,484	207,484
Reinsurance assets	3,634,939	1,890,954	5,525,893
Deferred acquisition costs		810,097	810,097
Other receivables and prepayment	-	627,253	627,253
Investment in Associate	-	435,165	435,165
Investment in Subsidiary	-	50,000	50,000
Investment properties	-	1,589,278	1,589,278
Statutory deposit	-	320,000	320,000
Intangible assets	-	1,225	1,225
Property, plant and equipment	-	3,030,737	3,030,737
Deferred tax assets	-	281,736	281,736
Total assets	13,257,851	12,402,694	25,660,545
Liabilities:			
Insurance contract liabilities	9,000,865	-	9,000,865
Trade payables	-	298,046	298,046
Other payables	-	1,382,477	1,382,477
Retirement benefit obligations	-	81,635	81,635
Income tax liability	-	457,987	457,987
Deferred tax liabilities	-	356,500	356,500
Total liabilities	9,000,865	2,576,645	11,577,510
Gap	4,256,986	9,826,049	14,083,035

The main objectives of the Company when managing capital are:
to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.
This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

Statement Of Value Added - Group

	2019 N'000	%	2019 N'000	%
Gross Premium Income:				
Local	19,259,541		14,346,488	
Foreign	-		-	
Other Income:				
Local	2,125,631		1,912,838	
Foreign	21,413		21,251	
	21,406,585		16,280,577	
Bought in Services:				
Local	(16,207,369)		(10,744,194)	
Foreign	-		-	
Value Added	5,199,216	100	5,536,383	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,603,286	31	1,515,473	27
Provider of Capital				
Dividend to Shareholders	686,465	13	528,050	10
Government				
Taxation	(475,612)	(9)	648,957	12
Retention and Expansion				
Depreciation and Amortisation Charges	396,915	8	355,715	6
Contingency reserves	592,796	11	451,484	8
Retained profits for the year	2,395,366	46	2,036,704	37
Value Added	5,199,216	100	5,536,383	100

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

Other National Disclosure
Statement Of Value Added - Parent

	2019 N'000	%	2019 N'000	%
Gross Premium Income:				
Local	19,259,541		14,346,488	
Foreign	-		-	
Other Income:				
Local	2,080,866		1,873,270	
Foreign	21,413		21,251	
	21,361,820		16,241,009	
Bought in Services:				
Local	(16,199,988)		(10,737,899)	
Foreign	-		-	
Value Added	5,161,832	100	5,503,110	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,593,176	31	1,504,200	27
Provider of Capital				
Dividend to Shareholders	686,465	13	528,050	10
Government				
Taxation	(480,112)	(9)	648,487	12
Retention and Expansion				
Depreciation and Amortisation Charges	391,453	8	350,253	6
Contingency reserves	592,796	11	451,484	8
Retained profits for the year	2,378,054	46	2,020,636	37
Value Added	5,161,832	100	5,503,110	100

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

Other National Disclosure **Five Year Financial Summary** - Group

STATEMENT OF FINANCIAL POSITION

	2019	2018	2017	2016	2015
Assets	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	8,101,885	6,697,017	3,328,800	3,471,854	3,387,674
Financial assets					
- At fair value through profit or loss	2,485,564	1,108,206	1,347,462	820,809	654,054
- At fair value through other comprehensive income	70,028	1,260,729	-	-	-
- At amortised cost	2,130,855	1,235,106	-	-	-
-Available for Sale	-	-	4,388,095	2,992,467	2,857,226
-Held-to-Maturity	-	-	181,364	192,707	181,777
Trade Receivable	207,484	279,709	723,535	668,040	531,497
Reinsurance Assets	5,525,893	4,809,590	2,382,459	1,725,098	690,838
Deferred Acquisition Cost	810,097	655,614	587,244	488,195	498,862
Investment in Associate	435,165	413,752	392,501	264,824	
Investment Properties	1,589,278	682,951	676,555	442,558	388,371
Intangible Assets	1,225	6,405	18,997	20,747	13,083
Property, plant and equipment	3,031,838	4,158,807	2,864,795	2,819,986	2,694,001
Other Receivables and Prepayment	683,375	709,859	259,516	198,439	227,373
Statutory Deposit	320,000	320,000	320,000	320,000	343,489
Deferred tax asset	291,203	92,773	92,773	66,687	16,066
Total Assets	25,683,890	22,430,518	17,564,096	14,492,411	12,484,311
Liabilities					
Insurance Contract Liabilities	9,000,865	7,126,871	6,518,667	6,017,381	5,482,960
Trade Payables	298,046	319,023	73,694	65,315	33,415
Other Payables	1,386,681	1,247,829	550,458	497,272	502,760
Income Tax Liabilities	462,419	835,998	591,760	426,473	156,858
Deferred Tax Liability	356,500	397,746	-	-	-
Retirement Benefit Obligations	81,635	78,496	91,910	84,824	108,956
Total liabilities	11,586,146	10,005,963	7,826,489	7,091,265	6,284,949
Net Assets	14,097,744	12,424,555	9,737,607	7,401,146	6,199,362
Equity					
Share Capital	2,640,251	2,640,251	2,640,251	2,640,251	2,640,251
Share Premium	272,551	272,551	272,551	272,551	272,551
Other Reserves-gratuity	111,455	131,043	140,614	166,499	162,035
FVOCI reserve	(51,468)	(35,344)	-	-	-
Available for sale reserve	-	-	(128,734)	(138,249)	173,368
Asset revaluation reserve	1,094,475	1,094,475	-	-	-
Contingency Reserve	4,198,848	3,606,052	3,154,568	2,599,514	2,322,895
Retained Earnings	5,831,632	4,715,527	3,658,357	1,860,580	628,262
Shareholders' Fund	14,097,744	12,424,555	9,737,607	7,401,146	6,199,362

Other National Disclosure **Five Year Financial Summary** - Group

Cont'd

INCOME STATEMENT

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Gross Premium Written	19,759,872	15,049,453	13,416,270	10,757,674	10,895,711
Gross premium income	19,259,541	14,346,488	13,031,779	10,628,183	10,718,314
Net Premium income	12,617,540	10,693,794	9,801,951	8,512,467	8,556,954
Other Revenue	2,318,007	1,934,089	2,244,226	1,614,096	1,300,427
Total Revenue	14,935,547	12,627,883	12,046,177	10,126,563	9,857,381
Claims expense	(3,937,318)	(2,554,253)	(1,783,574)	(2,669,780)	(3,959,103)
Impairment	-	-	-	-	(40,000)
Other Expenses	(9,078,475)	(7,387,969)	(7,167,712)	(5,311,011)	(5,259,441)
Total Benefits, Claims and Other Expenses	(13,015,793)	(9,942,222)	(8,951,286)	(7,980,791)	(9,258,544)
Profit Before Tax	1,919,754	2,685,661	3,094,891	2,145,772	598,837
Income tax	475,612	(648,957)	(319,499)	(327,974)	114,864
Profit For the Year	2,395,366	2,036,704	2,775,392	1,817,798	713,701
Other Comprehensive (loss)/Income for the year	(35,712)	1,208,882	(25,885)	(307,153)	(81,277)
Total Comprehensive Income for the year	2,359,654	3,245,586	2,749,507	1,510,645	632,424
Basic EPS (Kobo)	0.45	0.39	0.53	0.34	0.14
Diluted Basic EPS (Kobo)	0.45	0.39	0.53	0.34	0.14

Other National Disclosure **Five Year Financial Summary** - Parent

STATEMENT OF FINANCIAL POSITION

Assets	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Cash and Cash Equivalents	8,095,230	6,675,924	3,325,340	3,464,575	3,355,044
Financial Assets					
- At fair value through profit or loss	2,485,564	1,108,206	1,347,462	820,809	654,054
- At fair value through other comprehensive income	70,028	1,260,729	-	-	-
- At amortised cost	2,130,855	1,235,106	-	-	-
-Available for Sale	-	-	4,388,095	2,992,467	2,560,909
-Held-to-Maturity	-	-	181,364	192,707	181,777
Trade Receivable	207,484	279,709	723,535	668,040	531,497
Reinsurance Assets	5,525,893	4,809,590	2,382,459	1,725,098	690,838
Deferred Acquisition Cost	810,097	655,614	587,244	488,195	443,678
Investment in Associate	435,165	413,752	392,501	264,825	-
Investment in Subsidiary	50,000	50,000	50,000	142,500	193,308
Investment Properties	1,589,278	682,951	676,555	442,558	388,371
Intangible Assets	1,225	2,042	10,270	7,656	12,157
Property, plant and equipment	3,030,737	4,156,609	2,861,499	2,815,591	2,637,457
Other Receivables and Prepayments	627,253	698,696	276,254	129,741	102,512
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred tax asset	281,736	83,306	83,306	57,220	16,066
Total Assets	25,660,545	22,432,234	17,605,884	14,531,982	12,087,668
Liabilities					
Insurance Contract Liabilities	9,000,865	7,126,871	6,518,667	6,017,381	5,161,722
Trade Payables	298,046	319,023	73,694	65,315	-
Other Payables	1,382,477	1,247,412	573,576	506,023	455,308
Income Tax Liabilities	457,987	835,528	591,760	426,473	154,348
Deferred Tax Liability	356,500	397,746	-	-	-
Retirement Benefit Obligations	81,635	78,496	91,910	84,824	108,956
Bank Overdraft	-	-	-	-	-
Total liabilities	11,577,510	10,005,076	7,849,607	7,100,016	5,880,334
Net Assets	14,083,035	12,427,158	9,756,277	7,431,966	6,207,334
Equity					
Share Capital	2,640,251	2,640,251	2,640,251	2,640,251	2,640,251
Share Premium	272,551	272,551	272,551	272,551	272,551
Other Reserves-gratuity	111,455	131,043	140,614	166,499	162,035
FVOCI reserve	(51,468)	(35,344)	-	-	-
Available for sale reserve	-	-	(128,734)	(138,249)	173,368
Asset revaluation reserve	1,094,475	1,094,475	-	-	-
Contingency Reserve	4,198,848	3,606,052	3,154,568	2,599,514	2,276,784
Retained Earnings	5,816,923	4,718,130	3,677,027	1,891,400	682,345
Shareholders' Fund	14,083,035	12,427,158	9,756,277	7,431,966	6,207,334

Other National Disclosure **Five Year Financial Summary** - Parent

Cont'd

INCOME STATEMENT

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Gross Premium Written	9,759,872	15,049,453	13,416,270	10,757,674	10,346,291
Gross premium income	19,259,541	14,346,488	13,031,779	10,628,183	10,239,449
Net Premium income	12,617,540	10,693,794	9,801,951	8,512,467	8,145,555
Other Revenue	2,273,242	1,894,521	2,214,417	1,551,928	1,206,680
Total Revenue	14,890,782	12,588,315	12,016,368	10,064,395	9,352,235
Claims expense	(3,937,318)	(2,554,253)	(1,783,574)	(2,669,780)	(3,799,062)
Impairment	-	-	-	-	(40,000)
Other Expenses	(9,055,522)	(7,364,939)	(7,150,172)	(5,208,556)	(4,953,809)
Total Benefits, Claims and Other Expenses	(12,992,840)	(9,919,192)	(8,933,746)	(7,878,336)	(8,792,871)
Profit Before Tax	1,897,942	2,669,123	3,082,622	2,186,059	559,364
Income tax	480,112	(648,487)	(319,499)	(337,441)	126,097
Profit For the Year	2,378,054	2,020,636	2,763,123	1,848,618	685,461
Other Comprehensive (loss)/ Income for the year	(35,712)	1,208,882	(25,885)	(307,153)	(81,277)
Total Comprehensive Income for the year	2,342,342	3,229,518	2,737,238	1,541,465	604,184
Basic EPS (Kobo)	0.45	0.38	0.52	0.35	0.13
Diluted Basic EPS (Kobo)	0.45	0.38	0.52	0.35	0.13

NEM Insurance Plc

PROXY FORM

Number of Shares held	FOR	AGAINST
A. ORDINARY BUSINESS		
To receive the account and the Reports thereon		
To declare a dividend		
To re-elect Alhaji Ahmed I. Yakasai as a Director		
To re-elect Chief Ede Dafinone as a Director		
To re-elect Mrs. Joy Teluwo as a Director		
To ratify the appointment of Mr. Papa Ndiaye		
To ratify the appointment of Mr. Kelechi Okoro		
To authorize the Directors to fix the remuneration of the Auditors		
To elect members of the Audit committee in accordance with Section 359(4) (5) of the Companies and Allied Matters – 1990		
B. SPECIAL BUSINESS		
ORDINARY RESOLUTION		
1.1 To consider and if thought fit, to pass the following, with or without modification as an Ordinary Resolution of the Company: "that the Directors be and are hereby authorized to increase the Company's share capital from N4,200,000, 000 (Four Billion, Two Hundred Million Naira) to N10, 000,000,000 (Ten Billion Naira) by the creation and addition thereto of N4, 800,000,000 (Four Billion, Eight Hundred Million Naira) by the creation and addition thereto of 9,600,000,000 (Nine Billion, Six Hundred Million) ordinary shares of 50 kobo (Fifty Kobo) each, such new shares to rank pari passu in all respects with the existing Ordinary Shares in the share capital of the Company"		
SPECIAL RESOLUTION		
1.2 To consider and if thought fit, to pass the following, with or without modification as a Special Resolution of the Company: "that Clause 6 of the Memorandum of Association be and is hereby amended to reflect the new share capital of N10,000,000,000 (Ten Billion Naira) divided into N20,000,000,000 (Twenty Billion) ordinary shares of 50 kobo (fifty kobo) each"		
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/ her discretion. *Before posting the above form, please tear off this part and retain it for admission to the meeting.*	

ADMISSION FORM

NEM INSURANCE PLC 50th ANNUAL GENERAL MEETING

Please admit the shareholder named on this form or his duly appointed proxy to the Annual General Meeting to be held at:

The Conference Room,
NEM Insurance Plc
199, Ikorodu Road, Obanikoro, Lagos.
On Tuesday 18th June, 2020 at 10.00 am

Name of Shareholders:

……………………………………………………………………………………………………….

Note: You are requested to sign this form at the entrance in the presence of the Registrar on the day of AGM…………………………………………………………………………………………

NEM Insurance Plc

PROXY FORM

I/We ……

being a Shareholder/Shareholders of NEM INSURANCE PLC, hereby appoint Dr. Fidelis Ayebae or failing him Mr. Tope Smart or failing him Mrs Olajumoke Philip-Akede as my/our Proxy to act and vote for me/us on my/our behalf at the 50th Annual General Meeting to be held on the18th day of June 2020 and at any adjournment thereof

Dated this ………………………………………………………………………….. Day of ……………………………………………….. 2020

Signature: …………………………………………………………………………………………………

NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxies must reach the Registrars, Apel Capital & Trust Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi, Lagos not less than 48 hours before the time of holding the meeting. A proxy need not to be a member of the company.

2. In the case of joint shareholders any one of such may complete the form, but the names of all joint shareholders must be stated.

3. It is a requirement of the law under the Stamp Duties Act. Cap 411 Laws of Federation of Nigeria 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear a Stamp Duty. This shall be at the company's expense

4. If the shareholder is a corporation this form must be under its common seal or under the hand of any officer or attorney duly authorized in that behalf.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms.

APEL CAPITAL REGISTRARS LIMITED RC. No: 22704

NEM INSURANCE PLC

SHAREHOLDER INFORMATION UPDATE

Dear Sir,

Kindly update my information with the below:

SURNAME: OTHER NAMES:

CONTACT ADDRESS (ES):

EMAIL ADDRESS:

MOBILE NUMBERS:

BVN:

D.O.B:

Shareholder's signature /Date

Joint Shareholder's signature /Date

(if corporate)

Company seal

TICK AS APPLICABLE	
AICO BALANCED FUND	
ANINO INT'L PLC	
ARBICO PLC	
CHAPEL HILL DENHAM MONEY MARKET FUND	
INTERLINKED TECHNOLOGIES PLC	
INTERNATIONAL BREWERIES PLC	
LASACO ASSURANCE PLC	
LEAD UNIT TRUST SCHEME	
MASS TELECOM INNOVATION PLC	
MUTUAL TRUST MICROFINANCE BANK LTD	
NCR (NIGERIA) PLC	
NEM INSURANCE PLC	
PARAMOUNT EQUITY	
PHARMA DEKO PLC	
THE INITIATES PLC	

Kindly return the duly completed form to:

Email: registrars@apel.com.ng
W: www.apel.com.ng

Tel: +234 (1) 2932121
+234 (0) 704 612 6698

Address: 8 Alhaji Bashorun Street
Off Norman Williams Crescent,
S.W. Ikoyi Lagos.

SECOND FOLD HERE

Please Affix
Postage Stamp

FIRST FOLD HERE

Apel Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams
Crescent South West Ikoyi
Lagos

THIRD FOLD HERE

Affix
Current
Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

APEL CAPITAL REGISTRARS LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,

Apel Capital & Trust Ltd.
8, Alhaji Bashorun Street
Off Norman Williams Str, S.W Ikoyi Lagos.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name　First Name　Other Names

Address :

City　State　Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1　Mobile Telephone 2

Email Address

Signature(s)　Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	AIICO BALANCED FUND	
	ANINO INT'L PLC	
	ARBICO PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	INTERLINKED TECHNOLOGIES PLC	
	INTERNATIONAL BREWERIES PLC	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	MUTUAL TRUST MICROFINANCE BANK LTD	
	NCR (NIGERIA PLC	
✔	**NEM INSURANCE PLC**	
	PARAMOUNT EQUITY	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

"This service costs N150.00 per approved mandate per company"

Email: registrars@apel.com.ng　Tel : +234 (1) 293 2121　Address : 8, Alhaji Bashorun Street,
W: www.apel.com.ng　+234 (0) 704 612 6698　Off Norman Williams Crescent,
S.W. Ikoyi Lagos

SECOND FOLD HERE

Please Affix
Postage Stamp

FIRST FOLD HERE

Apel Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams
Crescent South West Ikoyi
Lagos

THIRD FOLD HERE

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ANNUAL REPORT 2019

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