NEM

...together to succeed

# Positioned For GREATNESS

NEM INSURANCE PLC

2022 ANNUAL

REPORT & ACCOUNTS

"The price of **GREATNESS** is **RESPONSIBILITY.**"

- Winston Churchill

# A company that has strong leadership, strong ethical culture and robust financial position to fulfill obligations without compromising our core values

As a company that puts customers at the centre of everything we do, listening to their needs, responding to their demands, and providing them the best possible insurance products and services, while building long-term relationships based on trust and mutual respect; as a company that attracts and retains talented and motivated employees while providing them with opportunities for growth and development; and as a company that has strong leadership, strong ethical culture and robust financial position to fulfill obligations without compromising our core values, we at NEM Insurance are indeed Positioned for Greatness.

Executive Affirmation

# Trust and Mutual Respect;

## POSITIONED FOR GREATNESS

**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 in 2007 to transact all classes of General Insurance.

# Table of Content

## GOVERNANCE



## FINANCIALS



## Other National Disclosure











# Notice Of 53rd Annual General Meeting

# Notice Of 53rd Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 53RD Annual General Meeting of **NEM INSURANCE PLC. (the "Company')** will hold on Thursday 18th May 2023 at the Shell Zenith Bank Hall, MUSON Center, 8/9 Marina, Onikan, Lagos. 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 2022 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.
   a) Mrs. Joy Teluwo
   b) Alhaji Ahmed I. Yakasai
   c) Chief Ede Dafinone

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

5. To elect members of the Audit Committee.

6. To disclose the Remuneration of Managers of the Company.

# Notice Of 53rd Annual General Meeting

## SPECIAL BUSINESS

7. To approve the remuneration of Directors.

8. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company: "That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including amongst others the procurement of goods and services, on normal commercial terms be and is hereby renewed.

## NOTES:

### I. PROXY

(a) 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 Annual Report and may also be downloaded from the Company's website www.nem-insurance.com

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

(c) 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 1st of May 2023 till Friday 5th of May 2023 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 on the 28th of April 2023. Payment date is 18th of May 2023

### III. UNCLAIMED DIVIDEND

Shareholders are hereby informed that some dividends have remained unclaimed and returned to the Registrar. The list of such unclaimed dividends is available here: https://sites.google.com/apelasset.com/dividendsearch/home. Affected Shareholders are advised to contact the Registrars, Apel Capital Registrars Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos to resolve any issue they may have with claiming the dividends.

# Notice Of 53rd Annual General Meeting

## IV. DIVIDEND PAYMENT

If the proposed dividend of 30 kobo per ordinary share of 1 naira each as recommended by the Directors is approved by members at the AGM, e-dividends will be paid to Shareholders' accounts in accordance with the directive of the SEC on 18th of May 2023 to the Shareholders whose names appear in the Register of Members at the close of business on the 28th of April 2023.

## V. 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 SEC.

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 Registrars' website at www.apel.com.ng. The completed forms should be returned to Apel Capital Registrars Limited, 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos.

## VI. STATUTORY AUDIT COMMITTEE

In accordance with Section 404 of the Companies and Allied Matters Act, 2020, (CAMA, 2020) 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 AGM.

Kindly note, that CAMA, 2020 requires all members of the Audit Committee to be financially literate.

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

## VII. 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 a link to the live streaming of the AGM.

## VIII. RE-ELECTION OF DIRECTORS

In accordance with Section 285 of the Companies and Allied Matters Act, 2020, Mrs. Joy Teluwo, Alhaji Ahmed I. Yakasai and Chief Ede Dafinone will retire by rotation and being eligible, have offered themselves for re-election. Their profiles are contained in the Annual Report and are also on the Company's website.

# Notice Of 53rd Annual General Meeting

## IX. GENERAL MANDATE

In line with The Nigerian Exchange Limited ("NGX") Rules on Transactions with Related Parties, the Company is required to seek a renewal of the general mandate from Shareholders as per item 8 of the agenda above. Members had given the general mandate to the Company at prior AGMs to enable it to enter into related party transactions required for the Company's day-to-day operations.

## X. NO VOTING BY RELATED PARTIES

In line with the NGX Rules on Related Party Transactions, NEM has undertaken to ensure that its proxies, representatives, or associates shall abstain from voting on the resolution approving item 8 on the agenda at the AGM and ensured that its representatives did not vote on the concerned items at the Board meeting.

## XI. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Exchange Limited'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

## XII. E-Annual Report

The electronic version of the 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.

## XIII. 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 10th DAY OF APRIL 2023**



# Corporate **Information**

| | | |
|---|---|---|
| **Directors** | Dr. Fidelis Ayebae | *Chairman* |
| | Mr. Tope Smart | *Group Managing Director/CEO* |
| | Mr. Andrew Ikekhua | *Executive Director* |
| | Mr. Sunday Joshua Adebayo | *Executive Director Retired 30/06/2022* |
| | Mr. Momoh Odamah | *Executive Director Retired 31/12/2022* |
| | Mrs. Olayinka 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 Registrars Limited**
8, Alhaji Bashorun Street
Off Norman Williams Crescent,
South West, Ikoyi Lagos
Tel: 01-2932121
Mobile No: 07046126698
www.apel.com.ng

# Corporate **Information**

| | | |
|---|---|---|
| **Bankers** | Access Bank Plc<br>Polaris Bank Limited<br>Ecobank Nigeria Limited<br>First Bank of Nigeria Limited<br>GTBank Plc | Keystone Bank Limited<br>Standard Chartered Bank Nigeria Limited<br>Sterling Bank Plc<br>United Bank for Africa Plc<br>Zenith Bank Plc |
| **Auditors** | **BDO Professional Services**<br>(Chartered Accountants)<br>ADOL House, 15 CIPM Avenue<br>Central Business District<br>Alausa, Ikeja, Lagos.<br>P.O.Box 4929,GPO, Marina Lagos.<br>www.bdo-ng.com | |
| **Solicitors** | **Koya & Kuti Solicitors**<br>5th Floor, 3, Ajele Street<br>Lagos.<br><br>**Sola Abidakun & Co**<br>9th Floor, UBA House<br>57, Marina<br>Lagos. | |
| **Reinsurers** | African Reinsurers Corporation<br>Continental Reinsurance Corporation<br>SWISS Reinsurance Company<br>WAICA Reinsurance Plc | |
| **Subsidiary** | **NEM Asset Management Company Ltd**<br>199, Ikorodu Road  Obanikoro<br>Lagos Tel: 01-4489574<br><br>**NEM Health Limited**<br>199, Ikorodu Road, Obanikoro<br>Lagos Tel: 01-4489574 | |

# Corporate **Information**

## Branch Networks

**Abuja - Garki**
78, Emeka Anyaoku Street,
Second floor Garima House,
Area II, 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, BOI 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 Oyegbami-le-Bello
Mobile No: 08077284946

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

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

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

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

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

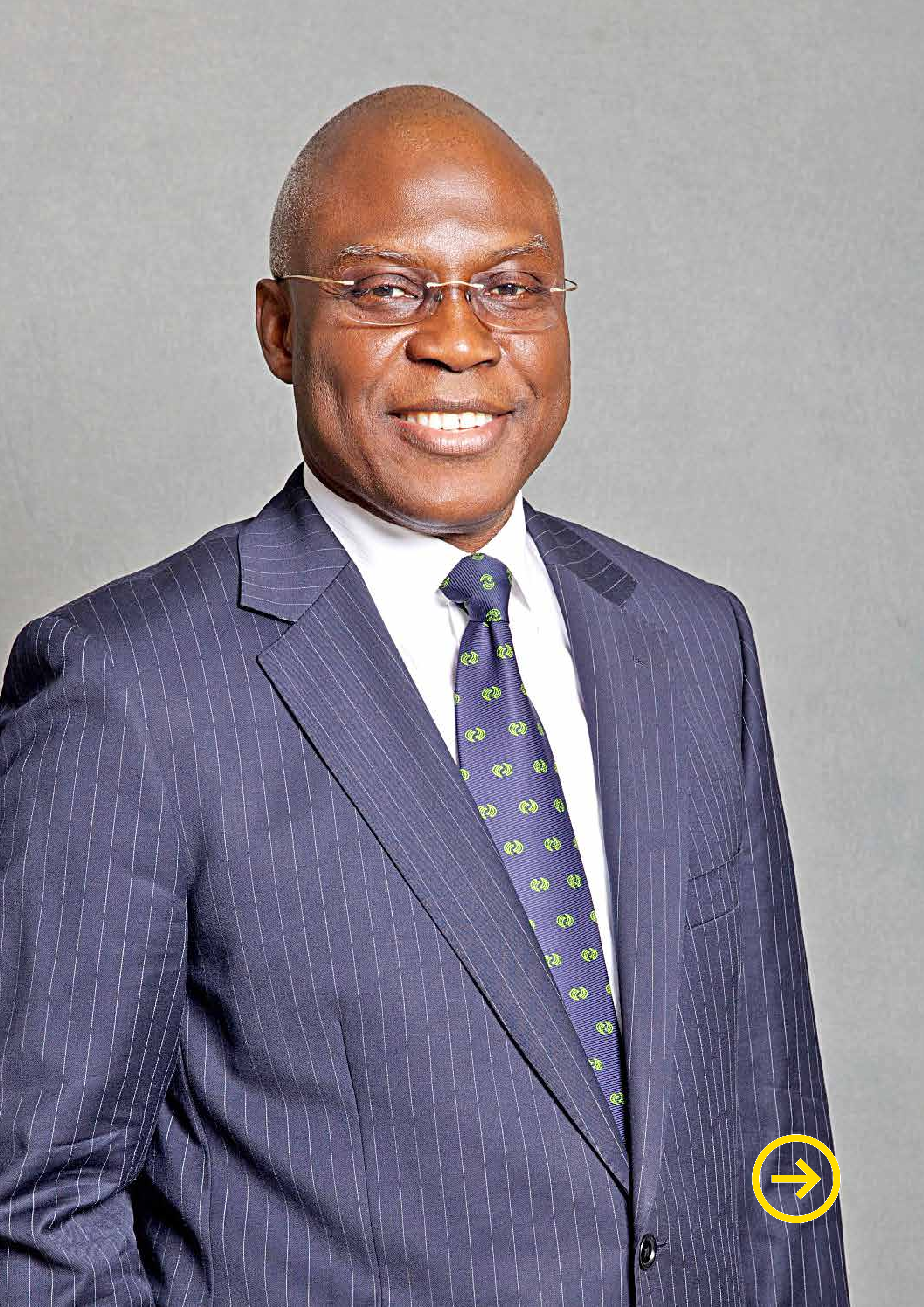
**Warri**
57, Effurun, Sapele Road
Effurun, Delta State
Branch Manager: Kayode Arimoro
Mobile No: 08034221374
0802388188

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

# Results at a **Glance**

| | 2022 N'000 | 2021 N'000 | N'000 | Changes % |
|---|---|---|---|---|
| **Financial Position** | | | | |
| Cash and cash equivalents | 8,878,011 | 7,895,469 | 982,542 | 12 |
| - At fair value through profit or loss | 5,800,623 | 5,354,017 | 446,606 | 8 |
| - At fair value through other comprehensive income | 53,731 | 84,884 | (31,153) | (37) |
| - At amortised cost | 12,159,020 | 8,143,491 | 4,015,529 | 49 |
| Trade receivables | 672,356 | 1,479,056 | (806,700) | (55) |
| Reinsurance assets | 9,712,498 | 7,565,820 | 2,146,678 | 28 |
| Deferred acquisition cost | 1,446,991 | 1,030,753 | 416,238 | 40 |
| Other receivables and prepayments | 723,428 | 414,712 | 308,716 | 74 |
| Investment properties | 1,813,768 | 1,706,167 | 107,601 | 6 |
| Statutory deposit | 320,000 | 320,000 | - | - |
| Property, plant and equipment | 3,886,188 | 3,794,957 | 91,231 | 2 |
| Right-of-use Assets | 149,520 | 209,920 | (60,400) | (29) |
| Intangible asset | 15,721 | 10 | 15,711 | 157,110 |
| Deferred tax Assets | 256,411 | 257,505 | (1,094) | - |
| **Total Assets** | **45,888,266** | **38,256,761** | | |
| Insurance contract liabilities | 15,645,093 | 12,217,843 | 3,427,250 | 28 |
| Trade payables | 487,527 | 410,728 | 76,799 | 19 |
| Other payables | 2,107,289 | 1,893,238 | 214,051 | 11 |
| Lease liabilities | 35,999 | 139,623 | (103,624) | (74) |
| Retirement benefit obligations | 29,497 | 52,414 | (22,917) | (44) |
| Income tax liability | 379,224 | 623,508 | (244,284) | (39) |
| Deferred tax liabilities | 3,687 | 10,387 | (6,700) | (65) |
| **Total Liabilities** | **18,688,316** | **15,347,741** | | |
| Issued share capital | 5,016,477 | 5,016,477 | - | - |
| Contingency reserve | 7,186,595 | 6,098,784 | 1,087,811 | 18 |
| FVOCI reserve | (67,765) | (36,612) | (31,153) | 85 |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | - | - |
| Other Reserves - Employee benefit | 58,581 | 72,495 | (13,914) | (19) |
| Retained earnings | 12,898,098 | 9,649,912 | 3,248,186 | 34 |
| **Shareholders' Fund** | **27,199,950** | **22,909,020** | | |
| | | | | |
| **INCOME STATEMENT** | | | | |
| Gross premium written | 33,369,050 | 27,875,088 | 5,493,962 | 20 |
| Gross premium income | 31,433,600 | 26,545,254 | 4,888,346 | 18 |
| Reinsurance expenses | (9,283,442) | (7,239,127) | 2,044,315 | 28 |
| Net premium income | 22,150,158 | 19,306,127 | | |
| **Fees and commission income** | **1,562,242** | **1,454,875** | **107,367** | **7** |
| Net underwriting income | 23,712,400 | 20,761,002 | | |
| Claims expenses | (7,647,470) | (5,560,885) | 2,086,585 | 38 |
| Underwriting expenses | (9,856,218) | (8,204,631) | 1,651,587 | 20 |
| **Underwriting profit** | **6,208,712** | **6,995,486** | | |
| Investment income | 1,555,154 | 1,134,507 | 420,647 | 37 |
| Net Fair value gain | 174,088 | 358,318 | (184,230) | (51) |
| Other operating income | 1,378,383 | 292,526 | 1,085,857 | 371 |
| (Loss)/profit on disposal of properties, plant and equipment | (36,425) | (12,104) | 24,321 | 201 |
| Management expenses | (3,724,696) | (4,197,765) | (473,069) | (11) |
| **Profit before taxation** | **5,481,497** | **4,528,198** | **953,299** | **21** |
| Income taxes | (41,875) | (95,918) | (54,043) | (56) |
| **Profit for the year after tax** | **5,439,622** | **4,432,280** | **1,007,342** | **23** |
| Total other comprehensive income/(loss) | (45,067) | 1,018,403 | 1,063,470 | (104) |
| Total comprehensive income for the year | 5,394,555 | 5,450,683 | (56,128) | (1) |
| Basic Earnings Per Share (Kobo) | 1.08 | 0.88 | 0.20 | 22.73 |
| | | | | |
| Diluted Basic Earnings Per Share (Kobo) | 1.08 | 0.88 | 0.20 | 22.73 |

# Message from the Chairman



**Distinguished Shareholders, representatives of regulatory bodies here present, invited Guests, Ladies and Gentlemen. I welcome you all to the 53rd Annual General Meeting of our great Company - NEM Insurance Plc., with great delight and on behalf of the Board of Directors, I hereby present to you the Annual Report and Financial Statements for the year ended 31st December 2022.**

# Chairman's **Statement**

Distinguished Shareholders, representatives of regulatory bodies here present, invited Guests, Ladies and Gentlemen. I welcome you all to the 53rd Annual General Meeting of our great Company - NEM Insurance Plc., with great delight and on behalf of the Board of Directors, I hereby present to you the Annual Report and Financial Statements for the year ended 31st December 2022.

## Operating Environment

As we are all aware, 2022 was a pre-election year which posed various risk of insecurities and presented diverse uncertainties. Political parties bombarded the entire nation with series of activities and events, election activities were in top gear, from party primaries to campaigns for Presidential and Gubernatorial elections. Furthermore, the cash crunch policy which emanated from Naira re-design embarked upon by the Federal Government / CBN and the associated internet banking network glitches, incessant fuel scarcity/price hike and high rate of inflation posed a whole lot of challenges during the year under review.

But, amidst all the challenges, our company performed excellently well in 2022 as shown in the financial statement.

With great expectations from the elected political office holders to fight corruption, improve security, tackle un-employment, diversify the economy, enhance climate resilience, and boost the living standards of Nigerians, the operating environment is expected to improve soon.

So much is still being expected as the country's economy recorded marginal decrease in the Gross Domestic Product from 3.40% in 2021 to 3.10% at the end of 2022.

The price of crude oil increased from US$74.17 per barrel in 2021 to US$84.78 per barrel in 2022.

The non-oil sector accounted for about 95% of the GDP in 2022: 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 two. The agricultural output witnessed tremendous boost during the year under review despite the climate change and flood in some part of the country.

According to the report of National Bureau of Statistic (NBS), the Nigerian economy recorded a growth of 3.10% in 2022 as against 3.40% in 2021, by implication the non- oil sector remained the focal point for economic recovery and expansion while the service and agriculture sectors led the pack. The Service sector accounted for about half the GDP of 56.3%.

The economy grew slower than the growth rate in the population, an indication of growing poverty. It also meant that the expansion did not create enough job opportunities for the unemployed population which stood at the rate of 33%.

Nigeria is ranked 27th in the world GDP rankings and the largest in the West African economy. Despite this dominance, its exports to the rest of Africa is estimated at 13.7%

The Oil & Gas sector performance recorded an increase in the crude oil price in 2022 to USD84.78 against USD74.17 per barrel in 2021. However, the external reserve stood at US$37.08billion in 2022 against US$40.5billion in 2021, a decrease of 8.7%.

The official exchange rate of the Dollar to Naira was unstable during the year. It stood at about

> **"amidst all the challenges, our company performed excellently well in 2022 as shown in the financial statement.**

₦448.55/$ as against ₦416.50/$ in the previous year.

The Monetary Policy Rate was 16.5% in 2022 and 12% in 2021 while the inflation rate was 21.34% in 2022 against 17% in 2021.

Nigeria, in the emerging market, witnessed low foreign direct investment in the last few quarters of the reporting year following the security challenges in the country and around the globe: impact of Russia / Ukraine war, this was further amplified by uncertainties regarding the general elections, foreign investors' aversion towards Naira assets which reduced capital importation.

The Nigeria Stock Exchange (NSE) market capitalization for all listed securities according to the report of the National Bureau of Statistics was ₦42.71trillion at the end of December 2021 and ₦49.13 trillion at the end of December 2022

As a result, all Shares Index (ASI) for equity which opened at 38,243.19 and closed at 39,430.50 representing an increase of 3.4%.

## Premium Income

The Gross Premium recorded was ₦33.3billion, an increase of 20% over the previous year's figure of ₦27.8b. In the same vein, ₦22.1billion was earned in 2022, while only ₦19.3 billion was earned in 2021.

## Investment Income

An increase of 37% was achieved. The total investment income for 2022 was ₦1.5b as compared to that of 2021 which stood at ₦1.1b

> **“The Gross Premium recorded was N33.3billion, an increase of 20% over the previous year's figure of N27.8b. In the same vein, N22.1billion was earned in 2022, while only N19.3 billion was earned in 2021.**

## Claims Paid

The Gross Claims incurred during the year was ₦12.3billion; an increase of 7.9% over that of the preceding period that was ₦11.6 billion. The Gross Claims ratio for 2021 stood at 42% whereas that of 2022 was 37%,
a decrease of 5%.

## Management Expenses

The company improved on cost control strategy which brought about reduction in the management expenses from ₦4.2b in 2021 to ₦3.7b in 2022.

## Regulatory Guidelines

National Insurance Commission released an updated and more elaborate guideline, effective from 1st October 2022, some of the key changes in the guideline are:

- Dividend distribution shall be subject to submission of prior written application by the insurer for approval by the commission.
- Filing fee for General Business was increased to ₦1m from ₦0.5m
- Disclosure and recognition of Finance Act of 2021 – Part IX – Insurance Act, among others.

## Profit for the Year

The Group's Profit before Tax (PBT) for the year under review was ₦5.5billion and ₦4.5 billion in 2021, an increase of 21%.
The Parent Company's PBT was ₦5.5 billion for 2022 and ₦4.5

billion for 2021 an increase of same 21%.

### Financial Assets, Total Asset & Total Equity

The position of the Group Financial Assets between 2021 and 2022, increased by 32.6% while Total Assets and Total Equity also improved by 19.9% and 18.7% respectively between the two (2) years.
The Parent Company also had the same percentage increase in Financial Assets and total equity. The Total Assets increased by 20% between 2021 and 2022

"Assets between 2021 and 2022, increased by 32.6% while Total Assets and Total Equity also improved by 19.9% and 18.7% respectively between the two (2) years.

### Earnings per Share (EPS)

The Group's EPS for the year under review was 1.08 while that of the previous year was 0.88; an increase of 22.7%.
The Parent Company's EPS for 2022 and the preceding year has the same percentage increase.

### Dividend

The Board is recommending a dividend of 30 kobo per ₦1 ordinary shares amounting to ₦1,504 943,330, if approved at this AGM, payable to shareholders subject to deduction of withholding tax at the appropriate rate.

### Human Capital

In line with the company's policy of enhancing the knowledge of members of staff and improving their skills on the job, the management sent over 90% of the staff on various trainings, workshops and conferences during the year under review. Good work tools and working environment were also provided for better performances. Also, deserving members of staff were promoted during the year.

Its pertinent to appreciate two executive directors that retired in 2022 after decades of meritorious service to our great company, they are Messrs. Adebayo S.J and Odamah M.A., wishing the duo brilliant success in their future endeavors.

### Future Prospects

As part of our strategy for expansion, NEM Health Ltd was incorporated in 2022 and commenced operation in 2023. Also, our plan to set-up a viable life assurance company still stands.

### Conclusion

We give glory to Almighty God who has consistently been our guide and helper. Our excellent progressive performances have been commendable. Hence, I want to use this opportunity to appreciate the GMD/CEO, management and members of staff, who have been so dedicated, hardworking and focused in achieving the set goals. Also, the commitment and cooperation of the Board members are highly appreciated. My beloved shareholders who have been consistent in their zest to add to the growth of the company are greatly appreciated as well. And to our ever-loyal Brokers, Agents, Re-insurers and the numerous Clients, you are all greatly appreciated.

Once again, a very big thank you and God bless you all.

**DR. FIDELIS AYEBAE**
CHAIRMAN

# GMD/CEO Report

**Global economic activities experienced a sharper-than-expected slowdown in 2022 and also experienced inflation much higher than seen in several decades.**

# GMD/CEO **Report**

## "A review of our operation shows that our Company recorded an impressive performance in the year 2022 as all performance indices improved compared with the year 2021 results.

The unusually high cost of living, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic in parts of China heavily affected global economic activity.

As expected, global growth shrank 3.3% in 2022 from 5.5% in 2021, the weakest growth profile since 2001 except for the period of the global financial crisis and the acute phase of the COVID-19 pandemic. The growth experienced in 2022 was driven mainly by Asian Economies, the Middle East, North Africa, and India. Also, while inflation was very intense in most regions, it was less intense in Asian economies which also benefited from the ongoing reopening dynamics.

To control inflation, Central Banks Worldwide had to introduce tighter monetary policies while at the same time, they equally struggled to contain potential threats. Many Central Banks increased policy interest rates to contain rising inflation and exchange rate issues. The expectations are for these to continue into the year 2023.
On the local scene, the Nigerian economy rebounded after the difficult years of COVID-19, growing by 3.5% in the first three quarters of 2022, while year-on-year growth stood at 3.52% at the end of the 4th quarter of 2022.
It is important to state that the recovery did not vividly impact the ordinary Nigerians given that the main drivers of growth – oil production and services which hardly benefit the ordinary man on the street in terms of jobs and business opportunities. For instance, the unemployment rate rose to about 33% in 2022 while the number of Nigerians living in poverty rose by 35million in the same year.

However, the rate of inflation which has been trending upward for some time came down slightly in December to 21.34% with food costs, apparel, and footwear as well as alcoholic drinks experiencing a slight reduction in prices. As a result, the Nigerian economy faced several challenges in 2022. These challenges include but are not limited to a heavy debt service burden, forex pressures, insecurity, inability to meet up with crude oil production quota stipulated by OPEC due to so many factors, as well as political tension as a result of the upcoming elections due in the first quarter of 2023.

Notwithstanding the challenges stated above, our Company was able to post good results due to our resilience as well as the strategies formulated and implemented by the Board and Management of our Company.

A review of our operation shows that our Company recorded an impressive performance in the year 2022 as all performance indices improved compared with the year 2021 results. For instance, our Gross Premium

TOPE SMART
Group Managing Director/CEO

written expanded by 20% to N33.4billion in 2022 from N27.9billion in 2021, while our net premium also increased by 15% to N22.2billion in 2022 from N19.3billion in 2021.
Due to the increase in claims and underwriting expenses, underwriting profit shrank to N5.9billion in 2022 from N7billion in 2021, representing a decrease of 15.7%. However, investment income recorded growth of 37% to N1.6billion in 2022 from N1.1billion in 2021.

Also, as management continues to prioritize efficiency, management expenses shrank to N3.4billion in 2022 from N4.2billion in 2021, representing a decrease of 19%. Profit before taxation and Profit after Tax increased by 21% and 23% to close at N5.5billion and N5.4billion in 2022 respectively.. Also, total assets expanded by 20% to N46billion in 2022 from N38.3billion in 2021 while the Shareholders' fund increased by 19% to N27.2billion in 2022 from N22.9billion in 2021.

As mentioned above, notwithstanding the challenging operating environment, we achieved the above results due to our determination and the robust strategies put in place.
It is also worth noting that these results would not have been achieved but for the massive support and loyalty of our clients and brokers who have been there for us over the years. We owe them a debt of gratitude.

Our appreciation also goes to our Board for providing us with a very conducive environment and allowing us to benefit from their wealth of wisdom and experience which have been helpful at crucial times on this journey. We remain very grateful. I am particularly proud of our staff who have remained very focused, dogged, and unwavering despite the difficult operating environment.

I say a big thank you to you all. To our ever-supportive Shareholders, we appreciate you for your love and uncommon support over the years. We are truly grateful. My special thanks also go to all our friends, associates, and other stakeholders, we deeply appreciate you.

Above all, everything we have achieved could not have been possible without our Maker, our Pillar, and our Helper, the Almighty God. To Him alone be all the glory.

As we look forward to the future, I want to assure you that with the robust structure, put in place, our Company is well-positioned for greatness. This shall be attained by the special grace of God.

# GET COVERED
## BE NEMSURE


## CONTACT US

NEM
...together to succeed

**NEM Insurance Plc**
RC: 6971

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NIA
A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION

NAICOM/CC/ADV/4565

www.nem-insurance.com

Authorised and Regulated by National Insurance Commission RIC 028 (G)

# Report of Directors

For the Year ended

31/12/22

NEM

# REPORT OF DIRECTORS

## For the Year ended 31 December, 2022

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<br>Comprehensive Income | 2022<br>N'000 | 2021<br>N'000 |
|---|---|---|
| Gross premium written | 33,369,050 | **27,875,088** |
| Gross premium income | 31,433,600 | 26,545,254 |
| Reinsurance expenses | (9,283,442) | (7,239,127) |
| Investment Income | 1,555,154 | 1,134,507 |
| Other revenue | 3,078,288 | 2,093,615 |
| Total Revenue | 26,783,600 | 22,534,249 |
| | | |
| Claims paid | 7,647,470 | 5,560,885 |
| Underwriting expenses | 9,856,218 | 8,204,631 |
| Management expenses | 3,743,623 | 4,195,410 |
| Total Claims and Other Expenses | 21,247,311 | 17,960,926 |
| | | |
| Profit before tax | 5,536,289 | 4,573,323 |
| Information Technology Development Levy | (54,792) | (45,125) |
| Income tax expense | (41,875) | (95,918) |
| Profit For the Year | 5,439,622 | 4,432,280 |
| Other Comprehensive (loss)/income for the year | (45,067) | 1,018,403 |
| Total comprehensive income for the year | 5,394,555 | 5,450,683 |
| | | |
| Basic Earnings Per Share (Kobo) | 1.08 | 0.88 |
| | | |
| Diluted Basic Earnings Per Share (Kobo) | 1.08 | 0.88 |

# REPORT OF DIRECTORS

For the Year ended 31 December, 2022

## 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, 2022; 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

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

### The Chairman

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

### The Chief Executive Officer (CEO)

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

### Independent Director

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

### Annual Board Appraisal

In accordance with the requirements of the NAICOM Code, the Board renewed the mandate of SIAO Partners to conduct the appraisal of its performance for 2022.

### (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.

# REPORT OF **DIRECTORS**

For the Year ended 31 December, 2022

| S/N | Name of Director | Status | Meeting Date 14/03/ 2022 | Meeting Date 28/04/ 2022 | Meeting Date 27/07/ 2022 | Meeting Date 28/10/ 2022 | Meeting Date 30/11/ 2022 | Meetings Attended |
|---|---|---|---|---|---|---|---|---|
| 1. | Dr. Fidelis Ayebae | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 2. | Mr. Tope Smart | GMD/CEO | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 3. | Mr Andrew Ikekua | Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 4. | Mr. Sunday Joshua Adebayo | Executive Director | ✓ | ✓ | × | × | × | 2 meetings |
| 5. | Mr. Momoh Odamah | Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 6. | Alhaji Ahmed I. Yakasai | Independent Non-Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 7. | Mrs Joy Teluwo | Non-Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 8. | Mrs. Yinka Aletor | Non-Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 9. | Chief Ede Dafinone | Non-Executive Director | ✓ | ✓ | ✓ | ✓ | × | 4 meetings |
| 10. | Mr. Papa Ndiaye | Non-Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |
| 11. | Mr. Kelechi Okoro | Non-Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | 5 meetings |

**Mr. Sunday Joshua Adebayo retired on the 30th of June 2022 and Mr. Momoh Odamah retired on the 31st of December 2022*

**(b) BOARD COMMITTEES**

The Board's committee structure is as specified in the NAICOM Code and adequate for the complexity of the operations of the Company. The Committees and committee members for the 2022 financial year were:

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

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

# REPORT OF **DIRECTORS**

For the Year ended 31 December, 2022

**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 six times during the year:
Composition of Committee/Attendance

| Name | Status | Meetings Held | Meetings Attended |
|---|---|---|---|
| 1. Mrs. Yinka Aletor | Chairperson | 6 | 6 |
| 2. Mr Tope Smart | Executive Director | 6 | 6 |
| 3. Alhaji Ahmed I. Yakasai | Independent Director | 6 | 6 |
| 4. Mr. Kelechi Okoro | Non-Executive Director | 6 | 6 |

**Enterprise Risk Management Committee**

The key responsibilities of the Committee are:

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

The committee met two times during the year:
The composition of the committee and schedule of attendance are as follows:

| Name | Status | Meetings Held | Meetings Attended |
|---|---|---|---|
| 1. Chief Ede Dafinone | Chairman | 2 | 2 |
| 2. Mrs Joy Teluwo | Non-Executive Director | 2 | 2 |
| 3. Alhaji Ahmed I. Yakasai | Independent Director | 2 | 2 |
| 4. Mr. Andrew Ikekua | Executive Director | 2 | 2 |

# REPORT OF **DIRECTORS**

For the Year ended 31 December, 2022

### Strategy and Corporate Governance Committee

The Terms of Reference of the Committee are:

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

The committee met six times during the year.
The composition of the committee and schedule of attendance are as follows:

| Name | Status | Meetings Held | Meetings Attended |
|---|---|---|---|
| 1. Mr. Kelechi Okoro | Chairman | 6 | 6 |
| 2. Mr. Tope Smart | Group Managing Director | 6 | 6 |
| 3. Mrs Yinka Aletor | Non-Executive Director | 6 | 6 |
| 4. Mr. Andrew Ikekhua | Executive Director | 6 | 6 |

### Remuneration, Nomination and Governance Committee

The Terms of Reference of the Committee are:

- Approve, guide and influence key human resource policies and strategies.
- Ensure disclosure of remuneration in a proper, complete, accurate and transparent manner.
- To advise the Board on the Company's compliance with 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.
The composition of the committee and schedule of attendance are as follows:

| Name | Status | Meetings Held | Meetings Attended |
|---|---|---|---|
| 1. Mr. Papa Ndiaye | Chairman | 3 | 3 |
| 2. Alhaji Ahmed I. Yakasai | Independent Director | 3 | 3 |
| 3. Mrs. Yinka Aletor | Non-Executive Director | 3 | 3 |
| 4. Mrs. Joy Teluwo | Non-Executive Director | 3 | 3 |
| 5. Chief Ede Dafinone | Non-Executive Director | 3 | 3 |

# REPORT OF DIRECTORS

For the Year ended 31 December, 2022

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

S.404 (7) of the Companies and Allied Matters Act Cap 2020 provides for the functions of the Committee.
The Committee met five times during the year and covered the basic components of these responsibilities.

The composition of the committee and schedule of attendance are as follows:

| Name | Status | Meetings Held | Meetings Attended |
|---|---|---|---|
| 1.Mr. Samuel Mpamanugo | Chairman | 5 | 5 |
| 2.Mr Taiwo Oderinde | Shareholders'Representative | 5 | 5 |
| 3.Mr. Christopher Ogba | Shareholders' Representative | 5 | 5 |
| 4.Mrs Yinka Aletor | Non-Executive Director | 5 | 5 |
| 5.Mr. Kelechi Okoro | Non-Executive Director | 5 | 5 |

## 4. Dividend

The Directors recommend a declaration of dividend of 30 Kobo per ordinary share of 1 naira each subject to the approval of the shareholders at the next Annual General Meeting.

## 5. Directors and Directors' Interest

### i. Directors

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

### ii. 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 Section 301 of the Companies and Allied Matters Act 2020 are as follows:

# REPORT OF **DIRECTORS**

For the Year ended 31 December, 2022

**Directors' Interests As At December 31St 2022**

| S/N | Name of Director | Direct | Indirect | Total |
|---|---|---|---|---|
| 1. | Mrs Joy Teluwo | 106,990,287 | 320,201,645 | 427,191,932 |
| 2. | Mrs. Yinka Aletor | NIL | 364,318,306 | 364,318,306 |
| 3. | Chief Ede Dafinone | NIL | 350,023,219 | 350,023,219 |
| 4. | Mr. Tope Smart | 120,411,652 | NIL | 120,411,652 |
| 5. | Dr. Fidelis Ayebae | 23,155,158 | NIL | 23,155,158 |
| 6. | Mr Andrew Ikekhua | 1,362,856 | NIL | 1,362,856 |
| 7. | Alhaji Ahmed I. Yakasai | NIL | NIL | NIL |
| 8. | Mr Papa Ndiaye | - | 1,499,926,852 | 1,499,926,852 |
| 9. | Mr Kelechi Okoro | - | | |
| 10. | Mr. Odamah Momoh | 2,225,120 | NIL | 2,225,120 |
| 11. | Mr. Adebayo Sunday Joshua | 3,275,501 | NIL | 3,275,501 |
| | | 257,420,574 | 2,534,470,022 | 2,791,890,596 |

## 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 Company at the end of each financial year and of the income statement for that year and comply with the Insurance Act, CAP 117 LFN 2004, Financial Reporting Council of Nigeria Act, No. 6, 2011 and the Companies and Allied Matters Act 2020.

## 7. Shareholding

The Registrars have advised that the issued share capital of the Company as at 31st December, 2022 were beneficially held as follows:

**Share Range Analysis As At December 31St 2022**

| Range | Holders | % | Volume | % |
|---|---|---|---|---|
| 1-1000 | 5,261 | 12.28 | 2,862,229 | 0.06 |
| 1001-5000 | 10,957 | 25.58 | 33,567,771 | 0.67 |
| 5001-10000 | 8,113 | 18.94 | 65,591,929 | 1.31 |
| 10001-50000 | 13,432 | 31.36 | 328,195,105 | 6.54 |
| 50001-100000 | 2,893 | 6.75 | 222,375,872 | 4.43 |
| 100001-500000 | 1,798 | 4.20 | 372,342,666 | 7.42 |
| 500001-1000000 | 193 | 0.45 | 145,807,740 | 2.91 |
| 1000001-5000000 | 145 | 0.34 | 283,379,197 | 5.65 |
| 5000001-10000000 | 17 | 0.04 | 127,489,038 | 2.54 |
| 10000001-50000000 | 10 | 0.02 | 177,235,490 | 3.53 |
| 50000001-100000000 | 1 | 0.00 | 74,383,366 | 1.48 |
| 100000001-10000000000000 | 9 | 0.02 | 3,183,247,364 | 63.46 |
| TOTALS | 42,829 | 100 | 5,016,477,767 | 100 |

# REPORT OF **DIRECTORS**

For the Year ended 31 December, 2022

**Buildup of Share Capital from Inception to 2022**

| | Nominal Value | | Issued And Paid-Up Capital Other Than Bonus | | | | |
|---|---|---|---|---|---|---|---|
| | | | No Of Shares | | By Bonus | | Total |
| Year | 1,600,0000 | Amount N'000 | No Of Shares | Amount N'000 | No Of Shares | Amount N'000 | Cummulative Units |
| 1989 | 1,600,000 | NIL | NIL | NIL | NIL | NIL | 1,600,000 |
| 1990 | 20,000,000 | NIL | NIL | NIL | NIL | NIL | 1,600,000 |
| 1991 | 20,000,000 | NIL | NIL | NIL | 400,000 | NIL | 2,000,000 |
| 1992 | 20,000,000 | | NIL | NIL | NIL | NIL | 2,000,000 |
| 1993 | 20,000,000 | NIL | 18,000,000 | NIL | NIL | NIL | 20,000,000 |
| 1996 | 240,000,000 | NIL | NIL | NIL | 5,000,000 | NIL | 25,000,000 |
| 1997 | 240,000,000 | NIL | 68,507,246 | NIL | NIL | NIL | 93,507,246 |
| 1998 | 240,000,000 | NIL | NIL | NIL | 93,992,754 | NIL | 187,500,000 |
| 1999 | 240,000,000 | NIL | NIL | NIL | NIL | NIL | 187,500,000 |
| 2000 | 240,000,000 | NIL | NIL | NIL | NIL | NIL | 187,500,000 |
| 2001 | 240,000,000 | NIL | NIL | NIL | NIL | NIL | 187,500,000 |
| 2002 | 240,000,000 | NIL | NIL | NIL | NIL | NIL | 187,500,000 |
| 2003 | 1,000,000,000 | NIL | NIL | NIL | NIL | NIL | 187,500,000 |
| 2004 | 1,000,000,000 | NIL | NIL | NIL | 518,628,000 | NIL | 706,128,899 |
| 2005 | 5,000,000,000 | NIL | 299,916,131 | NIL | NIL | NIL | 406,212,768 |
| 2006 | 5,000,000,000 | NIL | NIL | NIL | NIL | NIL | 406,212,768 |
| 2007 | 7,000,000,000 | NIL | 4,570,709,998 | NIL | NIL | NIL | 4,976,922,766 |
| 2008 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 4,976,922,766 |
| 2009 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 4 ,976,922,766 |
| 2010 | 8,400,000,000 | NIL | 303,580,147 | NIL | NIL | NIL | 5,280,502,913 |
| 2011 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2012 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2013 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2014 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2015 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2016 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2017 | 8.400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2018 | 8,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2019 | 10,000,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2020 | 10,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2021 | 10,400,000,000 | NIL | NIL | NIL | NIL | NIL | 5,280,502,913 |
| 2021 | 10,400,000,000 | NIL | NIL | NIL | 4,752,452,622 | NIL | 10,032,955,535 |
| 2021 | 5,016,477,767 | NIL | NIL | NIL | NIL | NIL | 5,016,477,767 |
| 2022 | 5,016,477,767 | NIL | NIL | NIL | NIL | | 5,016,477,767 |

# REPORT OF **DIRECTORS**

For the Year ended 31 December, 2022

| | 31-Dec-22 | | 31-Dec-21 | |
|---|---|---|---|---|
| | Unit | Percentage | Unit | Percentage |
| Issued Share Capital | 5,016,477,766 | | 5,016,477,766 | |
| **Substantial Shareholdings (5% and above)** | | | | |
| AFIG FUND | 1,499,926,852 | 29.90% | 1,499,926,852 | 29.90% |
| CAPITAL EXPRESS ASSURANCE LIMITED | 364,318,306 | 7.26% | 364,318,306 | 7.26% |
| BUKSON INVESTMENT LIMITED | 320,201,645 | 6.38% | 320,201,645 | 6.38% |
| JEIDOC LIMITED | 350,023,219 | 6.98% | 350,023,219 | 6.98% |
| Total Substantial Shareholdings | 2,534,470,022 | 50.52% | 2,534,470,022 | 50.52% |
| **Directors' Shareholdings (direct and indirect), excluding directors with substantial interests** | | | | |
| DR. FIDELIS AYEBAE | 23,155,158 | 0.46% | 23,155,158 | 0.46% |
| MR TOPE SMART | 120,411,652 | 2.40% | 120,411,652 | 2.40% |
| MR ANDREW IKEKHUA | 1,362,856 | 0.03% | 1,362,856 | 0.03% |
| MR. ODAMAH MOMOH | 2,225,120 | 0.04% | 2,225,120 | 0.04% |
| MR. ADEBAYO SUNDAY JOSHUA | 3,275,501 | 0.07% | 3,275,501 | 0.07% |
| JOY TELUWO | 106,990,287 | 2.13% | 106,990,287 | 2.13% |
| Total Directors' Shareholdings | 257,420,574 | 5.13% | 257,420,574 | 5.13% |
| **Other Influential Shareholdings** | | | | |
| | | | | |
| Total Other Influential Shareholdings | | | | |
| **Free Float in Units and Percentage** | 2,224,587,170 | 44.35% | 2,224,587,170 | 44.35% |
| **Free Float in Value** | **N10,010,642,265.00** | | **N 10,010,642,265.00** | |

## Declaration:

(A) NEM Insurance Plc with a free float percentage of 44.35% as at 31st December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) NEM Insurance Plc with a free float value of N10,010,642,265. as at 31st Dec 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

### Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) NEM Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders with respect to their dealing in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

### Rules Governing Free Float Requirements

In accordance with Rule 2.2 – Rules Governing Free Float Requirement:
NEM Insurance plc complies with the Exchange's free Float requirement.

# REPORT OF DIRECTORS

For the Year ended 31 December, 2022

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 shares of the company.

| S/N | Account no | Name | Address | Holding | % |
|---|---|---|---|---|---|
| 1. | 2979 | JEIDOC LIMITED | CEDDI TOWERS 16, WHARF ROAD, APAPA, LAGOS STATE | 350,023,219 | 6.98 |
| 2. | 147140 | BUKSON INVESTMENT LIMITED | C/O NEM INSURANCE PLC 199, IKORODU ROAD, OBANIKORO, LAGOS | 320,201,645 | 6.38 |
| 3. | 194768 | CAPITAL EXPRESS ASSURANCE LIMITED | C/O NEM INSURANCE PLC 199, IKORODU ROAD, OBANIKORO, LAGOS | 364,318,306 | 7.26 |
| 4. | | AFIG FUNDS | C/O ABOX CORPORATE SERVICES LIMITED TOWER 1, 6TH FLOOR, 1 CYBERCITY, EBENE REPUBUBLIC | 1,499,926,851 | 29.9 |

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 285 of the Companies and Allied Matters Act 2020, Alhaji Ahmed. I Yakasai, Mrs Joy Teluwo and Chief Ede Dafinone will retire by rotation and being eligible offers themselves for re-election. Their profiles are contained in the Annual Report and on the Company's website.

## 9. Composition of Directors

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

| | |
|---|---|
| Dr. Fidelis Ayebae | Chairman |
| Mr. Tope Smart | Group Managing Director |
| Mr. Andrew Ikekhua | Executive Director |
| Mr. Sunday Joshua Adebayo | Executive Director (Retired 30/06/2022) |
| Mr. Momoh Odamah | Executive Director (Retired 31/12/2022) |
| 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**

For the Year ended 31 December, 2022

## 10. Records Of The Directors Attendance

In accordance with Section 252 of the Companies and Allied Matters Act, 2020, the records of the Directors attendance at Director's meeting in 2022 are available for inspection at the Annual General Meeting.

## 11. 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.

## 12. 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)

## 13. Donations

Donations during the year ended December 31, 2022 amounted to ₦32,445,292 as follows:

| PARTICULARS | AMOUNT |
|---|---|
| CHARTERED INSURANCE INSTITUTE OF NIGERIA | 2,200,000 |
| EMBLEM APPEAL LAUNCH-MINISTRY OF DEFENCE | 50,000 |
| AFRICAN INSURANCE ORGANISATION | 10,400,000 |
| TIGER TENNIS FOUNDATION | 500,000 |
| JHIMIS EDUCATION FOUNDATION | 250,000 |
| PROFESSIONAL INSURANCE LADIES' ASSOCIATION | 650,000 |
| CHAMPION NEWS MEDIA & TRUST LTD | 500,000 |
| AFRICAN ASSOCIATION OF YOUNG INSURANCE PROFESSIONALS | 4,160,000 |
| IGNITE CAREER INITIATIVE | 2,500,000 |
| NIGERIAN COUNCIL OF REGISTERED INSURANCE BROKERS | 2,500,000 |
| MODUPE COLE MEMORIAL CHILD CARE, RACO CHILD & RURAL INITIATIVE ORPHANAGE & HERITAGE HOMES ORPHANAGE | 530,000 |
| THE BOY'S BRIGADE, NIGERIA | 500,000 |
| NIGERIA BRITIAN ASSOCIATION | 1,255,292 |
| NATIONAL ASSOCIATION OF INSURANCE & PENSION CORRESPONDENTS | 750,000 |
| LIFT ABOVE POVERTY ORGANIZATION | 500,000 |
| NIGERIAN INSURERS ASSOCIATION | 500,000 |
| AKURE PROFESSIONALS LIONS CLUB | 2,500,000 |
| REDEEMERS UNIVERSITY | 200,000 |
| UNIVERSITY OF LAGOS ALUMNI ASSOCIATION | 2,000,000 |
| | 32,445,292 |

# REPORT OF DIRECTORS

For the Year ended 31 December, 2022

## 13. Events After Reporting Date

There were no significant events after reporting date which could have had a material effect on the consolidated financial statements for the year ended 31 December, 2022 which have not been adequately provided for or disclosed in the financial statements.

## 14. Employment and Employees

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

When an employee becomes disabled during his or her employment, the Group endeavors to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31st December, 2022 one physically challenged person was in the employment of the Company.

## 15. 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 Company is therefore committed to their continuous training and development. In line with this policy of continuous development of the human resources, members of staff are sent on training programs. The courses are aimed at broadening their technical/professional knowledge and managerial skills.

**iv. Health, safety at work and welfare of employees**

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

## 16. 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 was engaged as our external auditor in 2018 for a period of five years which came to an end in December 2022. The Process of engaging another auditor is in progress.

**BY ORDER OF THE BOARD**

**Olajumoke Philip-Akede**
Company Secretary
Lagos, Nigeria
FRC/2017/NBA/00000015972
Date: 14 March 2023

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COMFORT
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Visit our website:
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or
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Renew Policy
Travel Quick
Buy Third Party with Scratch Card
N5,000
Buy Enhanced Motor Third Party
N7,500
NEM Insurance Bumpa Cover
Buy Home Protection
Buy Marine Insurance
Pay Direct
Existing User? Sign In
Username
Password
Individual
Agent
Broker
Login
Sign Up
HOME PROTECTION
MOTOR POLICY
RENT ASSURANCE
MARINE POLICY
PERSONAL ACCIDENT
NEM
...together to succeed
NEM Insurance Plc
RC: 6971
Head Office:
NEM House,199, Ikorodu Road,
Obanikoro, Lagos, Nigeria.
P. O. Box 654 Marina, Lagos
Tel: 01-4489560-9; 01-4489570
Email: nem@nem-insurance.com
nemsupport@nem-insurance.com
NIA
A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION
www.nem-insurance.com
Authorised and Regulated by National Insurance Commission RIC 028 (G)
NAICOM/CC/ADV/2022/4689

# Board Of Directors

**DR. FIDELIS AYEBAE**
CHAIRMAN

**MR.TOPE SMART - B.Sc (HONS), ACII, MBA**
GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

**MRS. OLAYINKA TITILOPE ALETOR**
DIRECTOR

**YAKASAI AHMED I. - (FPSN, FNIM, FNA Pharm)**
DIRECTOR

**CHIEF EDE DAFINONE**
DIRECTOR

# Board Of **Directors**

**MRS. JOY TELUWO**
DIRECTOR

**PAPA MADIAW NDIAYE**
DIRECTOR

**MR. ANDREW M. IKEKHUA -** HND, PGD (MGT), PGD (COMM. ADMIN) MBA, MNIM CHARTERED), FNIMN (CHARTERED), FCICN (CHARTERED) FICA, FCE, ACIIN

EXECUTIVE DIRECTOR (MARKETING & BUSINESS DEVELOPMENT)

**KELECHI OKORO**
DIRECTOR

**MR. SUNDAY J. ADEBAYO** - B. Sc., MPA, ACIIN
EXECUTIVE DIRECTOR, TECHNICAL

**MR. MOMOH ABDURRAHAMAN ODAMAH** - B.ED, MBA, ACIIN
EXECUTIVE DIRECTOR (BRANCH OPERATIONS & SPECIAL ACCOUNTS)

# Board Of **Directors**

# Board Of **Directors**

## 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 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.

# 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 a 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) and a past Chairman of the Nigeria Insurers Association 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 won several awards amongst which are 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**

## MRS. OLAYINKA TITILOPE ALETOR
### DIRECTOR

Mrs. Olayinka Titilope Aletor is a lawyer and a seasoned resource person at various legal seminars and conferences. She recently retired from the Nigerian Law School, Abuja and chaired various committees and panel of investigations during her career the institution.

She also 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**

## 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 Masters 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**

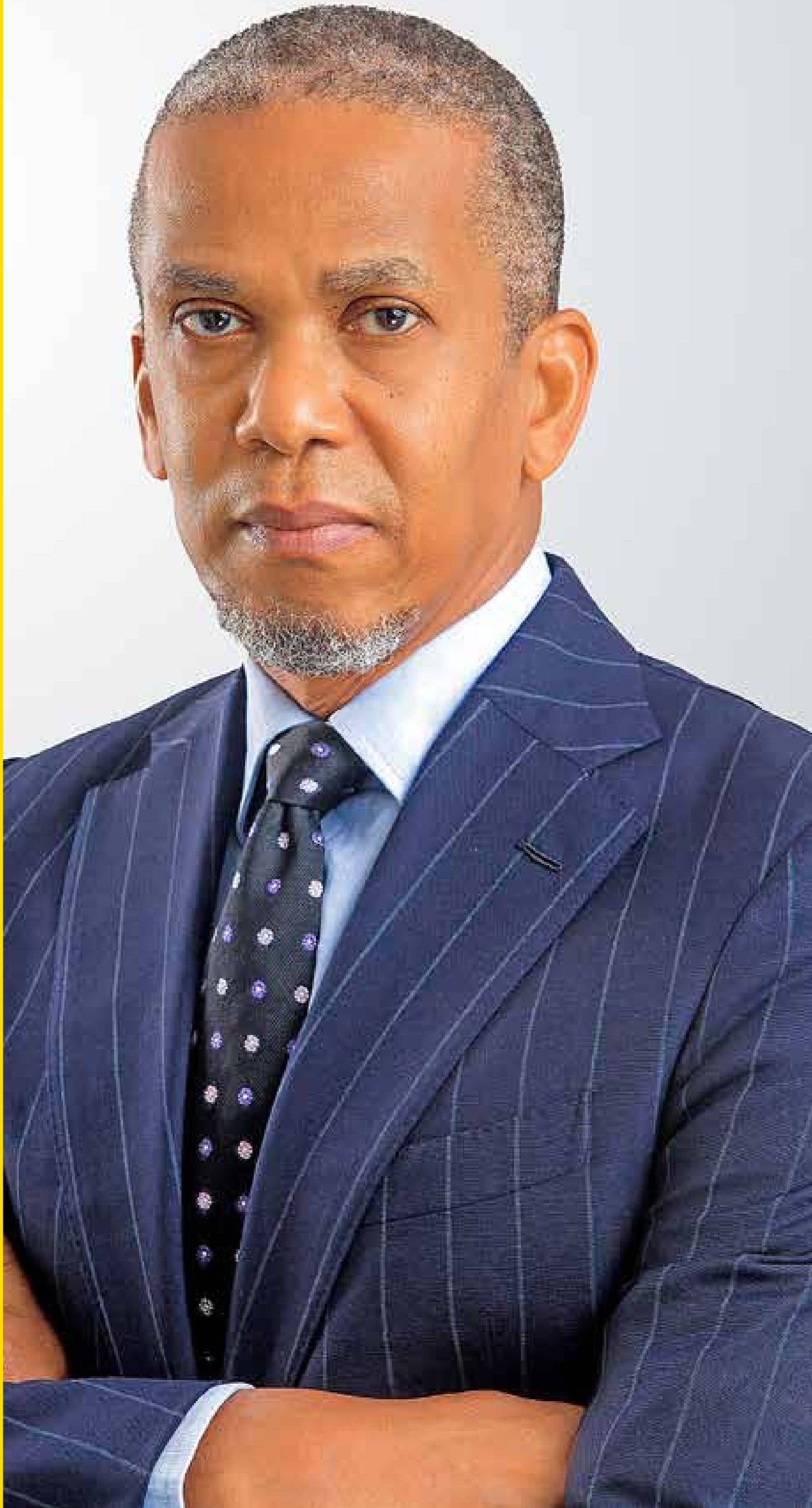
## CHIEF EDE DAFINONE
### DIRECTOR

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 Accountants 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.



# 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**

## 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**

## MR. ANDREW M. IKEKHUA – HND, PGD (MGT), PGD (COMM. ADMIN) MBA, MNIM CHARTERED), FNIMN (CHARTERED), FCICN (CHARTERED) FICA, FCE, ACIIN

### EXECUTIVE DIRECTOR (MARKETING & BUSINESS DEVELOPMENT)

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 & Business Development).

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

# Board Of **Directors**

## 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.

# MR. SUNDAY J. ADEBAYO

## – B. Sc., MPA, ACIIN

### EXECUTIVE DIRECTOR, TECHNICAL

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 Executive Director, Technical where he oversees the Reinsurance, Underwriting and Claims Departments of the company. He has attended several courses in Insurance and Management.

Board Of **Directors**

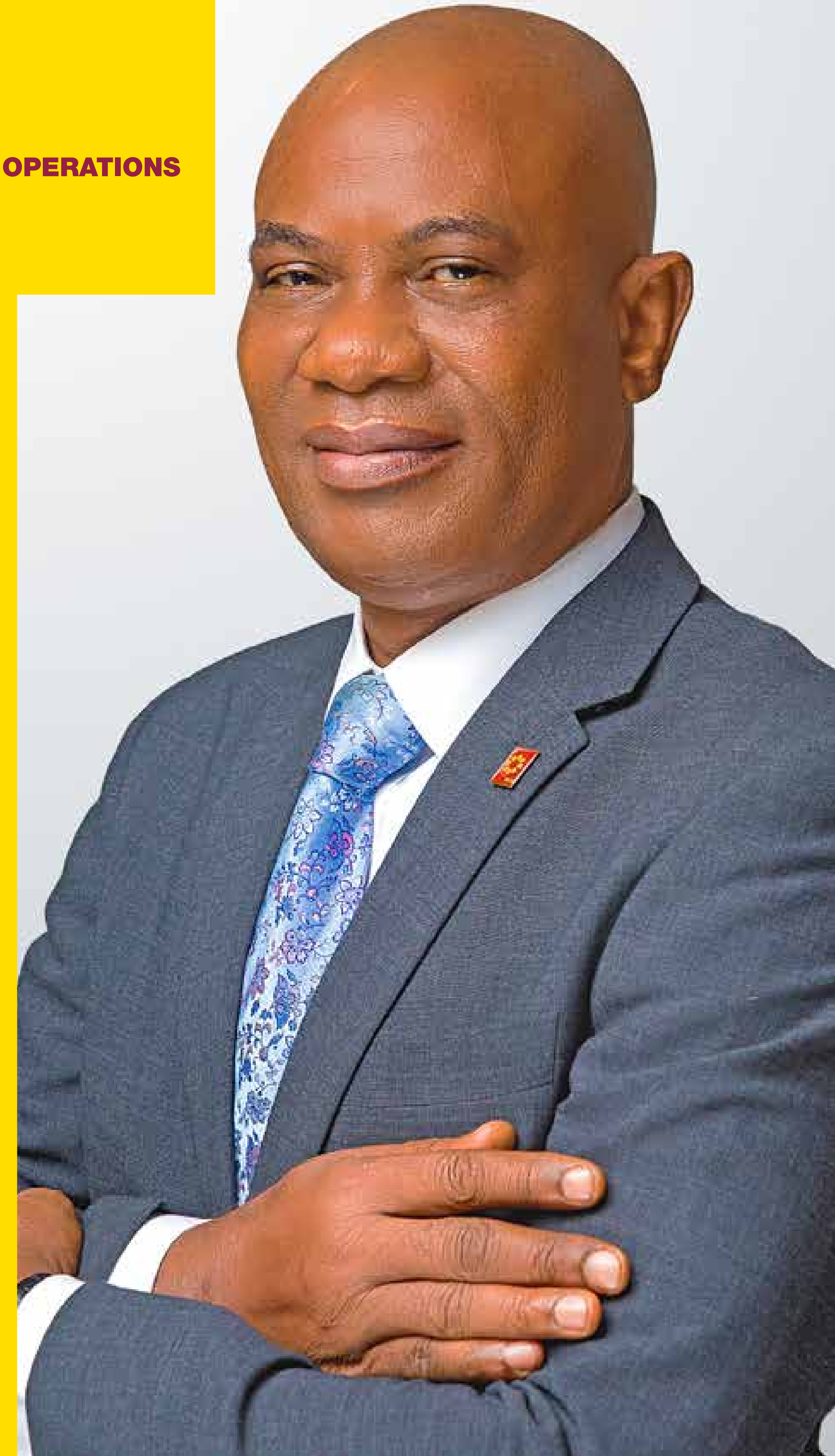
# MR. MOMOH ABDURRAHAMAN ODAMAH - B.ED, MBA, ACIIN

### EXECUTIVE DIRECTOR (BRANCH OPERATIONS & SPECIAL ACCOUNTS)

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 Executive Director (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



# Management Team Profile

# Management Team **Profile**

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 a 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) and a past Chairman of the Nigeria Insurers Association 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**

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 Post Graduate Diplomas 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).

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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 & Business Development).

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 & Business Development)

# Management Team **Profile**

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).

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Mr. S. J. Adebayo is the currently Executive Director, Technical 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

Executive Director, Technical

# Management Team **Profile**

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.

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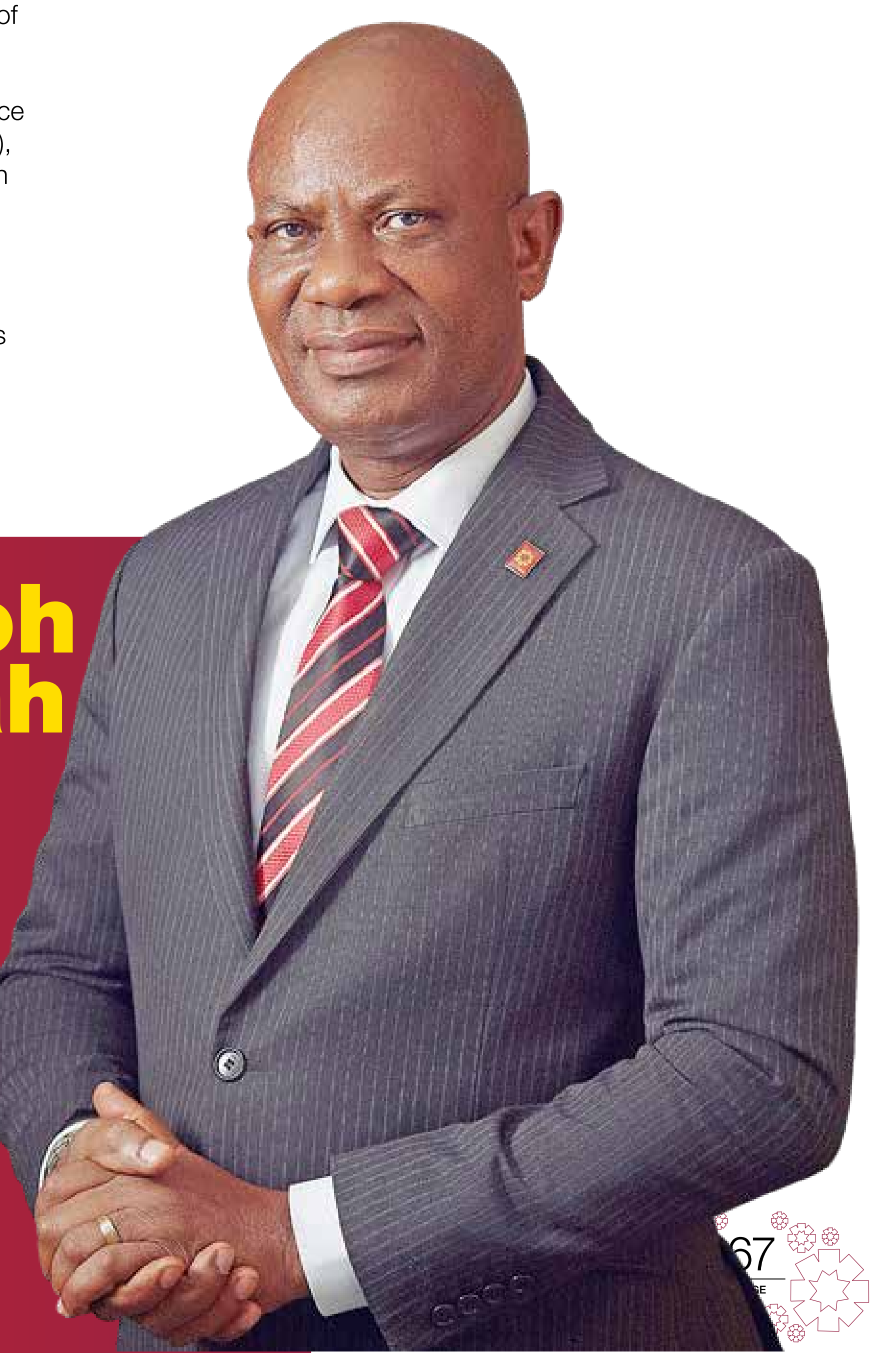
Mr. Odamah is a highly committed and trusted insurance marketer, these qualities have helped him to win and retain clients and brokers effortlessly. He is currently the Executive Director (Branch Operations & Special Accounts), a team builder; an adept marketing, innovation, business & scenario strategist; 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
Executive Director
(Branch Operations & Special Accounts)



# Management Team **Profile**

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 of The Institute of Chartered Accountants of Nigeria [FCA], Chartered Institute of Bankers of Nigeria [FCIB] and the Chartered Institute of Stockbrokers of Nigeria [FCS].

He has over twenty-five of experience in the financial industry [Auditing, Banking and Stock Broking]. He started his career with BBC Balogun Badejo & 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] and later promoted to 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. Semowo is currently a General Manager and Chief Financial Officer at NEM Insurance Plc.

## Mr. Idowu Olaitan Semowo

**- B.Sc., MBA, ACS, FCIB, FCA**

General Manager,
Finance & Investment

# Management Team **Profile**

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**

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

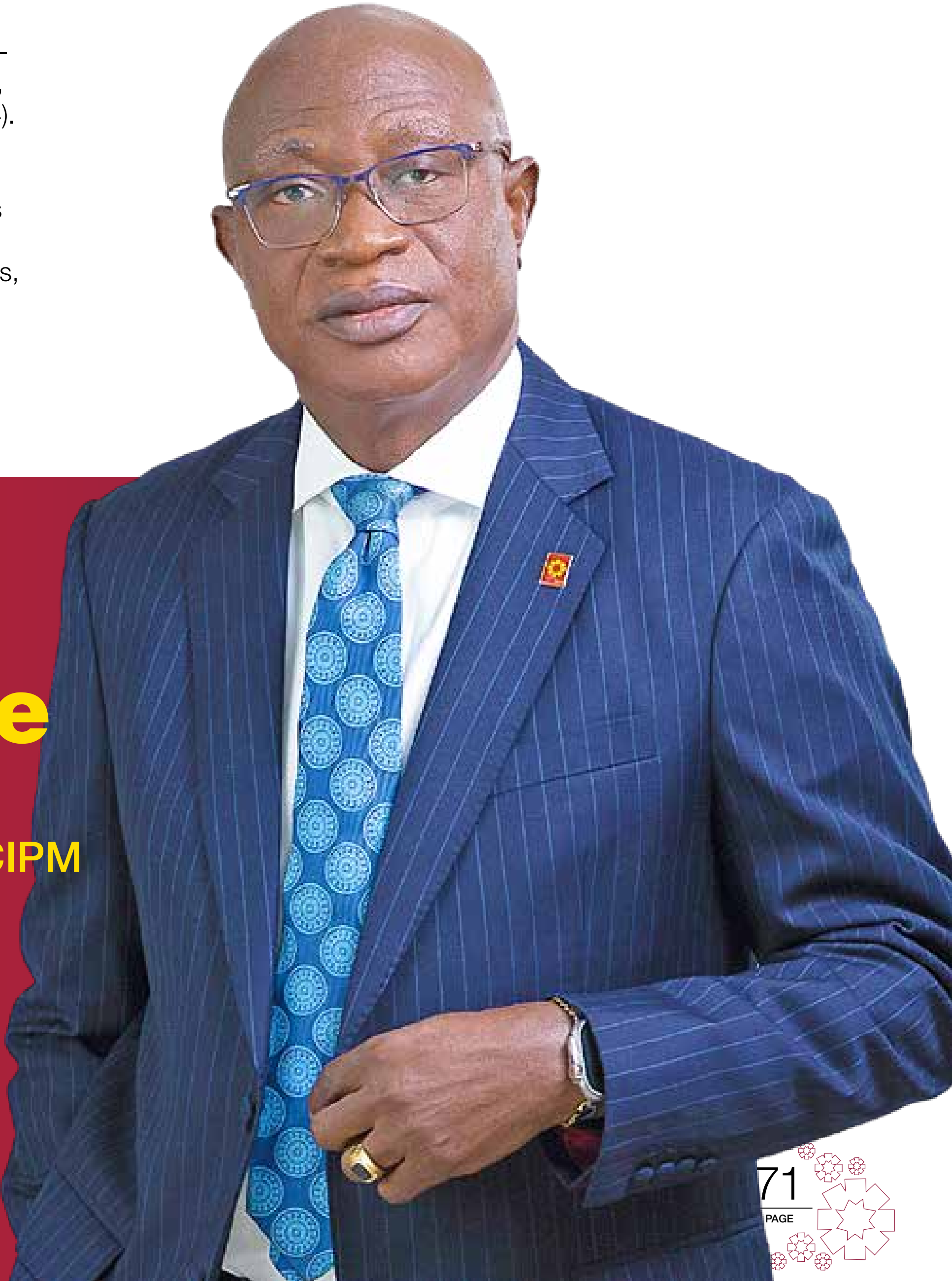
# Management Team **Profile**

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. He is currently the Deputy General Manager, Marketing [Business Development].
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)

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**

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.

She is an Assistant General Manager, Marketing.

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)

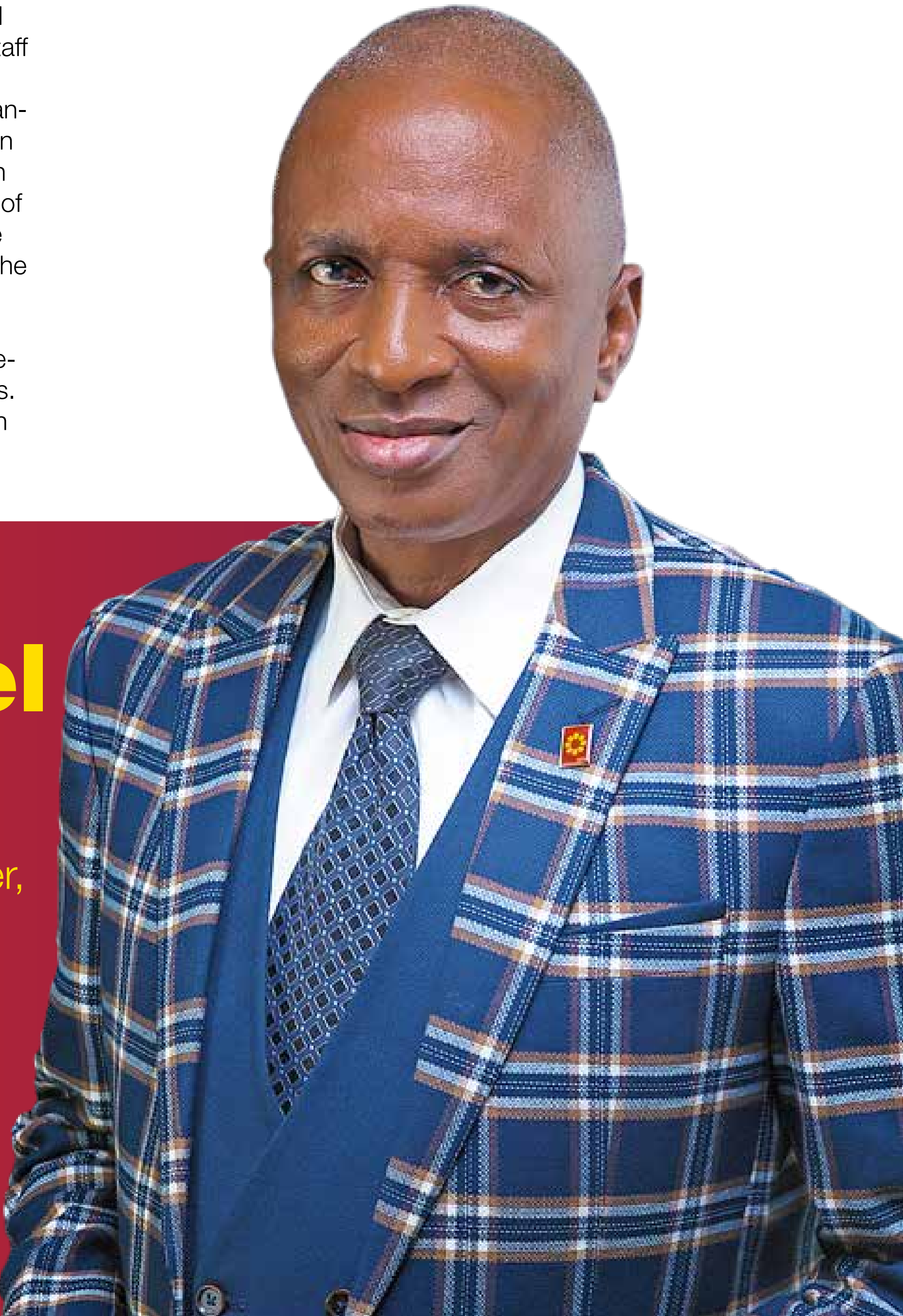
# Management Team **Profile**

Mr. Emmanuel Ajayi, is a is seasoned finance executive with over two decades of experience in the insurance industry that cuts across development of financial strategies, preparation of company's statement of accounts, investment, and credit management. Mr. Ajayi started his career in 1993 with Nigeria – French Insurance Company Limited as Management Trainee and rose to the position of Manger (Finance & Admin) in in 2002. In 2003 he joined Vigilant Insurance Company Limited as Finance and Investment Manager.

Following the recapitalization exercise in the insurance industry in 2007, Vigilant Insurance Company Limited merged with NEM Insurance Plc, Mr. Ajayi was among the staff retained by NEM Insurance Plc after the merger. He was later appointed Chief Financial Officer to the new subsidiary of NEM in Ghana- NEM Insurance (Ghana) Limited in 2009 where he had primary responsibility of supervising accounting and administrative activities of the Company, preparation of the company's financial strategies and statement of accounts in line with International Financial Reporting Standard (IFRS), placement of funds and company's investments. Mr. Ajayi was later redeployed to Nigeria in 2011. He was elevated to Group Head in 2018 , the position he held until his recent promotion to Assistant General Manager (Finance & Investment).

Mr. Ajayi graduated from University of Nigeria, Nsukka in 1992 where he studied Economics. He had his Master of Business Administration from University of Technology Akure in 2002. He is a fellow of the Institute of Chartered Accountant of Nigeria (FCA). He has attended several professional courses both locally and abroad.

He is currently the Assistant General Manager, Finance and Investment.



## Mr. Ajayi Emmanuel Ojo

**– BSC, FCA**

Assistant General Manager,
Finance & Investment

# Management Team **Profile**

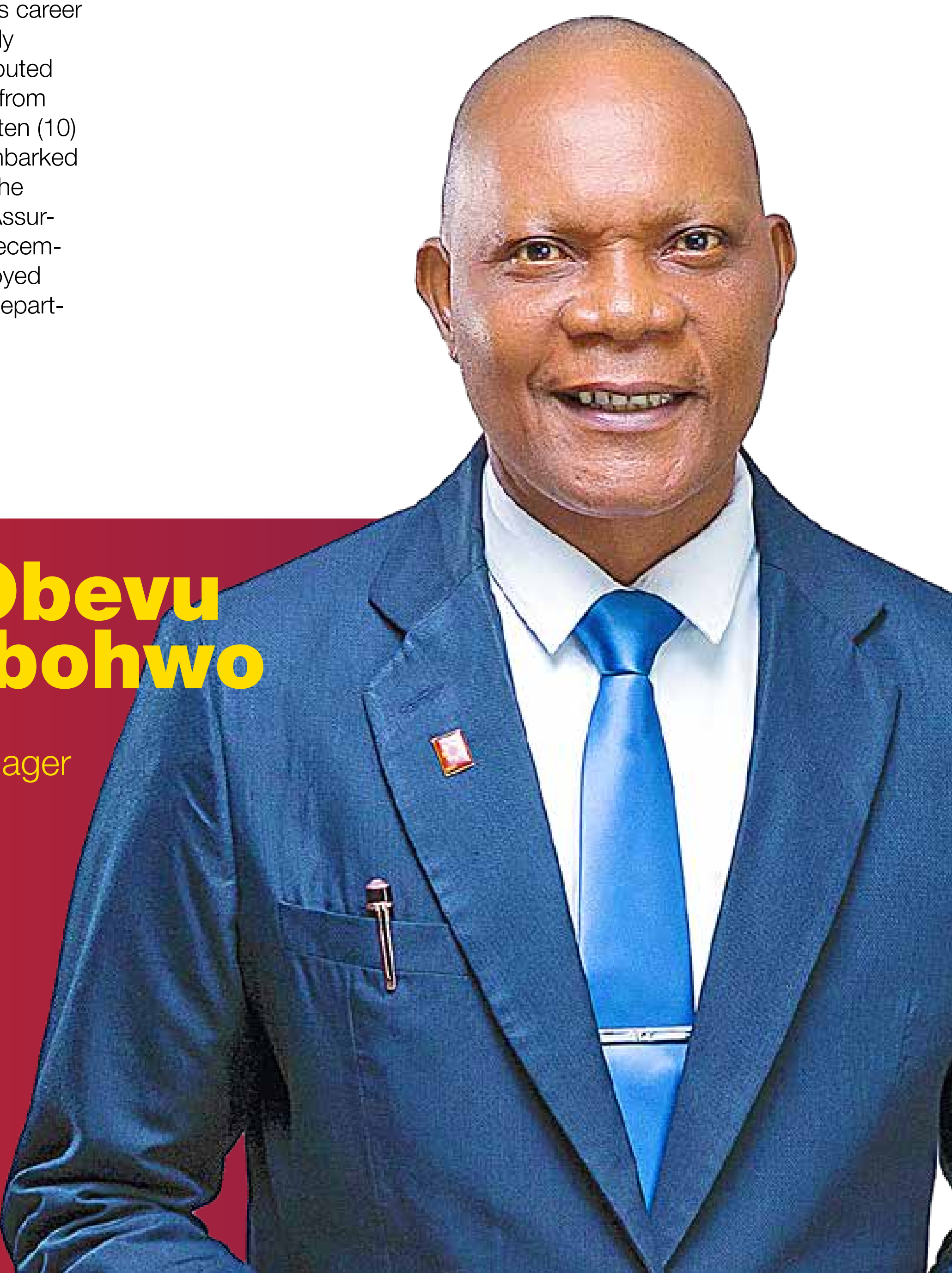
Mr. Onorienbohwo attended the Federal Polytechnic, Ado-Ekiti (1989) and Yaba College of Technology, Yaba-Lagos (1998) where he obtained National Diploma and Higher National Diploma respectively in Accounting.

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 currently an Assistant General Manager and oversees the Internal Audit Department at NEM Insurance Plc. Mr. Onorienbohwo 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**

Assistant General Manager (Internal Audit)

# Management Team **Profile**

Mr. Michael Alaba Giwa holds a Bachelors degree in Political Science from the renowned Ahmadu Bello University, Zaria in 1989. He is an Associate Member of the Nigeria Institute of Management (MNIM).
He started his Insurance Career at Leadway Assurance Company Limited from 1993 to1997 where he worked in various departments and capacities.

Thereafter, he worked as a Marketer and Branch Manager in various reputable insurance companies including, Acen Insurance Co. Ltd, Kaduna (1998-1999), Pioneer Branch Manager of STACO Insurance Plc, Kaduna and STACO Insurance Plc, Abuja (1999-2005), Vigilant Insurance Company Ltd Abuja (2005-2007). Upon the merger of NEM Insurance Plc and Vigilant Insurance Company Limited, he has worked with NEM Insurance Plc from 2007 till date.
His vast experience and aggressive marketing saw NEM Insurance Plc Abuja under him witnessing transformation and has grown from one (1) branch to three (3) branches, all operating at maximum capacity.

Mr. Giwa has attended several courses in Modern Marketing Strategies, Strategic Sales & Marketing, Business Development and Management both locally and internationally. He is currently the Assistant General Manager (Garki-Abuja).

He is happily married with children.

## Mr. Michael Alaba Giwa

**– BSC, MNIM**

Assistant General Manager
(Garki- Abuja Branch)

# Management Team **Profile**

Olayinka Ojikutu hold a Bachelors' degree in Political Science from University of Lagos, Nigeria, and a Masters' degree in Human Resources Management from London Metropolitan University, London, United Kingdom. She is also an Associate Member of the Chartered Institute of Personnel Management (ACIPM), as well as a Senior Professional in Human Resources International (SPHRi) from HR Certification Institute (HRCI), and a PPA Certified Practitioner from Thomas International.

She has garnered over 15 years' HR management experience drawn from various organisations in major economic sectors in Nigeria & UK. She started her career with the now defunct West Anglian Great Northern Railway line (WAGN) in 2002. Over the years, she progressively held positions at London Borough of Hackney, Makers UK. In 2012, she joined InterContinental Hotel, Lagos (IHG) as a pioneer staff and was a key member of the preopening team responsible for recruitment, strategic workforce planning, policy and process development, onboarding and employee engagement.

Prior to joining NEM Insurance Plc in April 2021, she was the HR Manager at Southern Sun Ikoyi Hotel where she played a pivotal role in the success of the company's business continuity plan during the COVID-19 pandemic outbreak that affected hospitality industry's operations.

She is currently the Group Head, Human Resources at NEM Insurance Plc where she is responsible for providing people management solutions and practices that are people driven and able to deliver on organizational strategic direction, corporate values and philosophies.

## Mrs. Olayinka Ojikutu
**– ACIPM, SPHRi, MA. HRM**
Group Head, Human Resources

# Management Team **Profile**

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)

# Management Team **Profile**

Mrs. Bolanle Baruwa obtained her HND, Insurance in 2003 at Lagos State Polytechnic (now Lagos State University of Science & Technology, Lagos) and her Master of Business Administration (MBA) in 2012 at Ladoke Akintola University of Technology, Ogbomoso.

Bolanle started her insurance career with Vigilant Insurance Company Limited in 2005 and later joined NEM Insurance Plc after the merger of Vigilant Insurance Limited with NEM Insurance Plc sequel to the 2007 industry recapitalization. She is an adept insurance professional with nineteen years of underwriting working experience across various non-life policies.

In 2019 she was appointed as the Head of Underwriting and in 2021 promoted to Group Head of the department where she supervises activities of the company's underwriting, risk survey & management. Before her appointment as the Head of the Underwriting department, Bolanle previously served as head of general accident, engineering, and bonds.

Bolanle has attended several courses and conferences, both locally and internationally in underwriting, Risk Management, Leadership, Strategy, and Technology. She is happily married with children.

## Bolanle Baruwa

**– ACIIN, MBA**

Group Head, Underwriting

# Management Team **Profile**

Mr. Olubunmi Sunday Agbabiaka is a 2001 graduate of the prestigious University of Lagos, Akoka, Lagos where he studied Insurance. He also holds M.Sc. in Risk Management and Insurance from the same institution.

He started his insurance career as a fresh graduate with Vigilant Insurance Company Limited and later had his youth service with Africa Reinsurance Corporation, Victoria Island, Lagos. In December 2007, he joined NEM Insurance Plc as an Assistant Manager and pioneer staff of the new NEM Insurance Plc (after merging with the Vigilant Insurance Company Limited).

His contribution to the company's Oil and Gas /Aviation insurance business has projected the company as one of the leading Oil & Gas underwriters in Nigeria. In recognition of his commitment, Bunmi was promoted to Group Head, Energy and Special Risks in 2021.

Bunmi has attended various courses and conferences locally and internationally in Oil and Gas, Aviation Insurance Underwriting and Claims management.

He is a member of the Chartered Insurance Institute, London, and Associate of the Chartered Insurance Institute of Nigeria (ACIIN). He is happily married with children

## Olubunmi Sunday Agbabiaka

**– CII, ACIIN, MSC**

Group Head,
Energy & Special Risks


YOUR BEST COVER FOR
PEACEFUL JOURNEY
Marine Hull Policy
Marine Cargo Policy
Voyage Policy

# Financial Statements & Notes to the Accounts

# Report Of **External Consultants On Board Appraisal**

SIAO

**Lagos Office:** 18b Olu Holloway Road,
(Former Temple Road), Off Kingsway Road,
Ikoyi, Lagos.
Tel- +234(802)1810043

**Abuja Office:** BOI House, Plot 256, Zone A
Off Herbert Macaulay Way Behind Unity
Bank Building Central Business District,Abuja.
Tel- +23492912462-3
E-mail enquiries@siao-ng.com
Website: www.siao-ng.com

SIAO/HRC/TG/018/023

March 2023

The Chairman
Board of Directors,
NEM Insurance Plc.
199 Ikorodu Road, Obanikoro, Lagos.

Dear Sir,

**STATEMENT BY THE EXTERNAL CONSULTANT ON THE BOARD PERFORMANCE AND CORPORATE GOVERNANCE ASSESSMENT OF NEM INSURANCE PLC. FOR THE YEAR ENDED 31°' DECEMBER 2022**

In line with the provisions of Principle 14.1 Qf the National Code of Corporate Governance, Section 15.1 of the SEC Code of Corporate Governance, and Section 4.0 of the NAICOM Guidelines, as well as global best practice standards on Corporate Governance, SIAO was engaged by NEM Insurance Plc. to carry out an evaluation of the performance of the Board of Directors, and an assessment of the Company's corporate govemance structure for the year ended 31 December 2022.

This assessment comprised of a review of both the corporate and statutory documents of the Company, as well as an assessment of members of the Board and key members of the Executive Management. The Board's performance and the Company's corporate governance structure were benchmarked against the provisions of the NCCG Code, the SEC Code, and the NAICOM Guidelines, as well as global best practice requirements. The key point indicators include but are not limited to:

- The Board of Directors (Composition, Terms of Service, Separation of Role of Chairman and Managing Director,
- Board Mandate, Appointment of Board Members, etc)
- Meetings (Regularity of Board Meetings, Attendance, Board Communication)
- Strategy and Planning
- Training
- Transparency and Disclosure
- Board Committees (Committee Mandate, Qualification of Members, etc)

# Report Of **External Consultants On Board Appraisal**

SIAO

Based on the concluded exercise and the Report prepared, we hereby confirm that NEM Insurance Plc. has complied significantly with the corporate governance requirements of the NCCG and SEC Codes, the NAICOM Guidelines, and recognized standards of best practice.

We trust that the Board will adopt and implement the recommendations articulated in the Board and Corporate Governance Report for further improvement of NEM Insurance Plc's corporate governance practice.

Yours Faithfully
**For: SIAO**

**Ituah Ighodalo**
Partner
FRC/2013/ICAN/00000003919

**SIAO-Accomplish More**
Audit & Accounting | Financial Advisory | Taxation | Human Resources

# Statement of **Directors' Responsibilities**

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

**The responsibilities include ensuring that:**

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act, 2011 and the yearly Operational Guidelines issued by NAICOM.

- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

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

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

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended 31 December 2022.

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 14 March 2023 by:**

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

**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 2022 that:

- We have reviewed the report;

- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.

- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
  - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

- We have disclosed to the auditors of the Company and audit committee:
  - All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

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

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

**Mr. Idowu Semowo CFO**
**FRC/2013/ICAN/00000001466**

# Environmental, Social and Governance (ESG) Report

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

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

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

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

# Report Of The **Audit And Compliance Committee**

## To the members of NEM Insurance Plc

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

- We have reviewed the scope and planning of the audit for the year ended 31 December 2022 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 2022

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/2021/003/000000022891

Date: 14 March 2023

## Members of the Audit Committee

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

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

NEM

# Independent Auditors' Report

BDO

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www.bdo-ng.com

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

**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 2022, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the financial position of the Company and its Subsidiary as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

## Basis for Opinion

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

## Key Audit Matters

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

### (i) Revenue recognition

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

**Response**

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

# Independent Auditors' Report

BDO

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

**(ii) Valuation of investment properties**

Management has estimated the value of the Company's and its Subsidiary's investment properties to be N1. 81billion as at 31 December 2022. Independent external valuations were obtained in order to support the value in the Company's and its Subsidiary's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

**Our response**

We ascertained the following

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

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

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

Management has estimated the value of insurance contract liabilities in the Company's and its Subsidiary's financial statements to be N15.65billion as at 31 December 2022 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

BDO

**(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 N21 billion as at 31 December 2022 representing 46% 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, stages 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 flows 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 flows 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

# Independent Auditors' Report

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

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

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

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.

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

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

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

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

# Independent Auditors' Report

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group's 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.

## Contravention of laws and regulations

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

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

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

# Independent Auditors' Report

BDO

## Report on other legal and regulatory requirements

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

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

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

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

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

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
0089012

Lagos, Nigeria
28 March 2023

# 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 14 March 2023.

**(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 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commisson and Investment and Securities Act 2007.

### 1.3.1 Foreign currency translation

**(a) Functional and Presentation Currency**

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

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

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

# Statement Of **Significant Accounting Policies**

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 Group'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

# Statement Of **Significant Accounting Policies**

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, interpretations and amendments

### 1.6.1 New standards, interpretations and amendments adopted from 1 January 2022

New standards effective for adoption in the annual financial statements for the year ended 31 December 2022 but had no significant effect or impact on the Group are:

| Standard/Interpretation | | Date issued by IASB | Effective date |
|---|---|---|---|
| IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract | 14 May 2020 | 1 January 2022 |
| Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 | Annual Improvements to IFRS Standards 2018–2020 | 14 May 2020 | 1 January 2022 |
| IAS 16 | "Property, Plant and Equipment: Proceeds before Intended Use" | 14 May 2020 | 1 January 2022 |
| IFRS 3 | Reference to the Conceptual Framework | 14 May 2020 | 1 January 2022 |

# Statement Of **Significant Accounting Policies**

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

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2022. They have not been adopted in preparing the financial statements for the year 31 December 2022.

| Standard/Interpretation | | Date issued by IASB | Effective date |
|---|---|---|---|
| IAS 1 | Classification of liabilities as current or non-current | 23 January 2020 | 1 January 2023 |
| IAS 1 | Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 12 February 2021 | 1 January 2023 |
| IAS 8 | Definition of Accounting Estimates (Amendments to IAS 8) | 12 February 2021 | 1 January 2023 |
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12) | 7 May 2021 | 1 January 2023 |
| IAS 1 | Non-current Liabilities with covenants | 31 October 2022 | 1 January 2024 |
| IAS 16 | Lease Liability in a sale and Leaseback (Amendments to IFRS 16) | 22 September 2022 | 1 January 2024 |
| IFRS 17 Insurance Contracts | IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. | 1 June 2020 | 1 January 2023 |

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

## 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

### 2.1 CONSOLIDATION

**(i) Subsidiaries**

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

# Statement Of **Significant Accounting Policies**

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

# Statement Of **Significant Accounting Policies**

of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

## 2.3 FINANCIAL ASSETS

### 2.3.1 Recognition

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

### 2.3.2 Classification and Measurement

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

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

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

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

**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 Group'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 Group'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

# Statement Of **Significant Accounting Policies**

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

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

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

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

(ii) Where these sales shall be insignificant in value both individually and in aggregate, even if frequent. A sale shall be considered insignificant if the portion of the financial assets sold shall be equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model. (iii) When these sales shall be made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial asset has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

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

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

### Cash flows Characteristics Assessment

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

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

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

## A. Classification of Financial Assets

### a) Financial assets measured at amortised cost

Financial assets shall be measured at amortised cost if they are held within a business model whose objective shall be to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category shall be carried at amortized cost using the effective interest rate method. The effective interest rate shall be the rate that discounts estimated future cash

# Statement Of **Significant Accounting Policies**

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 profit or loss and other comprehensive 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 profit or loss and other comprehensive 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 Profit or Loss and Other Comprehensive Income. The Group 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 Profit or Loss and Other Comprehensive Income.

Dividends received shall be recorded in Interest income in the Consolidated Statement of Profit or Loss and Other Comprehensive 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 Profit or Loss and Other Comprehensive 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

# Statement Of Significant Accounting Policies

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 ofprofit or loss and other comprehensive 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 Profit or Loss and Other Comprehensive Income upon derecognition/extinguishment of the liabilities.

**(b) Financial Liabilities at amortised cost**

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

## C. Reclassifications

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

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

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

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

(a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
(b) A temporary disappearance of a particular market for financial assets.
(c) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 30 April 2020, the reclassification date will be 1 January, 2021

# Statement Of **Significant Accounting Policies**

(i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 30 April, 2020. 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 assesses 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 adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

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

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

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

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

#### Measurement of Expected Credit Losses

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

# Statement Of **Significant Accounting Policies**

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

# Statement Of **Significant Accounting Policies**

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
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

# Statement Of **Significant Accounting Policies**

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

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

# Statement Of **Significant Accounting Policies**

### (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.

## 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.

# Statement Of **Significant Accounting Policies**

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 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.

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 is 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

# Statement Of **Significant Accounting Policies**

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

**(ii) Goodwill**

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

## 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:

# Statement Of **Significant Accounting Policies**

| 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 Leases (Policy applicable as of 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or

# Statement Of **Significant Accounting Policies**

rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## 2.15 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:

### a) Insurance Funds

### i) Reserves for unearned premium

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

### ii) Reserves for additional unexpired risk

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

### iii) Reserves for outstanding claims

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

### b) Liability adequacy test

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

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

# Statement Of **Significant Accounting Policies**

## 2.16 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.

## 2.17 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 gratuity 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 Other Comprehensive Income (OCI) 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.

## 2.18 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

# Statement Of **Significant Accounting Policies**

assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

However, deferred income tax is not recognized for:

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

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

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

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.

## 2.19 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.

## 2.20 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

## 2.21 ASSET REVALUATION RESERVE

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.

## 2.22 RETAINED EARNINGS

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

## 2.23 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.

# Statement Of **Significant Accounting Policies**

## 2.24 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.

## 2.25 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 entities operate (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's presentation currency.

**(b) Transactions and balances**

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

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'.

## 2.26 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

# Statement Of **Significant Accounting Policies**

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.

## 2.27 REINSURANCE EXPENSES

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

## 2.28 FEES AND COMMISSION INCOME

Fees and commission income represents the income the Group 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.

## 2.29 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.

## 2.3 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.

# Statement Of **Significant Accounting Policies**

## 2.31 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.

## 2.32 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.

## 2.33 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.

## 2.34 CONTINGENT LIABILITIES

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

# Statement Of **Financial Position**

## As At 31 December, 2022

| | Notes | Group 2022 ₦'000 | Group 2021 ₦'000 | Parent 2022 ₦'000 | Parent 2021 ₦'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 3 | 8,878,011 | 7,895,469 | 8,842,182 | 7,841,181 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 4 | 5,800,623 | 5,354,017 | 5,800,623 | 5,354,017 |
| - At fair value through other comprehensive income | 4 | 53,731 | 84,884 | 53,731 | 84,884 |
| - At amortised cost | 4 | 12,159,020 | 8,143,491 | 12,159,020 | 8,143,491 |
| Trade receivables | 5 | 672,356 | 1,479,056 | 672,356 | 1,479,056 |
| Reinsurance assets | 6 | 9,712,498 | 7,565,820 | 9,712,498 | 7,565,820 |
| Deferred acquisition costs | 7 | 1,446,991 | 1,030,753 | 1,446,991 | 1,030,753 |
| Other receivables and prepayments | 8 | 723,428 | 414,712 | 581,362 | 263,776 |
| Investment in Associate Regency NEM | 9 | - | - | - | - |
| Investment in Subsidiary | 10 | - | - | 150,000 | 150,000 |
| Investment properties | 11 | 1,813,768 | 1,706,167 | 1,813,768 | 1,706,167 |
| Statutory deposit | 12 | 320,000 | 320,000 | 320,000 | 320,000 |
| Intangible asset | 13 | 15,721 | 10 | 15,721 | 10 |
| Property, Plant and Equipment | 14 | 3,886,188 | 3,794,957 | 3,878,192 | 3,784,962 |
| Right-of-use Assets | 14(c) | 149,520 | 209,920 | 149,520 | 209,920 |
| Deferred tax assets | 20(i) | 256,411 | 257,505 | 253,568 | 253,568 |
| **Total Assets** | | **45,888,266** | **38,256,761** | **45,849,532** | **38,187,605** |
| | | | | | |
| **Liabilities** | | | | | |
| Insurance contract liabilities | 15 | 15,645,093 | 12,217,843 | 15,645,093 | 12,217,843 |
| Trade payables | 16 | 487,527 | 410,728 | 487,527 | 410,728 |
| Other payables | 17 | 2,107,289 | 1,893,238 | 2,102,128 | 1,860,814 |
| Lease liabilities | 17(d) | 35,999 | 139,623 | 35,999 | 139,623 |
| Retirement benefit obligations | 18 | 29,497 | 52,414 | 29,497 | 52,414 |
| Income tax liability | 19 | 379,224 | 623,508 | 378,179 | 618,736 |
| Deferred tax liabilities | 20(ii) | 3,687 | 10,387 | 3,687 | 10,387 |
| | | 18,688,316 | 15,347,741 | 18,682,110 | 15,310,545 |
| | | | | | |
| Share capital | 21 | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |
| Statutory contingency reserve | 22 | 7,186,595 | 6,098,784 | 7,186,595 | 6,098,784 |
| Retained earnings | 23 | 12,898,098 | 9,649,912 | 12,865,570 | 9,617,952 |
| FVOCI reserve | 24 | (67,765) | (36,612) | (67,765) | (36,612) |
| Asset revaluation reserve | 25 | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 |
| Other Reserves - gratuity | 26 | 58,581 | 72,495 | 58,581 | 72,495 |
| Total Equity | | 27,199,950 | 22,909,020 | 27,167,422 | 22,877,060 |
| | | | | | |
| **Total Equity and Liabilities** | | **45,888,266** | **38,256,761** | **45,849,532** | **38,187,605** |

The financial statements on pages 28 to 95 were approved by the Board of Directors and authorised for issue on 14 March 2023 and signed on its behalf by:

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

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

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

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

# Statement Of **Profit Or Loss & Other Comprehensive Income**

## For The Year Ended 31 December 2022

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross premiums written | 27 | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |
| Increase in unearned premium | 28(a) | (1,935,450) | (1,329,834) | (1,935,450) | (1,329,834) |
| **Gross premium income** | **28** | 31,433,600 | 26,545,254 | 31,433,600 | 26,545,254 |
| Reinsurance expenses | 29 | (9,283,442) | (7,239,127) | (9,283,442) | (7,239,127) |
| **Net premium income** | | 22,150,158 | 19,306,127 | 22,150,158 | 19,306,127 |
| Fees and commission income | 30 | 1,562,242 | 1,454,875 | 1,562,242 | 1,454,875 |
| **Net underwriting income** | | 23,712,400 | 20,761,002 | 23,712,400 | 20,761,002 |
| Claims expenses | 31 | (7,647,470) | (5,560,885) | (7,647,470) | (5,560,885) |
| Underwriting expenses | 32 | (9,856,218) | (8,204,631) | (9,856,218) | (8,204,631) |
| **Underwriting profit** | | 6,208,712 | 6,995,486 | 6,208,712 | 6,995,486 |
| Investment income | 33 | 1,555,154 | 1,134,507 | 1,555,154 | 1,134,507 |
| Net Fair value gain | 34 | 174,088 | 358,318 | 174,088 | 358,318 |
| Other operating income | 35 | 1,378,383 | 292,526 | 1,324,892 | 251,147 |
| Loss on disposal of property, plant and equipment | 37 | (36,425) | (12,104) | (36,425) | (12,104) |
| Management expenses | 36 | (3,724,696) | (4,197,765) | (3,673,499) | (4,172,106) |
| Write back/(Allowance) for credit losses - Cash | 3 | 1,299 | (6,030) | 1,299 | (6,030) |
| (Allowance)/ Write back for credit losses - Bonds | 4.3(e) | (10,490) | 22,122 | (10,490) | 22,122 |
| Allowance for credit losses - Fixed deposits | 4.3(f) | (9,736) | (9,997) | (9,736) | (9,997) |
| Finance cost | | - | (3,740) | - | (3,740) |
| Profit before NITDA and taxation | | 5,536,289 | 4,573,323 | 5,533,995 | 4,557,603 |
| Information Technology | | | | | |
| Development Levy | 19(a) | (54,792) | (45,125) | (54,792) | (45,125) |
| **Profit before taxation** | | 5,481,497 | 4,528,198 | 5,479,203 | 4,512,478 |
| Income taxes | 19(b) | (41,875) | (95,918) | (40,149) | (88,192) |
| **Profit for the year after tax** | | 5,439,622 | 4,432,280 | 5,439,054 | 4,424,286 |
| | | | | | |
| **Other comprehensive income:** | | | | | |
| **Items within OCI that may be reclassified to the** | | | | | |
| **Profit or loss:** | | | | | |
| Actuarial (loss)/gain-change in assumption | 18 | (72) | 10,293 | (72) | 10,293 |
| | | | | | |
| Actuarial loss - experience adjustment | 18 | (20,542) | (8,795) | (20,542) | (8,795) |
| | | | | | |
| Deferred tax | 20(ii) | 6,700 | (150) | 6,700 | (150) |
| | | | | | |
| Gain on FVTOCI | 24 | (31,153) | 3,566 | (31,153) | 3,566 |
| **Items within OCI that will not be reclassified to the** | | | | | |
| **Profit or loss:** | | | | | |
| Gain on revaluation of land and buildings | 25 | - | 1,023,726 | - | 1,023,726 |
| Deferred tax | 25 | - | (10,237) | - | (10,237) |
| | | | | | |
| Total other comprehensive (loss)/income for the year | | (45,067) | 1,018,403 | (45,067) | 1,018,403 |
| | | | | | |
| Total comprehensive income for the year | | 5,394,555 | 5,450,683 | 5,393,987 | 5,442,689 |
| | | | | | |
| **Basic earnings per share (Kobo)** | | **1.08** | **0.88** | **1.08** | **0.88** |
| **Diluted earnings per shares (Kobo)** | | **1.08** | **0.88** | **1.08** | **0.88** |

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

# Statement of
# **Changes in Equity**

## for the year ended 31 December 2022

## Group

| | Share capital N'000 | Share premium N'000 | Contingen-cy reserve N'000 | Other reserve -Gratuity N'000 | FVOCI Reserve N'000 | Asset revaluation reserve N'000 | Retained earnings N'000 | Total equity N'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance 1 January 2022** | **5,016,477** | **-** | **6,098,784** | **72,495** | **(36,612)** | **2,107,964** | **9,649,912** | **22,909,020** |
| **Total comprehensive income for the year:** | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 5,439,622 | 5,439,622 |
| Transfer to contingency reserve | - | - | 1,087,811 | | - | - | (1,087,811) | - |
| Dividend paid during the year | - | - | - | - | - | - | (1,103,625) | (1,103,625) |
| Transfer to share capital | - | - | - | - | - | - | - | - |
| Fair value loss on FVOCI | - | - | - | - | (31,153) | - | - | (31,153) |
| Changes in valuation of gratuity | - | - | - | (13,914) | - | - | - | (13,914) |
| **Balance 31 December 2022** | **5,016,477** | **-** | **7,186,595** | **58,581** | **(67,765)** | **2,107,964** | **12,898,098** | **27,199,950** |
| | | | | | | | | |
| **Balance 1 January 2021** | **5,016,477** | **-** | **5,213,927** | **71,147** | **(40,178)** | **1,094,475** | **7,005,455** | **18,361,303** |
| **Total comprehensive income for the year:** | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 4,432,280 | 4,432,280 |
| Transfer to contingency reserve | - | - | 884,857 | - | - | - | (884,857) | - |
| Dividend paid during the year | - | - | - | - | - | - | (902,966) | (902,966) |
| Fair value gain on FVOCI | - | - | - | - | 3,566 | - | - | 3,566 |
| Changes in valuation of gratuity | - | - | - | 1,348 | - | - | - | 1,348 |
| Changes in valuation of land and building | - | - | - | - | - | 1,013,489 | - | 1,013,489 |
| **Balance 31 December 2021** | **5,016,477** | **-** | **6,098,784** | **72,495** | **(36,612)** | **2,107,964** | **9,649,912** | **22,909,020** |

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

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# Statement of
# Changes in Equity

## for the year ended 31 December 2022

## Parent

| | Share capital N'000 | Share premium N'000 | Contingency reserve N'000 | Other reserve -Gratuity N'000 | FVOCI Reserve N'000 | Asset revaluation reserve N'000 | Retained earnings N'000 | Total equity N'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance 1 January 2022** | **5,016,477** | **-** | **6,098,784** | **72,495** | **(36,612)** | **2,107,964** | **9,617,952** | **22,877,060** |
| **Total comprehensive income** | | | | | | | | |
| **for the year:** | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 5,439,054 | 5,439,054 |
| Transfer to contingency reserve | - | - | 1,087,811 | - | - | - | (1,087,811) | - |
| Dividend paid during the year | - | - | - | | - | - | (1,103,625) | (1,103,625) |
| Transfer to share capital | | | | | | | | |
| Fair value loss on FVOCI | - | - | - | - | (31,153) | - | - | (31,153) |
| Changes in valuation of gratuity | - | - | - | (13,914) | - | - | - | (13,914) |
| **Balance 31 December 2022** | **5,016,477** | **-** | **7,186,595** | **58,581** | **(67,765)** | **2,107,964** | **12,865,570** | **27,167,422** |
| | | | | | | | | |
| **Balance 1 January 2021** | **5,016,477** | **-** | **5,213,927** | **71,147** | **(40,178)** | **1,094,475** | **6,981,489** | **18,337,337** |
| **Total comprehensive income** | | | | | | | | |
| **for the year:** | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 4,424,286 | 4,424,286 |
| Transfer to contingency reserve | - | - | 884,857 | - | - | - | (884,857) | - |
| Dividend paid during the year | - | - | - | - | - | - | (902,966) | (902,966) |
| Fair value gain on FVOCI | - | - | - | - | 3,566 | - | - | 3,566 |
| Changes in valuation of gratuity | - | - | - | 1,348 | - | - | - | 1,348 |
| Changes in valuation of land and building | - | - | - | - | - | 1,013,489 | - | 1,013,489 |
| **Balance 31 December 2021** | **5,016,477** | **-** | **6,098,784** | **72,495** | **(36,612)** | **2,107,964** | **9,617,952** | **22,877,060** |

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

# Statement Of **Cash Flows**

## For the Year ended 31 December, 2022

| | Notes | Group 2022 ₦'000 | Group 2021 ₦'000 | Parent 2022 ₦'000 | Parent 2021 ₦'000 |
|---|---|---|---|---|---|
| **Cash flows from Operating Activities:** | | | | | |
| Premium received from policy holders | 41(a) | 33,880,290 | 26,467,387 | 33,880,290 | 26,467,387 |
| Deposit premium | 16 | 295,460 | 156,785 | 295,460 | 156,785 |
| Reinsurance Premium Paid | 29(a) | (10,030,390) | (7,503,726) | (10,030,390) | (7,503,726) |
| Fees and Commission Received | 30 | 1,732,100 | 1,411,751 | 1,732,100 | 1,411,751 |
| Direct Claims Paid | 31 | (12,294,580) | (11,603,949) | (12,294,580) | (11,603,949) |
| Claims paid on behalf of co-assurance companies | 6.5 | (2,413) | (421,751) | (2,413) | (421,751) |
| Claims Received from Reinsurers | 31(d) | 3,608,638 | 2,192,000 | 3,608,638 | 2,192,000 |
| Claims Received from co-assurance companies | 31(c) | 1,177,491 | 2,550,179 | 1,177,491 | 2,550,179 |
| Commission Paid | 32(b) | (6,033,240) | (4,315,230) | (6,033,240) | (4,315,230) |
| Maintenance Expenses Paid | 32(d) | (4,200,041) | (2,973,048) | (4,200,041) | (2,973,048) |
| Cash paid to and on behalf of Employees | 36(a) | (1,883,059) | (1,893,066) | (1,871,085) | (1,882,727) |
| Other Operating Expenses paid | | (737,615) | (752,374) | (735,489) | (806,985) |
| Company Income Tax Paid | 19(bii) | (162,146) | (187,788) | (157,787) | (184,867) |
| **Net cash inflow from operating activities** | | **5,350,495** | **3,127,170** | **5,368,954** | **3,085,819** |
| **Cash flows from Investing Activities:** | | | | | |
| Purchase of FVTPL | 4.1 | (377,119) | (590,000) | (377,119) | (590,000) |
| Investment in short term placement above 90 days | 4.3(d) | (1,339,732) | (1,287,525) | (1,339,732) | (1,287,525) |
| Purchase of financial assets at amortised cost | 4.3(a) | (2,696,023) | (738,312) | (2,696,023) | (738,312) |
| Investment Income received | 33 | 1,555,154 | 1,134,507 | 1,555,154 | 1,134,507 |
| Acquisition of Intangible assets | 13 | (19,639) | - | (19,639) | - |
| Acquisition of Investment properties | 11 | (3,000) | (15,136) | (3,000) | (15,136) |
| Acquisition of property, plant and equipment | 14 | (362,687) | (108,986) | (362,687) | (96,492) |
| Proceeds from disposal on PPE | 37 | 1,803 | 5,994 | 1,803 | 5,994 |
| **Net cash outflow from investing activities** | | **(3,241,243)** | **(1,599,458)** | **(3,241,243)** | **(1,586,964)** |
| **Cash flows from financing activities** | | | | | |
| Lease initial deposit payment | 17(d) | - | (65,560) | - | (65,560) |
| Lease payment during the year | 17(d) | (127,424) | (121,529) | (127,424) | (121,529) |
| Dividends paid to equity holders of the parent | 17(b(i)) | (999,286) | (797,343) | (999,286) | (797,343) |
| **Net cash outflow from financing activities** | | **(1,126,710)** | **(984,432)** | **(1,126,710)** | **(984,432)** |
| Total cash inflow | | 982,542 | 543,280 | 1,001,001 | 514,423 |
| Cash and cash equivalents at 1 January | | 7,895,469 | 7,352,189 | 7,841,181 | 7,326,758 |
| **Cash and cash equivalents at 31 December** | | **8,878,011** | **7,895,469** | **8,842,182** | **7,841,181** |
| Represented by: | | | | | |
| **Cash and cash equivalents at 31 December** | **3** | **8,878,011** | **7,895,469** | **8,842,182** | **7,841,181** |

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 3. Cash and Cash Equivalents

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Cash - petty cash | 1,107 | 1,914 | 1,107 | 1,910 |
| Balances with Local banks | 1,681,926 | 1,130,959 | 1,646,097 | 1,076,675 |
| Domiciliary accounts with local banks | 928,325 | 626,832 | 928,325 | 626,832 |
| Placement with banks | 5,004,299 | 5,119,330 | 5,004,299 | 5,119,330 |
| Placement with other institutions | 1,268,998 | 1,024,377 | 1,268,998 | 1,024,377 |
| | **8,884,655** | **7,903,412** | **8,848,826** | **7,849,124** |
| Allowance for credit losses (Note 3(c)) | (6,644) | (7,943) | (6,644) | (7,943) |
| **Total cash and cash equivalents** | **8,878,011** | **7,895,469** | **8,842,182** | **7,841,181** |
| | | | | |
| Current | 8,878,011 | 7,895,469 | 8,842,182 | 7,841,181 |
| 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 8.82%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

| (a) **Attributable to policyholders** | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Balances with Local Banks | 1,683,033 | 1,132,873 | 1,647,204 | 1,078,585 |
| Domiciliary Accounts with local banks | 928,325 | 626,832 | 928,325 | 626,832 |
| Placement with Banks | 5,004,299 | 5,119,330 | 5,004,299 | 5,119,330 |
| | 7,615,657 | 6,879,035 | 7,579,828 | 6,824,747 |

| (b) **Attributable to shareholders** | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Balances with local banks | - | - | - | - |
| Placement with other institutions | 1,268,998 | 1,024,377 | 1,268,998 | 1,024,377 |
| Cash and cash equivalents | 8,884,655 | 7,903,412 | 8,848,826 | 7,849,124 |

| (c) **Impairment allowance for cash & cash equivalents** | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January | 7,943 | 1,913 | 7,943 | 1,913 |
| (Write back)/additions during the year (Note 36(c)) | (1,299) | 6,030 | (1,299) | 6,030 |
| **Balance as at the 31 December** | 6,644 | 7,943 | 6,644 | 7,943 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 4. Financial Assets

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Fair value through profit or loss (Note 4.1) | 5,800,623 | 5,354,017 | 5,800,623 | 5,354,017 |
| Fair value through other comprehensive income (Note 4.2) | 53,731 | 84,884 | 53,731 | 84,884 |
| Financial assets at amortised cost (Note 4.3) | 12,159,020 | 8,143,491 | 12,159,020 | 8,143,491 |
| | 18,013,374 | 13,582,392 | 18,013,374 | 13,582,392 |
| | | | | |
| Current | 165,217 | 85,272 | 165,217 | 85,272 |
| Non- current | 17,848,157 | 13,497,120 | 17,848,157 | 13,497,120 |
| | 18,013,374 | 13,582,392 | 18,013,374 | 13,582,392 |

### 4.1 Financial assets at fair value through profit or loss

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 5,354,017 | 4,479,121 | 5,354,017 | 4,479,121 |
| Purchases | 377,119 | 590,000 | 377,119 | 590,000 |
| Fair value gains (Note 34) | 69,487 | 284,896 | 69,487 | 284,896 |
| Balance at the end of the year | 5,800,623 | 5,354,017 | 5,800,623 | 5,354,017 |
| | | | | |
| Attributable to policyholders | 5,800,623 | 5,354,017 | 5,800,623 | 5,354,017 |
| Attributable to shareholders | - | - | - | - |

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

### 4.2 Fair value through other comprehensive income

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

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

Equity investments at FVOCI comprise the following individual investments:

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Equity securities** | N'000 | N'000 | N'000 | N'000 |
| **Fair value** | | | | |
| CSCS | 30,148 | 43,434 | 30,148 | 43,434 |
| WAMCO | 23,583 | 41,450 | 23,583 | 41,450 |
| | 53,731 | 84,884 | 53,731 | 84,884 |

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

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| (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 | 84,884 | 81,318 | 84,884 | 81,318 |
| | Fair value (loss)/ gain (Note 24) | (31,153) | 3,566 | (31,153) | 3,566 |
| | Balance at the end of the year | 53,731 | 84,884 | 53,731 | 84,884 |
| | | | | | |
| | Attributable to policy holders | - | - | - | - |
| | Attributable to shareholders | 53,731 | 84,884 | 53,731 | 84,884 |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| **4.3** | **Financial assets at amortised cost** | N'000 | N'000 | N'000 | N'000 |
| | Bonds (Note 4.3(a)) | 6,922,963 | 4,237,430 | 6,922,963 | 4,237,430 |
| | Fixed deposits and Treasury bills (Note 4.3(d)) | 5,236,057 | 3,906,061 | 5,236,057 | 3,906,061 |
| | | 12,159,020 | 8,143,491 | 12,159,020 | 8,143,491 |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| (a) | **Bonds** | N'000 | N'000 | N'000 | N'000 |
| | Balance at the beginning of the year | 4,255,650 | 3,517,338 | 4,255,650 | 3,517,338 |
| | Purchases during the year | 2,696,023 | 738,312 | 2,696,023 | 738,312 |
| | | 6,951,673 | 4,255,650 | 6,951,673 | 4,255,650 |
| | Allowance for credit losses (Note 4.3(e)) | (28,710) | (18,220) | (28,710) | (18,220) |
| | Balance at the end of the year | 6,922,963 | 4,237,430 | 6,922,963 | 4,237,430 |

# Notes To The **Financial Statements**
For The Year Ended 31 December 2022

| | | | | | Parent | |
|---|---|---|---|---|---|---|
| | | | 2022 | | 2022 | 2021 |
| (b) | Breakdown of the bonds | Maturity date | Coupon Rate | Frequency | N'000 | N'000 |
| | Fidelity(Eurobond) | October 2026 | 7.63% | Half yearly | 46,984 | 46,984 |
| | Sterling Bond(Corporate Bond) | October 2025 | 16.25% | Half yearly | 29,933 | 29,933 |
| | Ondo State Bond | January 2027 | 13.00% | Half yearly | 36,924 | 42,651 |
| | Capital Express(FGN BOND) | Various | Various | Half yearly | 450,945 | 227,588 |
| | MBC(Flourmill Bond)(Corporate Bond) | February 2025 | 11.10% | Half yearly | 100,000 | 100,000 |
| | Apel Asset(FGN Bond) | June 2027 | 11.20% | Half yearly | 150,000 | - |
| | UBA Capital (Bond)(Corporate Bond) | May 2025 | 12.50% | Half yearly | 57,521 | 76,070 |
| | Nova Merchant Bank(Bond)(Corporate Bond) | June 2027 | 12.00% | Half yearly | 52,000 | 52,000 |
| | FSDH(Euro Bond)(first Bank Nigeria) | Various | Various | Half yearly | 2,031,925 | 1,711,557 |
| | ValueFund Property(Corporate Bond) | January 2023 | 13.50% | Half yearly | 50,000 | 50,000 |
| | Lagos State(Bond) | Various | Various | Half yearly | 68,072 | 70,000 |
| | Edo State Bond | December 2025 | 9.00% | Half yearly | 50,000 | 50,000 |
| | CardinalStone Bond(Corporate Bond) | December 2025 | 7.00% | Half yearly | 150,000 | 150,000 |
| | Sokoto State Bond | May 2023 | 12.50% | Half yearly | 30,963 | 77,608 |
| | Powercorp Green Bond | April 2031 | 12.00% | Half yearly | 310,250 | 346,750 |
| | CEGAM Insurance Note(Bond) | May 2023 | 12.00% | Half yearly | 57,145 | - |
| | Garden City Bond | February 2024 | 6.00% | Half yearly | 500,000 | 500,000 |
| | Kwara State Bond | July 2028 | 15.00% | Half yearly | 44,629 | 50,000 |
| | Ecobank Euro Bond | February 2026 | 7.13% | Half yearly | 120,798 | 120,798 |
| | Chapel Hill Bond | September 2028 | 6.13% | Half yearly | 82,000 | 82,000 |
| | Value fund | January 2023 | 13.50% | Half yearly | 50,000 | - |
| | Apel Eurobond Trust(Ghana Bond) | January 2026 | 8.13% | Half yearly | 41,600 | - |
| | Presco Bond | March 2029 | 12.85% | Half yearly | 28,000 | - |
| | Niger State Bond | February 2029 | 15.50% | Half yearly | 47,898 | - |
| | FGN BOND(ZEDCREST) | January 2026 | 12.50% | Half yearly | 150,000 | - |
| | Fidelity(Eurobond) | October 2026 | 7.63% | Half yearly | 247,800 | - |
| | Minaret Sukuk Bond | September 2028 | 15.00% | Half yearly | 71,396 | - |
| | Gombe Bond(Jewel Sukuk) | August 2029 | 14.50% | Half yearly | 47,822 | - |
| | PAT Digital Infra Fund(Bond) | February 2032 | 13.25% | Half yearly | 100,000 | - |
| | Value fund | January 2023 | 13.50% | Half yearly | 50,000 | 50,000 |
| | Dangote Cement | April 2027 | 11.85% | Half yearly | 116,570 | - |
| | FGN BOND(Apel Capital) | March 2027 | 16.29% | Half yearly | 250,687 | - |
| | Eurobond(ZEDCREST) | October 2026 | 7.63% | Half yearly | 104,000 | - |
| | Eurobond(Access bank 2026)Zedcrest | September 2026 | 6.13% | Half yearly | 124,800 | - |
| | Apel Capital(FGN Bond) | January 2026 | 12.50% | Half yearly | 112,311 | 150,000 |
| | Geregu Power Plc | July 2029 | 14.50% | Half yearly | 100,000 | - |
| | Dangote Bond | July 2029 | 12.75% | Half yearly | 50,000 | - |
| | Cross River State Bond | August 2029 | 15.50% | Half yearly | 75,000 | - |
| | MTN Bond | September 2026 | 13.50% | Half yearly | 100,000 | - |
| | Zamfara State Bond | October 2029 | 17.00% | Half yearly | 200,000 | - |
| | Alagbaka Power Bond | September 2023 | 19.00% | Half yearly | 150,000 | - |
| | FGN Eurobond | November 2025 | 7.63% | Half yearly | 128,700 | - |
| | Capital Express (CEGAM) | November 2023 | 12.00% | Half yearly | 185,000 | 171,429 |
| | Wema bond | May 2022 | 18.50% | Half yearly | - | 49,894 |
| | EduMed bond | October 2022 | 14.00% | Half yearly | - | 50,000 |
| | Ondo State Bond | August 2022 | 15.50% | Half yearly | - | 388 |
| | | | | | **6,951,673** | **4,255,650** |

**(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**

For The Year Ended 31 December 2022

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| (d) | **Fixed deposits and Treasury bills** | N'000 | N'000 | N'000 | N'000 |
| | Balance at the beginning of the year | 3,932,773 | 2,645,248 | 3,932,773 | 2,645,248 |
| | Additions during the year | 1,339,732 | 1,287,525 | 1,339,732 | 1,287,525 |
| | | 5,272,505 | 3,932,773 | 5,272,505 | 3,932,773 |
| | Allowance for credit losses (Note 4.3(f)) | (36,448) | (26,712) | (36,448) | (26,712) |
| | **Balance at the end of the year** | **5,236,057** | **3,906,061** | **5,236,057** | **3,906,061** |
| | | | | | |
| | **Attributable to policyholders** | - | - | - | - |
| | **Attributable to shareholders** | **12,159,020** | **8,143,491** | **12,159,020** | **8,143,491** |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| (e) | **Impairment allowance on Bond:** | N'000 | N'000 | N'000 | N'000 |
| | ECL allowance as at 1 January | 18,220 | 40,342 | 18,220 | 40,342 |
| | Allowance/(Write back) during the year (Note 36(c)) | 10,490 | (22,122) | 10,490 | (22,122) |
| | **Balance at the end of the year (Note 4.3(a))** | **28,710** | **18,220** | **28,710** | **18,220** |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| (f) | **Impairment allowance on Fixed deposits and Treasury bills:** | N'000 | N'000 | N'000 | N'000 |
| | ECL allowance as at 1 January | 26,712 | 16,715 | 26,712 | 16,715 |
| | Additions during the year (Note 36(c)) | 9,736 | 9,997 | 9,736 | 9,997 |
| | **Balance at the end of the year (Note 4.3(d))** | **36,448** | **26,712** | **36,448** | **26,712** |

## 5 Trade Receivables

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Premium Receivable (Note 5(a)) | 672,356 | 1,479,056 | 672,356 | 1,479,056 |
| Receivable from reinsurer | - | - | - | - |
| | **672,356** | **1,479,056** | **672,356** | **1,479,056** |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(a) Premium Receivable**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 1,479,056 | 228,140 | 1,479,056 | 228,140 |
| Gross premium written during the year (Note 28) | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |
| Premium received in the year | (34,175,750) | (26,624,172) | (34,175,750) | (26,624,172) |
| **Balance at the end of the year** | **672,356** | **1,479,056** | **672,356** | **1,479,056** |
| | | | | |
| Current | 672,356 | 1,479,056 | 672,356 | 1,479,056 |
| Non-current | - | - | - | - |

**(b) Analysis of Trade Receivables**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Amount due from reinsurance Companies | - | - | - | - |
| **Amount due from Insurance Brokers** | **672,356** | **1,479,056** | **672,356** | **1,479,056** |

**(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.

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Age of Trade Receivables** | N'000 | N'000 | N'000 | N'000 |
| Within 14 days | 672,356 | 1,479,056 | 672,356 | 1,479,056 |
| Within 15 -30 days | - | - | - | - |
| Within 31 -90 days | - | - | - | - |
| Within 91 -180 days | - | - | - | - |
| Above 180 days | - | - | - | - |
| | 672,356 | 1,479,056 | 672,356 | 1,479,056 |

**(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 2022.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 6 Reinsurance Assets

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Reinsurance share of UPR (Note 6.1) | 2,374,961 | 1,583,477 | 2,374,961 | 1,583,477 |
| Reinsurance share of IBNR (Note 6.2) | 2,144,718 | 1,951,123 | 2,144,718 | 1,951,123 |
| Reinsurance share of Outstanding Claim (Note 6.3) | 2,369,489 | 1,615,475 | 2,369,489 | 1,615,475 |
| | 6,889,168 | 5,150,075 | 6,889,168 | 5,150,075 |
| Reinsurance share of Claims paid (Note 6.4) | 2,792,910 | 2,038,968 | 2,792,910 | 2,038,968 |
| Co-assurance receivables (Note 6.5) | 30,420 | 376,777 | 30,420 | 376,777 |
| | 9,712,498 | 7,565,820 | 9,712,498 | 7,565,820 |
| | | | | |
| Current | 2,405,381 | 1,960,254 | 2,405,381 | 1,960,254 |
| Non-current | 7,307,117 | 5,605,566 | 7,307,117 | 5,605,566 |

## 6.1 Prepaid Reinsurance expense

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Reinsurance share of UPR (Note 6.1(a)) | 2,374,961 | 1,583,477 | 2,374,961 | 1,583,477 |
| Prepaid reinsurance premium (Note (6.1(b)) | - | - | - | - |
| | 2,374,961 | 1,583,477 | 2,374,961 | 1,583,477 |

### (a) Reinsurance share of UPR

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 1,583,477 | 1,493,504 | 1,583,477 | 1,493,504 |
| Movement during the year (Note 29) | 791,484 | 89,973 | 791,484 | 89,973 |
| Balance at the end of year | 2,374,961 | 1,583,477 | 2,374,961 | 1,583,477 |

(b) Prepaid reinsurance premium of N2,374,961 (2021: N1,583,477,000) was as a result of time apportionment on reinsurance outward ceded out amounting to N10,074,926 (2021: N7,239,100,000).

### (c) Prepaid reinsurance premium

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | - | - | - | - |
| Premium ceded during the year (Note 29(a)) | 10,074,926 | 7,329,100 | 10,074,926 | 7,329,100 |
| Balance at the end of the year (Note 6.1(b)) | - | - | - | - |
| Amortised Reinsurance | 10,074,926 | 7,329,100 | 10,074,926 | 7,329,100 |
| Movement in UPR during the year (Note 29) | (791,484) | (89,973) | (791,484) | (89,973) |
| Reinsurance Expenses (Note 29) | 9,283,442 | 7,239,127 | 9,283,442 | 7,239,127 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 6.2 Reinsurance share of IBNR

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 1,951,123 | 680,276 | 1,951,123 | 680,276 |
| Movement during the year (Note 31(d)) | 193,595 | 1,270,847 | 193,595 | 1,270,847 |
| Balance at the end of year (Note 6) | 2,144,718 | 1,951,123 | 2,144,718 | 1,951,123 |

## 6.3 Reinsurance share of Outstanding Claim

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 1,615,475 | 1,573,438 | 1,615,475 | 1,573,438 |
| Movement during the year (Note 31(d)) | 754,014 | 42,037 | 754,014 | 42,037 |
| Balance at the end of year (Note 6) | 2,369,489 | 1,615,475 | 2,369,489 | 1,615,475 |

## 6.4 Reinsurance share of Claims paid

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 2,325,379 | 1,018,429 | 2,325,379 | 1,018,429 |
| Movement during the year (Note 31(d)) | 753,942 | 1,306,950 | 753,942 | 1,306,950 |
| | 3,079,321 | 2,325,379 | 3,079,321 | 2,325,379 |
| Allowance for impairment Note (6.4(a)) | (286,411) | (286,411) | (286,411) | (286,411) |
| Balance at the end of year (Note 6) | 2,792,910 | 2,038,968 | 2,792,910 | 2,038,968 |

**(a) Impairment allowance on Reinsurance share of Claims paid:**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Impairment allowance as at 1 January | 286,411 | 51,737 | 286,411 | 51,737 |
| Additions during the year (Note 36(c)) | - | 234,674 | - | 234,674 |
| Balance at the 31 December | 286,411 | 286,411 | 286,411 | 286,411 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 6.5 Co assurance receivables

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 708,377 | 497,501 | 708,377 | 497,501 |
| Claims paid on behalf of Co-assurance Companies | 2,413 | 421,751 | 2,413 | 421,751 |
| Claims recovered from co-assurance companies (Note 31(c )) | (348,770) | (210,875) | (348,770) | (210,875) |
| | 362,020 | 708,377 | 362,020 | 708,377 |
| Allowance for impairment (Note 6.5(b)) | (331,600) | (331,600) | (331,600) | (331,600) |
| Balance at the end of year (Note 6) | 30,420 | 376,777 | 30,420 | 376,777 |

**(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.

**(b) Movement in allowance for impairment of co-assurance receivables**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 331,600 | 155,278 | 331,600 | 155,278 |
| Allowance for impairment during the year (Note 36(b)) | - | 176,322 | - | 176,322 |
| Balance at the end of the year | 331,600 | 331,600 | 331,600 | 331,600 |

## 7 Deferred acquisition cost

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 1,030,753 | 1,840,694 | 1,030,753 | 1,840,694 |
| Commission paid during the year (Note 32(a)) | 6,033,240 | 4,421,642 | 6,033,240 | 4,421,642 |
| Amortised acquisition cost during the year (Note 32(a)) | (5,617,002) | (5,231,583) | (5,617,002) | (5,231,583) |
| Balance at the end of the year | 1,446,991 | 1,030,753 | 1,446,991 | 1,030,753 |

## 8 Other receivables and prepayments

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Prepayments (Note 8(a)(i)) | 51,531 | 39,561 | 51,531 | 39,561 |
| Interest receivable (Note 8(b)) | 122,496 | 90,720 | 122,496 | 90,720 |
| Withholding Tax Receivable | 67,146 | 12,697 | 67,146 | 12,697 |
| Other receivables (Note 8(c)) | 480,356 | 268,534 | 338,290 | 117,598 |
| Stock brokers' current accounts (Note 8(d)) | 1,899 | 3,200 | 1,899 | 3,200 |
| | 723,428 | 414,712 | 581,362 | 263,776 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(a) Prepayments**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 39,561 | 67,602 | 39,561 | 67,602 |
| Payment during the year | 111,193 | 48,706 | 111,193 | 48,706 |
| Amortisation during the year (Note 8(a)(ii)) | (99,223) | (76,747) | (99,223) | (76,747) |
| Balance at the end of the year | 51,531 | 39,561 | 51,531 | 39,561 |

**(i) Breakdown of prepayments**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Prepaid Commission | 38,524 | 28,256 | 38,524 | 28,256 |
| Rent and rates | 13,007 | 11,305 | 13,007 | 11,305 |
| | 51,531 | 39,561 | 51,531 | 39,561 |

**(ii) Breakdown of amortisation during the year**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Commission | 63,565 | 43,974 | 63,565 | 43,974 |
| Rent and rates (Note 36(b)) | 35,658 | 32,773 | 35,658 | 32,773 |
| | 99,223 | 76,747 | 99,223 | 76,747 |

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

**(b) Interest receivable**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 90,720 | 81,992 | 90,720 | 81,992 |
| Interest received during the year | (90,720) | (81,992) | (90,720) | (81,992) |
| Accrued interest during the year | 122,496 | 90,720 | 122,496 | 90,720 |
| Balance at the end of the year | 122,496 | 90,720 | 122,496 | 90,720 |

**(i)** Interest receivable represents accrued interest on various placements as at the reporting date. The net movements during the year of N90.72million and N122.496million have been included in investment income reported in Note 33.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(c) Other Receivables**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Staff loans and advances (Note 8(c)(i)) | 220,446 | 23,343 | 220,446 | 23,343 |
| Others (Note 8(c)(ii)) | 233,370 | 245,191 | 8,804 | 11,755 |
| Deposit for shares in NEM Asset Management Ltd (Note 8(c) (iii))&(vi) | - | - | 82,500 | 82,500 |
| Deposit for shares in NEM Health Ltd (Note 8(c)(iv)) | 26,540 | - | 26,540 | - |
| | 480,356 | 268,534 | 338,290 | 117,598 |

**(i) Staff loans and advances**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 23,343 | 68,023 | 23,343 | 68,023 |
| Additions during the year (Note 8(c)(v) | 234,374 | 26,243 | 234,374 | 26,243 |
| Repayment during the year | (36,242) | (64,845) | (36,242) | (64,845) |
| Write-off during the year (Note 8(c)(v) & 36(b)) | (1,029) | (6,078) | (1,029) | (6,078) |
| Balance at the end of the year | 220,446 | 23,343 | 220,446 | 23,343 |

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

(iv) Deposit for shares in NEM Health Limited represents investment in the entity as at the reporting date. The Company is yet to commence operations as at 31 December 2022.

(v) Write-off during the year represents staff loans and advances no longer recoverable from a deceased staff.

**(vi) Deposit for shares in NEM Asset Management Ltd**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | - | - | 82,500 | 132,500 |
| Reclassification during the year (Note 10) | - | - | - | (50,000) |
| Balance at the end of the year | - | - | 82,500 | 82,500 |

# Notes To The **Financial Statements**

## For The Year Ended 31 December 2022

**(d) Stock brokers' current accounts**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Centrepoint Investment Limited | 1,899 | 3,200 | 1,899 | 3,200 |
| | 1,899 | 3,200 | 1,899 | 3,200 |

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

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

**9 Investment in Associate -Regency NEM Ghana**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning and end of the year | - | - | - | - |

Nem Insurance Plc holds 40% interest in Regency NEM Insurance Limited amounting to N412,741,000. This investment has been fully impaired as a result of going concern issues faced by the company resulting in non-performance of the investment.

**10 Investment in subsidiary - NEM Asset**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | - | - | 150,000 | 100,000 |
| Reclassification during the year (Note 8(c)(vi)) | - | - | - | 50,000 |
| Balance at the end of the year | - | - | 150,000 | 150,000 |

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 N0.57million (2021: N7.99million).

**11 Investment Properties**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 1,706,167 | 1,617,609 | 1,706,167 | 1,617,609 |
| Addition during the year (Note 11(f)) | 3,000 | 15,136 | 3,000 | 15,136 |
| Revaluation gain (Note 35) | 104,601 | 73,422 | 104,601 | 73,422 |
| Balance at the end of the year | 1,813,768 | 1,706,167 | 1,813,768 | 1,706,167 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

(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 | Perfection in progress | 246,696 | - | 15,251 | 261,947 |
| Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos | Perfected | 401,152 | | 10,642 | 411,794 |
| Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State | Perfected | 57,941 | | 2,086 | 60,027 |
| Plot 10, Elegba Festival Drive, Off Oba Idowu Abiodun Oniru Street, Victoria Island, Lagos | Perfection in progress | 1,000,378 | 3,000 | 76,622 | 1,080,000 |
| | | 1,706,167 | 3,000 | 104,601 | 1,813,768 |

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| **The Company's investment properties are allocated as follows:** | | | | |
| Attributable to policyholders | | | | |
| Attributable to shareholders | 1,813,768 | 1,706,167 | 1,813,768 | 1,706,167 |

(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 sellers 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 was revaluation fair value gain on investment properties of N104,601,000.

(f) The Company incurred N3,000,000 to renovate its investment properties during the year

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 12 Statutory deposit

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | 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 2022: (2021: 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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| **Cost** | | | | |
| At 1 January | 79,051 | 79,051 | 61,596 | 61,596 |
| Addition (Note 13(a)) | 19,639 | - | 19,639 | - |
| At 31 December | 98,690 | 79,051 | 81,235 | 61,596 |
| **Amortisation** | | | | |
| At 1 January | 79,041 | 79,041 | 61,586 | 61,586 |
| Amortisation during the year | 3,928 | - | 3,928 | - |
| At 31 December | 82,969 | 79,041 | 65,514 | 61,586 |
| **Carrying Amount** | **15,721** | **10** | **15,721** | **10** |

**(a)** The software named "IES' previously acquired by the Company used in posting the business transactions has been fully amortized but still in use with the carrying amount of N10,000. However, additional software was acquired during the year for the implementation of IFRS 17.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

| | 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 |
| **Cost** | | | | | | | |
| At 1 January 2021 | 417,900 | 2,197,100 | 23,332 | 799,762 | 28,530 | 152,736 | 3,619,360 |
| Additions | - | - | 300 | 70,252 | 6,208 | 32,226 | 108,986 |
| Disposals | - | - | (2,980) | (177,316) | (11,597) | (29,814) | (221,707) |
| Revaluation Surplus (Note 25) | 254,300 | 637,600 | - | - | - | - | 891,900 |
| At 31 December 2021 | 672,200 | 2,834,700 | 20,652 | 692,698 | 23,141 | 155,148 | 4,398,539 |
| At 1 January 2022 | 672,200 | 2,834,700 | 20,652 | 692,698 | 23,141 | 155,148 | 4,398,539 |
| Additions (Note 14(a)(i)) | 91,230 | 4,411 | 25,560 | 163,817 | 5,546 | 72,123 | 362,687 |
| Reclassification (Note 14)(a)(iii) | - | - | - | 13,200 | - | - | 13,200 |
| Disposals | - | - | (3,946) | (47,785) | (1,563) | (16,496) | (69,790) |
| At 31 December 2022 | 763,430 | 2,839,111 | 42,266 | 821,930 | 27,124 | 210,775 | 4,704,636 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2021 | - | 87,884 | 5,910 | 501,145 | 19,308 | 82,691 | 696,938 |
| Charge for the year | - | 43,942 | 4,130 | 159,079 | 4,611 | 30,317 | 242,079 |
| On disposals | - | - | (2,981) | (159,217) | (11,597) | (29,814) | (203,609) |
| Transfer to revaluation reserve (Note 25) | - | (131,826) | - | - | - | - | (131,826) |
| At 31 December 2021 | - | - | 7,059 | 501,007 | 12,322 | 83,194 | 603,582 |
| At 1 January 2022 | - | - | 7,059 | 501,007 | 12,322 | 83,194 | 603,582 |
| Charge for the year | - | 56,782 | 8,453 | 131,180 | 5,408 | 41,965 | 243,788 |
| Reclassification (Note 14)(a)(iii) | - | - | - | 2,640 | - | - | 2,640 |
| On disposals | - | - | (3,946) | (9,557) | (1,563) | (16,496) | (31,562) |
| At 31 December 2022 | - | 56,782 | 11,566 | 625,270 | 16,167 | 108,663 | 818,448 |
| **Carrying amounts at:** | | | | | | | |
| 31 December 2022 | 763,430 | 2,782,329 | 30,700 | 196,660 | 10,957 | 102,112 | 3,886,188 |
| 31 December 2021 | 672,200 | 2,834,700 | 13,593 | 191,691 | 10,819 | 71,954 | 3,794,957 |

**(i)** Additions to land in the sum of N91,230,000 represent amount incurred during the year to perfect the title document of the landed property at the Head Office, located at 199, Ikorodu road, Obanikoro Lagos State. Additions to building of N4,410,500 represent amount spent on the construction of a new generator shed and in obtaining approved drawings for the Head Office building

**(ii)** The Group had no capital commitments as at the statement of financial position date (2021: Nil). As at the reporting date land is being carried at revalued amount.

**(iii)** Reclassification represents cost and accumulated depreciation of prior year's Right-of-use (ROU) asset (Motor vehicle) reclassified to property, plant and equipment during the year. The asset was subsequently disposed of before the end of the reporting date.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## (b) Property, plant and equipment (Group)

| Cost/Valuation | Land | Building<br>N'000 | Machinery & equipt<br>N'000 | Motor Vehicles<br>N'000 | Furniture & fittings<br>N'000 | Computer Equipment<br>N'000 | Total<br>N'000 |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| At 1 January 2021 | 417,900 | 2,197,100 | 23,330 | 795,161 | 28,444 | 151,932 | 3,613,867 |
| Additions | - | - | 300 | 58,499 | 6,208 | 31,485 | 96,492 |
| Disposals | - | - | (2,980) | (172,716) | (11,597) | (29,814) | (217,107) |
| Revaluation Surplus (Note 25) | 254,300 | 637,600 | - | - | - | - | 891,900 |
| At 31 December 2021 | 672,200 | 2,834,700 | 20,650 | 680,944 | 23,055 | 153,603 | 4,385,152 |
| | | | | | | | |
| At 1 January 2022 | 672,200 | 2,834,700 | 20,650 | 680,944 | 23,055 | 153,603 | 4,385,152 |
| Additions (Note 14(a)(i)) | 91,230 | 4,411 | 25,560 | 163,817 | 5,546 | 72,123 | 362,687 |
| Reclassification (Note 14(a)(iii) | | | - | 13,200 | - | - | 13,200 |
| Disposals | - | - | (3,946) | (47,785) | (1,563) | (16,496) | (69,790) |
| | | | | | | | |
| At 31 December 2022 | 763,430 | 2,839,111 | 42,264 | 810,176 | 27,038 | 209,230 | 4,691,249 |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2021 | - | 87,884 | 5,910 | 496,544 | 19,237 | 81,870 | 691,445 |
| Charge for the year | - | 43,942 | 4,130 | 156,728 | 4,611 | 30,169 | 239,580 |
| On disposals | - | - | (2,981) | (154,617) | (11,597) | (29,814) | (199,009) |
| Revaluation Surplus (Note 25) | - | (131,826) | - | - | - | - | (131,826) |
| At 31 December 2021 | - | - | 7,059 | 498,655 | 12,251 | 82,225 | 600,190 |
| | | | | | | | |
| At 1 January 2022 | - | - | 7,059 | 498,655 | 12,251 | 82,225 | 600,190 |
| Reclassification (Note 14(a)(iii) | - | - | - | 2,640 | - | - | 2,640 |
| Charge for the year | - | 56,782 | 8,453 | 129,300 | 5,408 | 41,846 | 241,789 |
| On disposals | - | - | (3,946) | (9,557) | (1,563) | (16,496) | (31,562) |
| At 31 December 2022 | - | 56,782 | 11,566 | 621,038 | 16,096 | 107,575 | 813,057 |
| | | | | | | | |
| **Carrying amounts at:** | | | | | | | |
| 31 December 2022 | 763,430 | 2,782,329 | 30,698 | 189,138 | 10,942 | 101,655 | 3,878,192 |
| 31 December 2021 | 672,200 | 2,834,700 | 13,591 | 182,289 | 10,804 | 71,378 | 3,784,962 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 14(c) Right-of-Use Assets

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| **Cost** | | | | |
| At 1 January | 262,400 | - | 262,400 | - |
| Additions during the year | - | 262,400 | - | 262,400 |
| Reclassification (Note 14(a)(iii) | (13,200) | - | (13,200) | - |
| At 31 December | 249,200 | 262,400 | 249,200 | 262,400 |
| **Accumulated depreciation** | | | | |
| At 1 January | 52,480 | - | 52,480 | - |
| Charge for the year | 49,840 | 52,480 | 49,840 | 52,480 |
| Reclassification (Note 14(a)(iii) | (2,640) | - | (2,640) | - |
| At 31 December | 99,680 | 52,480 | 99,680 | 52,480 |
| **Carrying amounts at:** | | | | |
| At 31 December | 149,520 | 209,920 | 149,520 | 209,920 |

## 15 Insurance Contract Liabilities

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Outstanding Claims reserve (Note 15.1) | 3,018,611 | 2,512,860 | 3,018,611 | 2,512,860 |
| Incurred but not reported (IBNR) (Note 15.1(b)) | 4,361,125 | 3,375,076 | 4,361,125 | 3,375,076 |
| Total outstanding Claims (including IBNR) | 7,379,736 | 5,887,936 | 7,379,736 | 5,887,936 |
| Unearned Premium Reserve (Note 15.2) | 8,265,357 | 6,329,907 | 8,265,357 | 6,329,907 |
| | 15,645,093 | 12,217,843 | 15,645,093 | 12,217,843 |

The firm Ernst & Young (Formally HR Nigeria Limited), an actuarial service organisation did the valuation for the reporting date. The actuarial valuation reports were authorised by Wise Chigudu, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number

## 15.1 Outstanding Claims reserve

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Fire | 1,278,968 | 979,906 | 1,278,968 | 979,906 |
| Accident | 418,320 | 504,414 | 418,320 | 504,414 |
| Marine and Aviation | 275,894 | 214,457 | 275,894 | 214,457 |
| Motor | 1,022,556 | 761,550 | 1,022,556 | 761,550 |
| Oil and Gas | 22,565 | 52,458 | 22,565 | 52,458 |
| Agriculture | 308 | 75 | 308 | 75 |
| | 3,018,611 | 2,512,860 | 3,018,611 | 2,512,860 |

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Opening balance | 2,512,860 | 2,860,898 | 2,512,860 | 2,860,898 |
| Increase/(decrease) in the year (Note 31) | 505,751 | (348,038) | 505,751 | (348,038) |
| Closing balance | 3,018,611 | 2,512,860 | 3,018,611 | 2,512,860 |

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Opening balance | 3,375,076 | 1,918,964 | 3,375,076 | 1,918,964 |
| Increase in the year (Note 31) | 986,049 | 1,456,112 | 986,049 | 1,456,112 |
| Closing balance | 4,361,125 | 3,375,076 | 4,361,125 | 3,375,076 |

**(c)** The Age Analysis of Outstanding Claims in thousands of Nigerian Naira as at 31 December 2022 is as follows:

| | No. of Claimants | 2022 N'000 | 2021 N'000 |
|---|---|---|---|
| 0 - 90 days | 234 | **337,954** | 729,511 |
| 91 - 180 days | 275 | **387,390** | 680,704 |
| | 509 | **725,344** | 1,410,215 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(d)** Age Analysis By Reason

| | 0 - 90 days | | 91 - 180 days | | 181-270 days | | 271 -365 days | | Above 365 days | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 | Qty | N'000 |
| 1. Discharge Voucher Signed and returned to policyholders | 80 | 120,740 | 54 | 149,812 | 69 | 150,996 | 86 | 137,413 | 79 | 180,607 | 368 | 739,568 |
| 2. Discharge Vouchers not yet Signed | 15 | 53,971 | 18 | 50,474 | 17 | 160,454 | 23 | 52,490 | 21 | 24,255 | 94 | 341,644 |
| 3. Claims reported but incomplete documentation | 50 | 70,151 | 45 | 53,761 | 113 | 65,741 | 73 | 46,470 | 2,946 | 251,889 | 3,227 | 488,012 |
| 4. Claims reported but been adjusted | 5 | 13,136 | 13 | 24,449 | 11 | 30,963 | 10 | 96,957 | 10 | 11,250 | 49 | 176,755 |
| 5. claims repudiated | | | 1 | 1,000 | | | | | 1 | 4,000 | 2 | 5,000 |
| 6. Awaiting adjusteds final report | 15 | 50,781 | 25 | 82,434 | 12 | 113,958 | 15 | 224,305 | 12 | 193,457 | 79 | 664,935 |
| 7. Litigation award | | | | | | | | | 2 | 276,000 | 2 | 276,000 |
| 8. Awaiting Lead insurer's instruction | 69 | 29,175 | 119 | 25,460 | 100 | 55,413 | 96 | 41,209 | 1,370 | 89,758 | 1,754 | 241,015 |
| 9. Third paty liability outstanding | | | | | 25 | 18,076 | 30 | 23,381 | 35 | 44,227 | 90 | 85,684 |
| **Total** | **234** | **337,954** | **275** | **387,390** | **347** | **595,601** | **333** | **622,225** | **4,476** | **1,075,443** | **5,665** | **3,018,613** |

## 15.2 Unearned Premium reserve

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N’000 | N’000 | N’000 | N’000 |
| Balance at the beginning of the year(Note 28(a)) | 6,329,907 | 5,000,073 | 6,329,907 | 5,000,073 |
| Changes in unearned premium (Note 28(a)) | 1,935,450 | 1,329,834 | 1,935,450 | 1,329,834 |
| Balance at the end of the year (Note 28(a)) | 8,265,357 | 6,329,907 | 8,265,357 | 6,329,907 |

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N’000 | N’000 | N’000 | N’000 |
| Due to Reinsurance Broker - A.O.N.(Note 16(a)(i) | 119,268 | 128,213 | 119,268 | 128,213 |
| Due to Reinsurance Broker - SCIB (Note 16(a)(ii) | 72,799 | 19,318 | 72,799 | 19,318 |
| Premium Deposit (Note 16(b)) | 295,460 | 156,785 | 295,460 | 156,785 |
| Commission payable (Note 32(b)) | - | 106,412 | - | 106,412 |
| | 487,527 | 410,728 | 487,527 | 410,728 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

**(i)** Due to Reinsurance Broker - A.O.N.

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Premium | 107,032 | 115,059 | 107,032 | 115,059 |
| Commission | 12,236 | 13,154 | 12,236 | 13,154 |
| | 119,268 | 128,213 | 119,268 | 128,213 |

**(ii)** Due to Reinsurance Broker - SCIB

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Premium | 49,213 | 13,059 | 49,213 | 13,059 |
| Commission | 23,586 | 6,259 | 23,586 | 6,259 |
| | 72,799 | 19,318 | 72,799 | 19,318 |

**(b)** Premium deposit represents advance received in 2022 for 2023 production.

## 17 Other Payables

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Accruals (Note 17(b)) | 606,497 | 590,005 | 525,388 | 543,274 |
| Dividend payable (Note 17(b(i)) | 938,259 | 833,920 | 938,259 | 833,920 |
| Other creditors (Note 17(c)) | 30,965 | 107,603 | 106,913 | 121,910 |
| Deferred commission Income (Note 17(g) and Note 30) | 531,568 | 361,710 | 531,568 | 361,710 |
| | 2,107,289 | 1,893,238 | 2,102,128 | 1,860,814 |

**(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**

For The Year Ended 31 December 2022

**(b)** Accruals

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Audit fees | 4,000 | 4,000 | 4,000 | 4,000 |
| Profit Sharing | 258,664 | 200,000 | 258,664 | 200,000 |
| Performance bonus | 39,175 | 33,547 | 39,175 | 33,547 |
| Medical expenses | - | 7,033 | - | 7,033 |
| Naicom Levy | 203,334 | 278,750 | 203,334 | 278,750 |
| Pension payable | 10,715 | 9,110 | 10,715 | 9,110 |
| Cooperative | - | 347 | - | - |
| Others | 90,609 | 57,218 | 9,500 | 10,834 |
| | 606,497 | 590,005 | 525,388 | 543,274 |

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Movement in dividend payable:** | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 833,920 | 728,297 | 833,920 | 728,297 |
| Dividend declared (Note 23) | 1,103,625 | 902,966 | 1,103,625 | 902,966 |
| Dividend paid | (999,286) | (797,343) | (999,286) | (797,343) |
| Balance at the end of the year | 938,259 | 833,920 | 938,259 | 833,920 |

**(c)** Other Creditors

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Due to NEM Assets Management Ltd (Note 17 (e)) | - | - | 75,948 | 14,307 |
| Deferred Income (Note 17(f)) | - | 107,603 | - | 107,603 |
| Other Creditor | 30,965 | - | 30,965 | - |
| | 30,965 | 107,603 | 106,913 | 121,910 |

# Notes To The Financial Statements
For The Year Ended 31 December 2022

**(d)** Lease liabilities

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 139,623 | 47,963 | 139,623 | 47,963 |
| Additions during the year | - | 262,400 | - | 262,400 |
| Interest charged during the year (Note 36) | 23,800 | 16,349 | 23,800 | 16,349 |
| Lease initial deposit payment | - | (65,560) | - | (65,560) |
| Lease payment during the year | (127,424) | (121,529) | (127,424) | (121,529) |
| Balance as at the end of the year | 35,999 | 139,623 | 35,999 | 139,623 |

**(e)** NEM Asset Management Ltd financed the purchase of some motor cars for NEM Insurance Plc. The total amount outstanding as at 31 December 2022 was N75,948,000 (2021: N14,307,000). NEM Asset Management Limited is a subsidiary of NEM Insurance Plc.

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

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

## 18 Retirement Benefit Obligations

The Group 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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Current service cost | - | - | - | - |
| Interest cost on benefit obligation (Note 36(a)) | 6,298 | 5,590 | 6,298 | 5,590 |
| | 6,298 | 5,590 | 6,298 | 5,590 |

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Present value of the defined benefit obligation | N'000 | N'000 | N'000 | N'000 |
| Total defined benefit obligation | 29,497 | 52,414 | 29,497 | 52,414 |

The movement in the defined benefit obligation is as follows:

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 52,414 | 78,960 | 52,414 | 78,960 |
| Current service cost | - | - | - | - |
| Interest cost | 6,298 | 5,590 | 6,298 | 5,590 |
| Benefits paid (Note 41) | (49,829) | (30,638) | (49,829) | (30,638) |
| Actuarial loss/(gain)-Due to change in assumption | 72 | (10,293) | 72 | (10,293) |
| Actuarial losses - Due to experience adjustment | 20,542 | 8,795 | 20,542 | 8,795 |
| Balance at the end of the year | 29,497 | 52,414 | 29,497 | 52,414 |

**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 Group.

**A Financial Assumptions**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Average Long-Term Future | N'000 | N'000 | N'000 | N'000 |
| Discount Rate (p.a) | 12.41% | 12.55% | 12.41% | 12.55% |
| Interest Credit Rate (p.a) | 0.00% | 0% | 0.00% | 0% |

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

The discount rate should be determined on the Group'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 2.68 years. The average weighted duration of the closest Nigerian Government bond as at 31 December 2022 was 2.65 years with a gross redemption yield of 12.40%.

We have prudently adopted a discount rate of 12.41% for the current valuation.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| 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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Less than or equal to 30 | 3% | 3% | 3% | 3% |
| 31-39 | 2% | 2% | 2% | 2% |
| 40-44 | 2% | 2% | 2% | 2% |
| 45-50 | 0% | 0% | 0% | 0% |
| 51-59 | 0% | 0% | 0% | 0% |

**Valuation Method**

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

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

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**MEMBERSHIP DATA**

The calculations are based on the membership data as at 31 December 2022 as summarised below.

| | Number of Employees | Crystallised Gratuity as 31 December 2014 |
|---|---|---|
| **Summary by Category** | | **N** |
| Category | | |
| Male | 6 | 31,316,705 |
| Female | 2 | 6,623,309 |
| Total | 8 | 37,940,014 |

| Data Reconciliation Summary | | N |
|---|---|---|
| As at 31 December 2021 | 28 | 84,161,037 |
| Exits | (20) | (46,221,023) |
| As at 31 December 2022 | 8 | 37,940,014 |

Had the plan discontinued as at 31 December 2022, we estimate the accrued benefits payable as N37.94 million. 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 N29.5 million 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 Wise Chigudu, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2022/PRO/NAS/00000024119.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 19 Taxation

| (a) Per Financial Position | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 623,508 | 675,783 | 618,736 | 670,286 |
| Income tax for the year | 474,789 | 489,933 | 474,157 | 488,101 |
| Education tax for the year | 53,246 | 58,442 | 53,246 | 58,078 |
| Prior year over-provision (Note 19(b)) | (487,254) | (457,987) | (487,254) | (457,987) |
| Information technology levy (Note 19(d)) | 54,792 | 45,125 | 54,792 | 45,125 |
| Paid during the year | (339,857) | (187,788) | (335,498) | (184,867) |
| Balance at the end of the year | 379,224 | 623,508 | 378,179 | 618,736 |

| (b) Per Income Statement | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Income tax | 474,789 | 489,933 | 474,157 | 488,101 |
| Education tax | 53,246 | 58,442 | 53,246 | 58,078 |
| Prior year over-provision | (487,254) | (457,987) | (487,254) | (457,987) |
| | 40,781 | 90,388 | 40,149 | 88,192 |
| Deferred tax asset (Note 20 (i)) | 1,094 | 5,530 | - | - |
| Deferred tax liabilities (Note 20 (ii)) | - | - | - | - |
| Charge for the year | 41,875 | 95,918 | 40,149 | 88,192 |

| (bii) Per Statement of Cash flows | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Tax Paid during the year | (339,857) | (187,788) | (335,498) | (184,867) |
| Add: WHT Credit Notes utilized during the year | 177,711 | - | 177,711 | - |
| Total Cash paid for Tax liability | (162,146) | (187,788) | (157,787) | (184,867) |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

| | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Profit before income tax | 5,536,289 | 4,573,323 | 5,533,995 | 4,557,603 |
| Tax calculated at the corporate tax rate | 1,662,635 | 1,369,717 | 1,660,199 | 1,367,281 |
| Effect of: | | | | |
| Non-deductible expenses | 83,464 | 95,162 | 83,464 | 94,920 |
| Effect of Education tax levy | 53,246 | 58,321 | 53,246 | 59,078 |
| Effect of Capital allowance on income tax | (164,790) | (227,148) | (164,790) | (227,148) |
| Effect of Balancing and Investment Allowance | (540) | (915) | (540) | (915) |
| Effect of Deferred tax | 1,094 | 5,530 | - | - |
| Tax exempt income | (1,105,980) | (746,762) | (1,104,176) | (746,037) |
| Overprovision in prior years | (487,254) | (457,987) | (487,254) | (457,987) |
| Total income tax expense in income statement | 41,875 | 95,918 | 40,149 | 89,192 |
| Effective tax rate (%) | 0.76 | 2.10 | 0.73 | 1.96 |

**(d) Information Technology Levy**

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

## 20 Deferred Taxation

| i | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|
| Deferred tax Assets | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | (257,505) | (263,035) | (253,568) | (253,568) |
| Write back for the year | 1,094 | 5,530 | - | - |
| Balance at the end of the year | (256,411) | (257,505) | (253,568) | (253,568) |

**ii Deferred tax Liabilities**

| | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 10,387 | - | 10,387 | - |
| Charge for the year | - | - | - | - |
| Revaluation surplus (Note 25) | - | 10,237 | - | 10,237 |
| Other reserves-gratuity (Note 26) | (6,700) | 150 | (6,700) | 150 |
| Balance at the end of the year | 3,687 | 10,387 | 3,687 | 10,387 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 21 Share Capital

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Ordinary shares issued and fully paid | | | | |
| Share reconstruction-5,016,477,767 ordinary shares of N1 each (Note 21(a)) | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |
| | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |

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

## 22 Statutory contingency reserve

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 6,098,784 | 5,213,927 | 6,098,784 | 5,213,927 |
| Transfer from revenue reserve (Note 23) | 1,087,811 | 884,857 | 1,087,811 | 884,857 |
| Balance at the end of the year | 7,186,595 | 6,098,784 | 7,186,595 | 6,098,784 |

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.

## 23 Retained earnings

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 9,649,912 | 7,005,455 | 9,617,952 | 6,981,489 |
| Profit for the year | 5,439,622 | 4,432,280 | 5,439,054 | 4,424,286 |
| Transfer to contingency reserve (Note 22) | (1,087,811) | (884,857) | (1,087,811) | (884,857) |
| Dividend declared (Note 17(b)(i)) | (1,103,625) | (902,966) | (1,103,625) | (902,966) |
| Balance at the end of the year | 12,898,098 | 9,649,912 | 12,865,570 | 9,617,952 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 24 FVOCI reserve

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | (36,612) | (40,178) | (36,612) | (40,178) |
| (Addition)/Write back during the year (Note 4.2(b) | (31,153) | 3,566 | (31,153) | 3,566 |
| Balance at the end of the year | (67,765) | (36,612) | (67,765) | (36,612) |

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

## 25 Asset revaluation reserve

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 2,107,964 | 1,094,475 | 2,107,964 | 1,094,475 |
| Additions during the year:Cost- revaluation surplus (Note 14) | - | 891,900 | - | 891,900 |
| Accumulated depreciation (Note 14) | - | 131,826 | - | 131,826 |
| | - | 1,023,726 | - | 1,023,726 |
| Deferred tax (Note 20(ii)) | - | (10,237) | - | (10,237) |
| | - | 1,013,489 | - | 1,013,489 |
| Balance at the end of the year | 2,107,964 | 2,107,964 | 2,107,964 | 2,107,964 |

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

## 26 Other Reserves - gratuity

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Balance at the beginning of the year | 72,495 | 71,147 | 72,495 | 71,147 |
| (Loss)/gain during the year | (20,614) | 1,498 | (20,614) | 1,498 |
| Deferred tax (Note 20(ii)) | 6,700 | (150) | 6,700 | (150) |
| Balance at the end of the year | 58,581 | 72,495 | 58,581 | 72,495 |

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

## 27 Gross Premium written

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Direct premium (Note 27(a)) | 32,866,388 | 27,412,551 | 32,866,388 | 27,412,551 |
| Inward reinsurance (Note 27(a)) | 502,662 | 462,537 | 502,662 | 462,537 |
| | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |

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**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Fire | 8,284,813 | 6,334,528 | 8,284,813 | 6,334,528 |
| Oil and Gas | 4,765,273 | 4,340,340 | 4,765,273 | 4,340,340 |
| General accident | 6,097,000 | 4,880,822 | 6,097,000 | 4,880,822 |
| Marine | 3,430,439 | 3,834,348 | 3,430,439 | 3,834,348 |
| Motor | 10,142,612 | 7,951,224 | 10,142,612 | 7,951,224 |
| Agricuture | 146,251 | 71,289 | 146,251 | 71,289 |
| Direct premium (Note 27) | 32,866,388 | 27,412,551 | 32,866,388 | 27,412,551 |
| Inward reinsurance (Note 27) | 502,662 | 462,537 | 502,662 | 462,537 |
| | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |

## 28 Gross premium income

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Premium written during the year (Note 27) | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |
| Changes in unearned premium (Note 28(a)) | (1,935,450) | (1,329,834) | (1,935,450) | (1,329,834) |
| | 31,433,600 | 26,545,254 | 31,433,600 | 26,545,254 |

**(a) Movement in Unearned premium**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Unearned premium brought forward (Note 15.2) | 6,329,907 | 5,000,073 | 6,329,907 | 5,000,073 |
| Unearned premium carried forward (Note 15.2) | (8,265,357) | (6,329,907) | (8,265,357) | (6,329,907) |
| Increase in unearned premium | (1,935,450) | (1,329,834) | (1,935,450) | (1,329,834) |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 29 Reinsurance expenses

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Reinsurance premium (Cost) during the year (Note 29(a)) | 10,074,926 | 7,329,100 | 10,074,926 | 7,329,100 |
| Change in Reinsurance Share of UPR (Note 6.1(a)) | (791,484) | (89,973) | (791,484) | (89,973) |
| Change in Prepaid Reinsurance Premium (Note 6.1(b)) | - | - | - | - |
| | 9,283,442 | 7,239,127 | 9,283,442 | 7,239,127 |

### (a) Reinsurance expense

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Motor | 99,515 | 46,237 | 99,515 | 46,237 |
| Marine | 1,122,099 | 1,048,439 | 1,122,099 | 1,048,439 |
| Fire | 3,648,421 | 2,376,956 | 3,648,421 | 2,376,956 |
| General Accident | 2,616,801 | 1,696,105 | 2,616,801 | 1,696,105 |
| Oil & Gas | 2,522,519 | 2,122,169 | 2,522,519 | 2,122,169 |
| Agric | 65,571 | 39,194 | 65,571 | 39,194 |
| | 10,074,926 | 7,329,100 | 10,074,926 | 7,329,100 |
| Opening-Due to Reinsurance Broker-A.O.N (Note 16) | 128,213 | 205,514 | 128,213 | 205,514 |
| Opening-Due to Reinsurance Broker - SCIB (Note 16) | 19,318 | 116,643 | 19,318 | 116,643 |
| Closing-Due to Reinsurance Broker - A.O.N. (Note 16) | (119,268) | (128,213) | (119,268) | (128,213) |
| Closing-Due to Reinsurance Broker - SCIB (Note 16) | (72,799) | (19,318) | (72,799) | (19,318) |
| Reinsurance expense paid during the year | 10,030,390 | 7,503,726 | 10,030,390 | 7,503,726 |

(b) Reinsurance expenses of N10,030,390,000 was paid during the year, N6,955,362,035 was paid to the foreign insurers while N3,075,027,965 was paid to local insurers. In 2021 reinsurance expense stood at N7,503,726,000 (Foreign N7,008,522,726 - Local N495,203,449).

## 30 Fees and commission income

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Deferred Commission as at 1 January | 361,710 | 404,834 | 361,710 | 404,834 |
| Fees and Commission Income received during the year (Note 30(b)) | 1,732,100 | 1,411,751 | 1,732,100 | 1,411,751 |
| Deferred Commission as at 31 December (Note 17) | (531,568) | (361,710) | (531,568) | (361,710) |
| Fees and Commission Income earned during the year | 1,562,242 | 1,454,875 | 1,562,242 | 1,454,875 |

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(b) Classes**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Motor | 462 | 2,786 | 462 | 2,786 |
| Marine | 211,008 | 244,492 | 211,008 | 244,492 |
| Fire | 852,435 | 614,397 | 852,435 | 614,397 |
| General Accident | 625,458 | 516,254 | 625,458 | 516,254 |
| Oil and Gas | 29,623 | 25,983 | 29,623 | 25,983 |
| Agric | 13,114 | 7,839 | 13,114 | 7,839 |
| | 1,732,100 | 1,411,751 | 1,732,100 | 1,411,751 |

## 31 Claims Expenses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Gross Claims paid (Note 31(a)) | 12,294,580 | 11,603,949 | 12,294,580 | 11,603,949 |
| Increase in outstanding claims (Note 15.1(a)) | 505,751 | (348,038) | 505,751 | (348,038) |
| Changes in IBNR (Note 15.1(b)) | 986,049 | 1,456,112 | 986,049 | 1,456,112 |
| Gross claims incurred during the year | 13,786,380 | 12,712,023 | 13,786,380 | 12,712,023 |
| Claims recovered (Note 31(c)) | (828,721) | (2,339,304) | (828,721) | (2,339,304) |
| Recoverables from Reinsurance (Note 31(d)) | (5,310,189) | (4,811,834) | (5,310,189) | (4,811,834) |
| Net Claims expenses | 7,647,470 | 5,560,885 | 7,647,470 | 5,560,885 |

**(a) Claims Paid**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| **Classes** | | | | |
| Motor | 5,076,395 | 4,299,764 | 5,076,395 | 4,299,764 |
| Marine | 1,131,694 | 503,209 | 1,131,694 | 503,209 |
| Fire | 4,506,321 | 4,357,726 | 4,506,321 | 4,357,726 |
| General Accident | 1,408,826 | 1,504,825 | 1,408,826 | 1,504,825 |
| Oil and Gas | 149,455 | 929,124 | 149,455 | 929,124 |
| Agric | 21,889 | 9,301 | 21,889 | 9,301 |
| | 12,294,580 | 11,603,949 | 12,294,580 | 11,603,949 |

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

(c) **Claims recovered**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| **Classes** | | | | |
| Motor | 365,022 | 790,555 | 365,022 | 790,555 |
| Marine | 117,749 | 255,018 | 117,749 | 255,018 |
| Fire | 294,373 | 535,538 | 294,373 | 535,538 |
| General Accident | 211,948 | 535,538 | 211,948 | 535,538 |
| Oil and Gas | 188,399 | 433,530 | 188,399 | 433,530 |
| | 1,177,491 | 2,550,179 | 1,177,491 | 2,550,179 |
| Claims recovered from co-assurance companies (Note 6.5) | (348,770) | (210,875) | (348,770) | (210,875) |
| | 828,721 | 2,339,304 | 828,721 | 2,339,304 |

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

(d) **Reinsurance Recoverable**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Claims recovered from reinsurance | 3,608,638 | 2,192,000 | 3,608,638 | 2,192,000 |
| Changes in Reinsurance share of Outstanding Claims (Note 6.3) | 754,014 | 42,037 | 754,014 | 42,037 |
| Changes in Reinsurance share of IBNR (Note 6.2) | 193,595 | 1,270,847 | 193,595 | 1,270,847 |
| Change in Reinsurance share of Claims paid not yet recovered (Note 6.4) | 753,942 | 1,306,950 | 753,942 | 1,306,950 |
| | 5,310,189 | 4,811,834 | 5,310,189 | 4,811,834 |

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

## 32 Underwriting Expenses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Commission expense (Note 32(a)) | 5,617,002 | 5,231,583 | 5,617,002 | 5,231,583 |
| Maintenance expense (Note 32(c)) | 4,239,216 | 2,973,048 | 4,239,216 | 2,973,048 |
| | 9,856,218 | 8,204,631 | 9,856,218 | 8,204,631 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(a) Commission expense**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Commission cost incurred during the year (Note 32(b)) | 6,033,240 | 4,421,642 | 6,033,240 | 4,421,642 |
| Changes in deferred acquisition cost | (416,238) | 809,941 | (416,238) | 809,941 |
| | 5,617,002 | 5,231,583 | 5,617,002 | 5,231,583 |

**(b) Commission expense**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| The analysis of commission expenses by business class is as follows: | | | | |
| Motor | 1,279,953 | 1,011,690 | 1,279,953 | 1,011,690 |
| Marine | 704,634 | 724,851 | 704,634 | 724,851 |
| Fire | 1,761,635 | 1,432,020 | 1,761,635 | 1,432,020 |
| General Accident | 1,272,357 | 1,047,899 | 1,272,357 | 1,047,899 |
| Oil & Gas | 984,761 | 194,138 | 984,761 | 194,138 |
| Agriculture | 29,900 | 11,044 | 29,900 | 11,044 |
| Commission cost incurrred during the year | 6,033,240 | 4,421,642 | 6,033,240 | 4,421,642 |
| Commission payable (Note 16) | - | (106,412) | - | (106,412) |
| Commission paid during the year | 6,033,240 | 4,315,230 | 6,033,240 | 4,315,230 |

**(c) The analysis of Maintenance expenses by business class is as follows:**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Motor | 1,144,588 | 951,375 | 1,144,588 | 951,375 |
| Marine | 296,745 | 297,305 | 296,745 | 297,305 |
| Fire | 1,314,157 | 624,340 | 1,314,157 | 624,340 |
| General Accident | 763,059 | 624,340 | 763,059 | 624,340 |
| Oil & Gas | 678,275 | 475,688 | 678,275 | 475,688 |
| Agriculture | 42,392 | - | 42,392 | - |
| | 4,239,216 | 2,973,048 | 4,239,216 | 2,973,048 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(d) The analysis of Maintenance expenses for the purpose Statement of Cash flows:**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Maintenance Expenses | 4,239,216 | 2,973,048 | 4,239,216 | 2,973,048 |
| Less: Provision for Transport and Traveling expense | (39,175) | - | (39,175) | - |
| Total Cash used for Maintenance expenses | 4,200,041 | 2,973,048 | 4,200,041 | 2,973,048 |

(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.

## 33 Investment Income

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Dividend income | 470,062 | 622,121 | 470,062 | 622,121 |
| Interest from fixed deposit | 590,427 | 477,788 | 590,427 | 477,788 |
| Interest from Amortised cost financial assets | 481,246 | 15,355 | 481,246 | 15,355 |
| Interest from statutory deposit | 13,419 | 19,243 | 13,419 | 19,243 |
| | 1,555,154 | 1,134,507 | 1,555,154 | 1,134,507 |

The increase in Interest from Amortised cost financial assets was as a result of about N4 billion increase in Financial assets at Amortised cost during the year.

**(a) Investment Income**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Attributable to Policy holders | 870,886 | 635,324 | 870,886 | 635,324 |
| Attributable to Share holders | 684,268 | 499,183 | 684,268 | 499,183 |
| | 1,555,154 | 1,134,507 | 1,555,154 | 1,134,507 |

## 34 Net Fair Value Gain

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Investment properties | 104,601 | 73,422 | 104,601 | 73,422 |
| Fair Value Gain (Note 11) | | | | |
| Fair Value through Profit or Loss: | 69,487 | 284,896 | 69,487 | 284,896 |
| Quoted Equity Securities (Note 4.1) | 174,088 | 358,318 | 174,088 | 358,318 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 35 Other operating income

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Sundry income (Note 35(a)) | 255,104 | 23,807 | 251,685 | 18,946 |
| Interest and Similar Income | 50,072 | 38,209 | - | - |
| Recoveries (Note 35(c)) | 641,854 | - | 641,854 | - |
| Rental Income (Note 35(b)) | 134,204 | 47,198 | 134,204 | 48,889 |
| Unrealised foreign exchange gain (Note 35(d) | 297,149 | 183,312 | 297,149 | 183,312 |
| | 1,378,383 | 292,526 | 1,324,892 | 251,147 |

### (a) Sundry Income

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Overprovision on expenses | 13,511 | 23,807 | 13,511 | 18,946 |
| Interest earned on current account | 44 | - | 44 | - |
| Rent refund on Garki Abuja Branch | 900 | - | 900 | - |
| Damages awarded from rent litigation | 2,588 | - | 2,588 | - |
| Withholding tax credit notes (Note 35(a)(i)) | 230,352 | - | 230,352 | - |
| Statute Barred Unclaimed Dividend | 3,456 | - | 3,456 | - |
| Others | 4,253 | - | 834 | - |
| | 255,104 | 23,807 | 251,685 | 18,946 |

(i) Amounts recognised are in respect of Withholding tax receivable which had been previously written off over the years.

### (b) Rental income

| | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|
| Ebute Meta property | 7,075 | 7,650 | 7,075 | 7,650 |
| Head Office | 122,767 | 11,167 | 122,767 | 12,858 |
| Zaria Kaduna | 112 | - | 112 | - |
| Abuja Office (Sub lease) | - | 506 | - | 506 |
| Oniru property | 4,250 | 27,875 | 4,250 | 27,875 |
| | 134,204 | 47,198 | 134,204 | 48,889 |

(c) Recoveries represent prior years' recoveries of loss incurred on bonds and guarantees

(d) Unrealised foreign exchange gain arose majorly from retranslation of foreign denominated cash and cash equivalents and short term placements with financial institutions as at the reporting date

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 36 Management Expenses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Employee benefit expenses (Note 36(a)) | 1,889,357 | 1,898,656 | 1,877,383 | 1,888,317 |
| Other Management Expenses (Note 36(b)) | 976,635 | 1,841,804 | 940,611 | 1,830,183 |
| Directors emoluments | 173,315 | 100,745 | 173,315 | 100,745 |
| AGM expenses | 15,896 | 34,452 | 15,896 | 34,452 |
| NAICOM Levy | 336,637 | - | 336,637 | - |
| Auditors Remuneration (Note 38(a)and (b) | 11,500 | 11,200 | 10,300 | 10,000 |
| Depreciation of property, plant and equipment (Note 14) | 243,788 | 242,079 | 241,789 | 239,580 |
| Depreciation of Right-of-use Assets (Note 14(c) | 49,840 | 52,480 | 49,840 | 52,480 |
| Interest expense (Note 17(d)) | 23,800 | 16,349 | 23,800 | 16,349 |
| Amortisation (Note 13) | 3,928 | - | 3,928 | - |
| | 3,724,696 | 4,197,765 | 3,673,499 | 4,172,106 |

### (a) Employee benefit expenses

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Salaries and Wages | 1,215,713 | 1,104,168 | 1,204,840 | 1,095,153 |
| Medical Expenses | 95,782 | 92,963 | 95,600 | 92,842 |
| Staff Training | 110,517 | 122,105 | 110,127 | 122,105 |
| Staff Welfare | 389,179 | 514,415 | 389,179 | 513,694 |
| Employers' Pension Contribution | 71,868 | 59,415 | 71,339 | 58,933 |
| | 1,883,059 | 1,893,066 | 1,871,085 | 1,882,727 |
| Gratuity (Note 18) | 6,298 | 5,590 | 6,298 | 5,590 |
| | 1,889,357 | 1,898,656 | 1,877,383 | 1,888,317 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(b) Other Management Expenses**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Advertising | 234,102 | 205,991 | 234,102 | 205,130 |
| Bank charges | 46,145 | 52,748 | 45,808 | 52,467 |
| Business permit | 1,420 | 2,242 | 1,420 | 2,242 |
| Computer Expenses | 21,414 | 23,999 | 21,373 | 23,796 |
| Dailies and Subscription | 129,028 | 103,405 | 117,320 | 103,115 |
| Donations | 32,445 | 31,476 | 32,445 | 31,476 |
| ECOWAS Brown Card | 7,374 | 4,772 | 7,374 | 4,772 |
| Electricity expenses | 40,008 | 42,910 | 40,008 | 42,910 |
| Filing Fees | 1,350 | 1,400 | 1,350 | 1,400 |
| Generator Expenses | 101,173 | 171,874 | 101,173 | 171,874 |
| Hotel expenses | - | 29,356 | - | 29,356 |
| Insurance Expenses | 94,171 | 88,972 | 94,171 | 88,972 |
| Impairment provision on claim recoverable (Note 6.4(a)) | - | 234,674 | - | 234,674 |
| Impairment provision on Co-assurance (Note 6.5(b)) | - | 176,322 | - | 176,322 |
| Impairment of investment in associate (Note 9) | - | 412,741 | - | 412,741 |
| Motor running expenses | 14,877 | 15,617 | 14,877 | 15,617 |
| Motor Repairs & Maintenance | 45,187 | 38,863 | 44,864 | 38,400 |
| Nigerian Insurers Association Levy | 8,346 | 11,096 | 8,346 | 11,096 |
| Office General Expenses | 84,778 | 83,333 | 83,693 | 83,265 |
| Postages & telephone | 11,552 | 11,232 | 11,552 | 11,232 |
| Rent, rates and other expenses (Note 8(a(ii)) | 35,658 | 32,773 | 35,658 | 32,773 |
| Repairs & Maintenance | 44,820 | 31,522 | 43,130 | 31,522 |
| Staff loan written off (Note 8 (c)(i)) | 1,029 | 6,078 | 1,029 | 6,078 |
| Other Expenses | 21,758 | 28,408 | 918 | 18,953 |
| | **976,635** | **1,841,804** | **940,611** | **1,830,183** |

**(c) Expected credit loss expense**

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Allowance for credit losses - Cash (Note 3(c)) | (1,299) | 6,030 | (1,299) | 6,030 |
| Allowance for credit losses - Fixed deposits and treasury bills (Note 4.3(f)) | 9,736 | 9,997 | 9,736 | 9,997 |
| Allowance for credit losses - Bonds (Note 4.3(e)) | 10,490 | (22,122) | 10,490 | (22,122) |
| Allowance for credit losses - Reinsurance share of Claims paid (Note 6.4(a)) | - | 234,674 | - | 234,674 |
| Impairment provision on Co-assurance (Note 6.5(b)) | - | 176,322 | - | 176,322 |
| Impairment of investment in associate (Note 9) | - | 412,741 | - | 412,741 |
| | 18,927 | 817,642 | 18,927 | 817,642 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

| | Group Stage 1 | Stage 2 | Parent Stage 3 | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Cash and cash equivalents | (1,299) | - | - | (1,299) |
| Financial Assets measured at amortised costs | 9,736 | - | - | 9,736 |
| Financial Assets measured at amortised costs-Bonds | 10,490 | - | - | 10,490 |
| Financial Assets-Reinsurance share of Claims paid | - | - | - | - |
| Financial Assets-Co-assurance Receivable | - | - | - | - |
| Financial Assets-Investment in associate | - | - | - | - |
| | 18,927 | - | - | 18,927 |

## 37 Loss on disposal of Property, plant and equipment

| | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Cost (Note 14(b)) | (69,790) | (221,707) | (69,790) | (217,107) |
| Accumulated depreciation (Note 14(b)) | 31,562 | 203,609 | 31,562 | 199,009 |
| Carrying amount | (38,228) | (18,098) | (38,228) | (18,098) |
| Sale proceeds | 1,803 | 5,994 | 1,803 | 5,994 |
| | (36,425) | (12,104) | (36,425) | (12,104) |

## 38 Supplementary profit or loss information

| | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| (a) Profit before taxation is arrived at after charging: | | | | |
| Depreciation (Note 14) | 243,788 | 242,079 | 241,789 | 239,580 |
| Amortisation (Note 13) | 3,928 | - | 3,928 | - |
| Auditors' fees (Note 36) | 11,500 | 11,200 | 10,300 | 10,000 |
| Loss on disposal of property, plant and equipment (Note 37) | (36,425) | (12,104) | (36,425) | (12,104) |
| Directors' emoluments (Note 36) | 173,315 | 100,745 | 173,315 | 100,745 |
| | N'000 | N'000 | N'000 | N'000 |
| and after crediting: | | | | |
| Unrealised exchange gain (Note 35) | 297,149 | 183,312 | 297,149 | 183,312 |
| Gain on investment properties (Note 34) | 104,601 | 73,422 | 104,601 | 73,422 |

(b) BDO Professional Services was appointed to carry out only the statutory audit of the financial statements of the Company. The Auditors did not provide any non-audit services to the Company during the year (2022).

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(c) Staff Costs**

| | Group | | Parent | |
|---|---|---|---|---|
| | Number | Number | Number | Number |
| The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows: | | | | |
| Managerial | 16 | 15 | 15 | 14 |
| Senior | 185 | 181 | 184 | 180 |
| Junior | 18 | 18 | 16 | 16 |
| Total | 219 | 214 | 215 | 210 |

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

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

**(c) Staff Costs**

| | Group | | Parent | |
|---|---|---|---|---|
| | Number | Number | Number | Number |
| 60,001 - 500,000 | - | - | - | - |
| 500,001 - 1,000,000 | 3 | 6 | - | 6 |
| 1,000,001 - 1,500,000 | - | 12 | - | 10 |
| 1,500,001 - 2,000,000 | 6 | 74 | 6 | 74 |
| 2,000,001 - 2,500,000 | 4 | 34 | 4 | 34 |
| 2,500,001 - 3,000,000 | 6 | 1 | 6 | - |
| 3,000,001 - 3,500,000 | 44 | 87 | 44 | 86 |
| 3,500,001 - 4,000,000 | 37 | - | 36 | - |
| 4,000,001 - 4,500,000 | 20 | - | 20 | - |
| 4,500,001 - Above | 99 | - | 99 | - |
| | 219 | 214 | 215 | 210 |

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

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 N'000 | 2021 N'000 | 2022 N'000 | 2021 N'000 |
| i Aggregate emoluments of the directors were: | | | | |
| **Fees** | | | | |
| Chairman | 7,500 | 6,500 | 7,500 | 6,500 |
| Other Directors | 36,000 | 30,000 | 36,000 | 30,000 |
| | 43,500 | 36,500 | 43,500 | 36,500 |
| Emoluments as Executives | 120,000 | 81,567 | 120,000 | 81,567 |
| | 163,500 | 118,067 | 163,500 | 118,067 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

| | Group | | Parent | |
|---|---|---|---|---|
| | Number | Number | Number | Number |
| N - N | | | | |
| 2,000,000 - 4,000,000 | - | 6 | - | 6 |
| 4,000,001 - 6,000,000 | 6 | - | 6 | - |
| 6,000,001 - 8,000,000 | - | - | - | - |
| 8,000,001 and Above | - | - | - | - |
| | 6 | 6 | 6 | 6 |

The Highest paid Director earned N45,000,000 in 2022 (2021:N40,500,000)

## 39 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 | |
|---|---|---|---|---|
| | 2022 N'000 | 2021 N'000 | 2022 N'000 | 2021 N'000 |
| ( Net profit attributable to ordinary shareholders for basic and diluted EPS | 5,439,622 | 4,432,280 | 5,439,054 | 4,424,286 |
| Weighted average number of ordinary shares for EPS | 5,016,477 | 5,016,477 | 5,016,477 | 5,016,477 |
| Basic Earnings Per Share (kobo) | 1.08 | 0.88 | 1.08 | 0.88 |
| Diluted Basic Earnings Per Share (kobo) | 1.08 | 0.88 | 1.08 | 0.88 |

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

## 40 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 Parent 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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

| | Group | | Parent | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Due to NEM Assets Management Limited | - | - | 75,948 | 14,307 |
| Investment in Subsidiary-NEM Asset Limited | - | - | 150,000 | 150,000 |

### (c) Transactions with key management personnel

The Group'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 Group. 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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| **Fees:** | | | | |
| Chairman | 7,500 | 6,500 | 7,500 | 6,500 |
| Other Directors | 36,000 | 30,000 | 36,000 | 30,000 |
| | 43,500 | 36,500 | 43,500 | 36,500 |
| **Other Emoluments:** | | | | |
| Other Directors | 120,000 | 81,567 | 120,000 | 81,567 |
| | 163,500 | 118,067 | 163,500 | 118,067 |
| **Short term Benefits (Management Team)** | | | | |
| Salaries and Allowances: | 145,267 | 243,187 | 145,267 | 236,934 |
| **Post Employment Benefits (Management Team)** | | | | |
| Pension | 11,629 | 21,733 | 11,629 | 21,098 |
| **Total Benefits to Key Personnel** | **320,396** | **382,987** | **320,396** | **376,099** |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 41 Cash flow from Operating activities

| | Notes | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|---|
| Operating profit before tax | | 5,481,497 | 4,528,198 | 5,479,203 | 4,512,478 |
| **Adjustment for non-operating items:** | | | | | |
| Depreciation - Property, plant & equipment | 14 | 243,788 | 242,079 | 241,789 | 239,580 |
| Interest charged during the year | 36 | 23,800 | 16,349 | 23,800 | 16,349 |
| Depreciation - Right-of-use Assets | 14 | 49,840 | 52,480 | 49,840 | 52,480 |
| Amortisation - Intangible assets | 13 | 3,928 | - | 3,928 | - |
| Reclassification of deposit for shares | 10 | - | - | - | (50,000) |
| Loss on disposal of property and equipment | 37 | 36,425 | 12,104 | 36,425 | 12,104 |
| Fair value gain on investment properties | 11 | (104,601) | (73,422) | (174,088) | (73,422) |
| Fair value gain on quoted investment | 4.1(a) | (69,487) | (284,896) | (69,487) | (284,896) |
| Information Technology Development Levy | 19(a) | 54,792 | 45,125 | 54,792 | 45,125 |
| Allowance for credit losses | | 20,226 | (12,125) | 20,226 | (12,125) |
| Impairment of Associate | | - | 412,741 | - | 412,741 |
| Service & Interest cost on retirement benefit | 18 | 6,298 | 5,590 | 6,298 | 5,590 |
| Investment Income | 33 | (1,555,154) | (1,134,507) | (1,555,154) | (1,134,507) |
| **Cash flow changes before changes in working capital** | | **4,191,352** | **3,809,716** | **4,117,572** | **3,741,497** |
| **Changes in operating assets and liabilities** | | | | | |
| Decrease/(increase) in Trade receivables | | 806,700 | (1,250,916) | 806,700 | (1,250,916) |
| Increase in Reinsurance assets | | (2,146,678) | (2,457,950) | (2,146,678) | (2,457,950) |
| (Increase)/decrease in Deferred acquisition cost | | (416,238) | 809,941 | (416,238) | 809,941 |
| (Increase)/decrease in Other receivables and prepayments | | (308,716) | 56,015 | (317,586) | 111,086 |
| Increase in Insurance contract liabilities | | 3,427,250 | 2,437,908 | 3,427,250 | 2,437,908 |
| Increase/(decrease) in Trade payables | | 76,799 | (174,599) | 76,799 | (174,599) |
| Increase in Other payables | | 109,712 | 115,481 | 206,462 | 84,357 |
| **Net cash inflow from operating activities** | | 5,740,181 | 3,345,596 | 5,754,281 | 3,301,324 |
| Gratuity benefit to employees (Note 18) | | (49,829) | (30,638) | (49,829) | (30,638) |
| Tax paid | | (339,857) | (187,788) | (335,498) | (184,867) |
| | | 5,350,495 | 3,127,170 | 5,368,954 | 3,085,819 |

### (a) Premium received from policy holders

| | | Group 2022 N'000 | Group 2021 N'000 | Parent 2022 N'000 | Parent 2021 N'000 |
|---|---|---|---|---|---|
| Trade receivable at the beginning | 5(a) | 1,479,056 | 228,140 | 1,479,056 | 228,140 |
| Gross premium written | 27 | 33,369,050 | 27,875,088 | 33,369,050 | 27,875,088 |
| Trade receivable at the end | 5(a) | (672,356) | (1,479,056) | (672,356) | (1,479,056) |
| Deposit premium | 16 | (295,460) | (156,785) | (295,460) | (156,785) |
| | | 33,880,290 | 26,467,387 | 33,880,290 | 26,467,387 |

# Notes To The Financial Statements

For The Year Ended 31 December 2022

## 42 Capital Commitments

There were no material capital commitments at 31 December 2022 (2021: Nil).

## 43 Contingent liabilities

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

## 44 Comparative Figures

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

## 45 Legal proceedings and regulations

### (a) Legal Proceedings

The Parent 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 Parent 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 Parent's compliance or lack of compliance with such regulations.

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

## 46 Events after the reporting date

The directors are not aware of any events which occurred since 31 December 2022 which may have material effect on the financial statements at that date or which may need to be mentioned in the financial statements in order not to make them misleading as to the operations or financial position at 31 December 2022.

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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 47 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 | AGRI CULTURE | 2022 | 2021 |
|---|---|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Direct Business Premium | 10,142,612 | 3,430,439 | 8,284,813 | 6,097,000 | 4,765,273 | 146,251 | 32,866,388 | 27,412,551 |
| Reinsurance Inward | 72,444 | 33,228 | 246,981 | 143,504 | - | 6,505 | 502,662 | 462,537 |
| Gross Premium written | 10,215,056 | 3,463,667 | 8,531,794 | 6,240,504 | 4,765,273 | 152,756 | 33,369,050 | 27,875,088 |
| Increase in Unexpired Risk | (790,952) | 216,722 | (690,044) | (892,605) | 283,893 | (62,463) | (1,935,450) | (1,329,834) |
| Gross Premium Earned | 9,424,104 | 3,680,389 | 7,841,750 | 5,347,899 | 5,049,166 | 90,293 | 31,433,600 | 26,545,254 |
| Reinsurance Cost | (99,902) | (1,170,194) | (3,300,373) | (2,344,210) | (2,323,588) | (45,175) | (9,283,442) | (7,239,127) |
| Net Premium Earned | 9,324,202 | 2,510,195 | 4,541,377 | 3,003,689 | 2,725,578 | 45,118 | 22,150,158 | 19,306,127 |
| Commission Received | 417 | 190,315 | 768,841 | 564,123 | 26,718 | 11,828 | 1,562,242 | 1,454,875 |
| | 9,324,619 | 2,700,510 | 5,310,218 | 3,567,812 | 2,752,296 | 56,946 | 23,712,400 | 20,761,002 |
| Direct Claim Paid | (5,076,395) | (1,131,694) | (4,506,321) | (1,408,826) | (149,455) | (21,889) | (12,294,580) | (11,603,949) |
| Increase in Outstanding Claims & IBNR | (349,385) | (229,899) | (655,173) | (177,625) | (81,852) | 2,133 | (1,491,800) | (1,108,074) |
| Gross Claim Incurred | (5,425,780) | (1,361,593) | (5,161,494) | (1,586,451) | (231,307) | (19,756) | (13,786,380) | (12,712,023) |
| Claim recoveries | 217,391 | 40,638 | 470,999 | 82,345 | 17,347 | - | 828,721 | 2,339,304 |
| Reinsurance Recoveries | 33,218 | 836,690 | 3,005,364 | 1,350,414 | 72,561 | 11,943 | 5,310,189 | 4,811,834 |
| Net Claim Expense | (5,175,171) | (484,265) | (1,685,131) | (153,692) | (141,399) | (7,813) | (7,647,470) | (5,560,885) |
| Acquisition Cost | (1,182,088) | (750,769) | (1,623,927) | (1,094,420) | (945,176) | (20,621) | (5,617,002) | (5,231,583) |
| Underwriting Expenses | (1,144,588) | (296,745) | (1,314,157) | (763,059) | (678,275) | (42,392) | (4,239,216) | (2,973,048) |
| Total Deduction | (7,501,848) | (1,531,779) | (4,623,214) | (2,011,171) | (1,764,850) | (70,826) | (17,503,688) | (13,765,516) |
| Underwriting Profit | 1,822,771 | 1,168,731 | 687,004 | 1,556,641 | 987,447 | (13,880) | 6,208,712 | 6,995,486 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 48 Claim Development Table

Extracts from EY Nigeria Limited Valuation Report

### 48.1 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 | 1,413,028 | 1,413,028 | 0% |
| Fire | 4,506,321 | 4,506,321 | 0% |
| Marine | 1,131,694 | 1,131,694 | 0% |
| Motor | 5,072,193 | 5,072,193 | 0% |
| Oil and Gas | 149,455 | 149,455 | 0% |
| Agriculture | 21,889 | 21,889 | 0% |
| Total | 12,294,580 | 12,294,580 | 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 | 6,240,504 | 6,240,504 | 0% |
| Fire | 8,531,794 | 8,531,794 | 0% |
| Marine | 3,463,667 | 3,463,667 | 0% |
| Motor | 10,215,056 | 10,215,056 | 0% |
| Oil and Gas | 4,765,273 | 4,765,273 | 0% |
| Agriculture | 152,756 | 152,756 | 0% |
| Total | 33,369,050 | 33,369,050 | |

**(c) Comments on Claims Data**

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

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(d) Business Trend**

We illustrate in the table below, the Gross Written Premium as at 31 December 2022 and 2021 respectively. All lines of business experienced increases and there was an overall increase in GWP by 20%.

| Class of Business | Gross Premium Written Data 2021 | Gross Premium Written Data 2020 | Precentage Difference |
|---|---|---|---|
| | N'000 | N'000 | |
| General Accident | 6,240,504 | 5,019,823 | 24% |
| Fire | 8,531,794 | 6,592,961 | 29% |
| Marine | 3,463,667 | 3,847,471 | -10% |
| Motor | 10,215,056 | 8,000,168 | 28% |
| Agriculture | 152,756 | 72,634 | 110% |
| Oil and Gas | 4,765,273 | 4,342,030 | 10% |
| Total | 33,369,050 | 27,875,087 | 20% |

## 48.2 Valuation Methodology

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

**(a) Premium Reserves**

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

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

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

**(b) Claims Reserves**

The claim reserves comprise of:

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

Reserving method

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

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 48.3 Valuation Results

### (a) Inflation Adjusted Chain Ladder Method - Result table

Discounted Inflation Adjusted Basic Chain Ladder Method

| Class of Business | Gross Outstanding Claims N'000 | Estimated Reinsurance Recoveries N'000 | Net Outstanding Claims N'000 |
|---|---|---|---|
| General Accident | 1,405,698 | (1,008,683) | 397,015 |
| Fire | 3,055,325 | (2,099,273) | 956,052 |
| Marine | 834,040 | (523,453) | 310,587 |
| Motor | 1,569,692 | (777,774) | 791,918 |
| Agriculture | 1,093 | (516) | 577 |
| Oil and Gas* | 513,888 | (104,508) | 409,380 |
| Total | 7,379,736 | (4,514,207) | 2,865,529 |
| Accounts (Outstanding Claims) | 3,018,611 | (2,369,489) | 649,122 |
| Difference | 4,361,125 | (2,144,718) | 2,216,407 |

* Estimated using Expected loss ratio method and discounted

### (b) Incurred But Not Reported (IBNR) Table

| Class of Business | Outstanding Claim Reserves N'000 | Outstanding Reported Claim Reserves N'000 | Gross IBNR N'000 |
|---|---|---|---|
| General Accident | 1,405,698 | 418,319 | 987,379 |
| Fire | 3,055,325 | 1,278,968 | 1,776,357 |
| Marine | 834,040 | 275,895 | 558,145 |
| Motor | 1,569,692 | 1,022,556 | 547,136 |
| Agriculture | 1,093 | 308 | 785 |
| Oil and Gas | 513,888 | 22,565 | 491,323 |
| Total | 7,379,736 | 3,018,611 | 4,361,125 |

### (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 | 1,008,683 | 314,410 | 694,273 |
| Fire | 2,099,273 | 1,113,003 | 986,270 |
| Marine | 523,453 | 232,050 | 291,403 |
| Motor | 777,774 | 702,969 | 74,805 |
| Agriculture | 516 | 246 | 270 |
| Oil and Gas | 104,508 | 6,810 | 97,698 |
| Total | 4,514,207 | 2,369,488 | 2,144,719 |

# Notes To The **Financial Statements**
For The Year Ended 31 December 2022

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

| Class of Business | Gross UPR N'000 | Reinsurance UPR N'000 | Net UPR N'000 |
|---|---|---|---|
| General Accident | 1,954,412 | (762,070) | 1,192,342 |
| Fire | 2,012,156 | (888,540) | 1,123,616 |
| Marine | 868,479 | (260,336) | 608,143 |
| Motor | 2,872,785 | (343) | 2,872,442 |
| Agriculture | 75,450 | (29,705) | 45,745 |
| Oil and Gas | 482,075 | (433,967) | 48,108 |
| Total | 8,265,357 | (2,374,961) | 5,890,396 |

### (e) Additional Unexpired Risk Reserve (AURR)

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

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

| Class of Business | Claims Ratio N'000 | Combined Ratio N'000 | AURR N'000 |
|---|---|---|---|
| General Accident | 35% | 53% | - |
| Fire | 57% | 75% | - |
| Marine | 25% | 44% | - |
| Motor | 57% | 76% | - |
| Agriculture | 27% | 46% | - |
| Oil and Gas | 25% | 44% | - |

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

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

**Estimated DAC and DAR**

| Class of Business | Combined Ratio N'000 | AURR N'000 |
|---|---|---|
| General Accident | 393,325 | 209,559 |
| Fire | 412,374 | 241,315 |
| Marine | 165,962 | 72,079 |
| Motor | 359,610 | 65 |
| Agriculture | 11,218 | 5,941 |
| Oil and Gas | 104,502 | 2,609 |
| Total | 1,446,991 | 531,568 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

## 48.4 Conclusion

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

i - anticipates that total claim payments may be exposed to future inflationary pressures
ii - recognises that reserves should represent the present value and timing of future claim payments

### Technical Reserves

We are reporting Gross Reserves of ₦15.6 billion and Reinsurance Assets of ₦6.9 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 | 7,379,736 | (4,514,207) | 2,865,529 |
| UPR | 8,265,357 | (2,374,961) | 5,890,396 |
| Total | 15,645,093 | (6,889,168) | 8,755,925 |

## 49 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.

iii 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.

iv 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.

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

### Underwriting Strategy

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

### Products and Services

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

# Notes To The Financial Statements
For The Year Ended 31 December 2022

### 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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

### 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 include 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 this 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 2022 and 2021 for Gross Premiums written is set out below:

| (a) By Product | 2022 N'000 | 2021 N'000 |
|---|---|---|
| Motor business | 10,215,056 | 8,000,168 |
| Fire & Property | 8,531,794 | 6,592,962 |
| Marine & Aviation | 3,463,667 | 3,847,471 |
| General Accident | 6,240,504 | 5,019,823 |
| Energy business | 4,765,273 | 4,342,030 |
| Agriculture | 152,756 | 72,634 |
| | 33,369,050 | 27,875,088 |
| **General accident class consists of the following:** | | |
| Engineering | 2,321,195 | 1,867,156 |
| Bond | 730,713 | 587,781 |
| General accident | 3,188,596 | 2,564,886 |
| Total premium generated from General accident class | 6,240,504 | 5,019,823 |
| **(b) By sector** | | |
| Energy | 4,949,598 | 4,134,684 |
| Financial Services | 9,806,417 | 8,191,865 |
| IT/Telecoms & Other Corp. | 7,500,775 | 6,265,829 |
| Manufacturing | 8,056,388 | 6,729,965 |
| Retail | 3,055,872 | 2,552,745 |
| | 33,369,050 | 27,875,088 |

## 50 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-to-day activities. We believe that to achieve this objective would require a good understanding of the risks we are taking and the effective management of these risks both at the individual and enterprise levels".

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

**(a) Risk Management Strategy**

The Company adopts the following strategy for managing risks:

i. Establish a clearly defined risk management process for identifying, measuring, controlling, monitoring and reporting risks.

ii. Entrench and incorporate risk management principles in all functions across the Company

iii. Comprehensive implementation and maintenance of our risk management framework

iv. Ensure good corporate governance practices

v. Board and senior management support to promote sound risk management

vi. Zero tolerance for non-compliance with risk and control procedures

vii. Avoid concentration of risk to any industry, market, sector or individual entity.

viii. Deploy 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.

# Notes To The **Financial Statements**

## For The Year Ended 31 December 2022

| At 31 December 2022 | Carrying amount N'000 | No stated maturity | 0 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 2 years | > 2 years |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash & bank balances | 2,575,529 | - | 2,575,529 | - | - | - | - |
| Short Term Deposits | 6,273,297 | - | 6,273,297 | - | - | - | - |
| Trade receivables | 672,356 | - | 672,356 | - | - | - | - |
| Other Receivables | 581,362 | - | 241,173 | 1,899 | 338,290 | - | - |
| Amortised Cost Assets | 12,159,020 | - | - | 5,236,057 | - | - | 6,922,963 |
| Equity securities | | | | | | | |
| Financial Assets -FVTPL | 5,800,623 | 5,800,623 | - | - | - | - | - |
| Financial Assets -FVOCI | 53,731 | 53,731 | - | - | - | - | - |
| | **28,115,918** | **5,854,354** | **9,762,355** | **5,237,956** | **338,290** | **-** | **6,922,963** |
| | | | | | | | |
| **Insurance liabilities** | | | | | | | |
| Insurance Contract liability | 15,645,093 | - | 15,645,093 | - | - | - | - |
| Reinsurance Assets | (9,712,498) | - | (9,712,498) | - | - | - | - |
| | **5,932,595** | **-** | **5,932,595** | **-** | **-** | **-** | **-** |

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

**(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 2022**

| | Carrying amount N'000 | Fixed rate N'000 | Floating rate N'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 8,842,182 | - | - |
| Trade receivables | 672,356 | - | - |
| Reinsurance Assets | 9,712,498 | - | - |
| Amortised Cost Assets | 12,159,020 | 12,159,020 | - |
| | **31,386,056** | **12,159,020** | **-** |
| **Liabilities** | | | |
| Non-life insurance liability | 15,645,093 | - | - |
| Other liabilities | 2,589,655 | - | - |
| Bank Overdraft | - | | - |
| Debt security in issue | - | - | - |
| | **18,234,748** | **-** | **-** |

**31 December 2021**

| | Carrying amount N'000 | Fixed rate N'000 | Floating rate N'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 7,841,181 | - | - |
| Trade receivables | 1,479,056 | - | - |
| Reinsurance Assets | 7,565,820 | - | - |
| Amortised Cost Assets | 8,143,491 | 8,143,491 | - |
| | 25,029,548 | 8,143,491 | - |
| **Liabilities** | | | |
| Non-life insurance liability | 12,217,843 | - | - |
| Other liabilities | 2,271,542 | - | - |
| Bank Overdraft | - | | - |
| Debt security in issue | - | - | - |
| | 14,489,385 | - | - |

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 2022, the market value of quoted securities held by the Company is N5.8 billion (2021: N5.4 billion). If the all share index of the NGX moves by 100 basis points at 31 December 2022, the effect on profit or loss would have been N54 million ( 2021: N 54 million).

### Credit Risk

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

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

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

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

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

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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**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:

| | Maximum exposure | |
|---|---|---|
| **Maximum exposure to credit risk before collateral held or other credit enhancements:** | **2022** | **2021** |
| | **N'000** | **N'000** |
| Cash and cash equivalents | **8,842,182** | 7,841,181 |
| Trade receivables | **672,356** | 1,479,056 |
| Debt measured at amortised cost | **12,159,020** | 8,143,491 |
| Loans and other receivables | **581,362** | 263,776 |
| Total assets bearing credit risk | **22,254,920** | 17,727,504 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

| Age analysis for past due and impaired | Cash and cash equivalents N'000 | Trade receivables N'000 | Loans and other receivables N'000 | Amortised cost N'000 | Total |
|---|---|---|---|---|---|
| 31 December 2022 | 8,842,182 | 672,356 | 581,362 | 12,159,020 | 22,254,920 |
| Neither past due nor impaired | - | - | - | - | - |
| Past due but not impaired | - | - | - | - | - |
| Impaired | - | - | - | - | - |
| Net | 8,842,182 | 672,356 | 581,362 | 12,159,020 | 22,254,920 |

### 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 Group requires debtors to provide payment plans before inception of insurance policies. The Group'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 Group 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 provisional matrix for calculating expected losses on premium receivables as a practical expedient in line with IFRS 9. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables which is adjusted for forward-looking estimates

**Credit quality**

The Group loan and receivables have 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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on 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 flows 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.

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

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

Details of these statistical parameters/inputs are as follows:

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

1. 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over) the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.

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

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

- 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.

# Notes To The Financial Statements
For The Year Ended 31 December 2022

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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

### 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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

### 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 2022, 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

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio
- Retention rate
- Re-insurance receipts to ceded premium ratio
- Solvency margin

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

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

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

| At 31 December 2022 (N'000) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Financial assets | | | |
| Financial Assets -FVTPL | 5,800,623 | - | - |
| Financial Assets -FVOCI | - | 53,731 | - |
| Amortised Cost Assets | 12,159,020 | - | - |
| | 17,959,643 | 53,731 | - |

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

**(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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

**(iii) Debt securities**

Treasury bills represent short term instruments issued by the Central bank of the jurisdiction where the Group 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.

## 51 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 Group 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 Group'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 Group;
- To generate sufficient capital to support the Group's overall business strategy;
- To ensure that the Group 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 Parent 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 Parent 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 N17,916,252

### (c) Finance Act 2021- Part IX - Insurance Act

The Federal Government of Nigeria, by Federal Republic of Nigeria official Gazzete, dated 18 January 2022 amended the Finance Act, 2021. The Finance Act 2021 (Part ix-Insurance Act) in sections 33, 34, and 35 contains provisions which amended Sections 9, 10 and 102 of Insurance Act, 2003, as previously related to paid up share capital. The Sections of the Act amended the Insurance Act by substituting the words " paid up share capital" with words " Capital requirement" and wherever they appear in Insurance Act 2003. The word " Capital requirement" was introduced and inserted in Section 102 of the Insurance Act. By the provision of Section 35 " Capital Requirement" means-

**(a) In the case of existing company –**

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

For this purpose, Admissible Assets are defined as :
Share Capital, Share Premium, Retained Earnings, Contingency Reserves and other admissive assets subject to the approval of the Commission.

**(b) In the case of a new company-**

(i) Government Bonds and Treasury bills,
(ii) Cash and Bank balances, and
(iii) Cash and cash equivalents

| | 2022 | 2021 |
|---|---|---|
| | N'000 | N'000 |
| Share Capital | 5,016,477 | 5,016,477 |
| Share Premium | - | - |
| Retained earnings | 12,865,570 | 9,617,952 |
| Contingency reserves | 7,186,595 | 6,098,784 |
| Excess of admissible assets over liabilities | 25,068,642 | 20,733,213 |
| Less the amount of own shares held (Treasury Shares) | - | - |
| | 25,068,642 | 20,733,213 |
| Subordinated liabilities | - | - |
| Any other financial instruments as prescribed by the Commission | - | - |
| | 25,068,642 | 20,733,213 |

**(d) Capital Adequacy Test**

Based on the capital adequacy claculation below, NEM Insurance Plc has a surplus of N24.2 billion.

| | 2022 | 2021 |
|---|---|---|
| | N'000 | N'000 |
| Shareholders' fund as per Statement of Financial Position | | 27,167,422 |
| Less: | | |
| Intangible Assets | (15,721) | |
| Deferred tax liability | (3,687) | |
| Due from related parties | - | |
| | | (19,408) |
| Capital Base | | 27,148,014 |

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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

| (e) DETERMINATION OF SOLVENCY MARGIN | Admissible | Inadmissible | 2022 N'000 | 2021 N'000 |
|---|---|---|---|---|
| Cash and cash equivalents | 7,573,184 | 1,268,998 | 8,842,182 | 6,816,804 |
| Financial assets | | | | |
| -FVTPL | 5,800,623 | - | 5,800,623 | 5,354,017 |
| -Amortised Cost | 9,312,413 | 2,846,607 | 12,159,020 | 6,384,950 |
| -FVOCI | 53,731 | - | 53,731 | 84,884 |
| Trade receivables | 672,356 | - | 672,356 | 1,479,056 |
| Reinsurance assets | 9,712,498 | - | 9,712,498 | 7,565,820 |
| Deferred acquisition costs | 1,446,991 | - | 1,446,991 | 1,030,753 |
| Investment in Subsidiary | 150,000 | - | 150,000 | 150,000 |
| Staff loans and advances | 220,446 | - | 220,446 | 23,343 |
| Investment in Properties | - | 1,813,768 | 1,813,768 | - |
| Property, plant and equipment | 1,332,433 | 2,545,759 | 3,878,192 | 1,278,062 |
| Right-of-use Assets | - | 149,520 | 149,520 | 209,920 |
| Statutory deposit | 320,000 | - | 320,000 | 320,000 |
| **Admissible assets** | **36,594,675** | **8,624,652** | **45,219,327** | **30,697,609** |
| **LIABILITIES** | | | | |
| Insurance contract liabilities | 15,645,093 | | 15,645,093 | 12,217,843 |
| Trade payables | 487,527 | | 487,527 | 410,728 |
| Provisions and other payables | 2,102,128 | | 2,102,128 | 1,860,814 |
| Lease liabilities | 35,999 | | 35,999 | 139,623 |
| Retirement benefits obligations | 29,497 | | 29,497 | 52,414 |
| Current income tax liabilities | 378,179 | | 378,179 | 618,736 |
| **Admissible liabilities** | **18,678,423** | **-** | **18,678,423** | **15,300,158** |
| **Solvency margin** | **17,916,252** | | | **15,397,451** |
| **Minimum share capital** | **3,000,000** | | | **3,000,000** |
| **Surplus in solvency margin** | **14,916,252** | | | **12,397,451** |
| **Percentage of solvency** | **83%** | | | **81%** |

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

## 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.

# Notes To The **Financial Statements**

For The Year Ended 31 December 2022

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.

| | Insurance funds | Shareholders' funds | Total |
|---|---|---|---|
| | N'000 | N'000 | N'000 |
| Assets | | | |
| Cash and cash equivalents | 7,573,184 | 1,268,998 | 8,842,182 |
| Financial assets | | | |
| -FVTPL | 5,800,623 | - | 5,800,623 |
| -FVOCI | - | 53,731 | 53,731 |
| - At amortised cost | - | 12,159,020 | 12,159,020 |
| Trade receivables | - | 672,356 | 672,356 |
| Reinsurance assets | 6,889,168 | 2,823,330 | 9,712,498 |
| Deferred acquisition costs | | 1,446,991 | 1,446,991 |
| Other receivables and prepayment | - | 581,362 | 581,362 |
| Investment in Subsidiary-NEM Asset | - | 150,000 | 150,000 |
| Investment properties | - | 1,813,768 | 1,813,768 |
| Statutory deposit | - | 320,000 | 320,000 |
| Intangible assets | - | 15,721 | 15,721 |
| Property, plant and equipment | - | 3,878,192 | 3,878,192 |
| Right-of-use Assets | - | 149,520 | 149,520 |
| Deferred tax assets | - | 253,568 | 253,568 |
| Total assets | 20,262,975 | 25,586,557 | 45,849,532 |
| Liabilities: | | | |
| Insurance contract liabilities | 15,645,093 | - | 15,645,093 |
| Trade payables | - | 487,527 | 487,527 |
| Other payables | - | 2,102,128 | 2,102,128 |
| Lease liabilities | - | 35,999 | 35,999 |
| Retirement benefit obligations | - | 29,497 | 29,497 |
| Income tax liability | - | 378,179 | 378,179 |
| Deferred tax liabilities | - | 3,687 | 3,687 |
| Total liabilities | 15,645,093 | 3,037,017 | 18,682,110 |
| Gap | 4,617,882 | 22,549,540 | 27,167,422 |

The main objectives of the Parent 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 Parent's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

# Other National Disclosure
# Statement Of Value Added - Group
## For The Year Ended 31 December 2022

| | 2022 N'000 | % | 2021 N'000 | % |
|---|---|---|---|---|
| **Gross Premium Income:** | | | | |
| Local | 31,433,600 | | 26,545,254 | |
| Foreign | - | | - | |
| **Other Income:** | | | | |
| Local | 4,459,354 | | 2,869,804 | |
| Foreign | - | | - | |
| | 35,892,954 | | 29,415,058 | |
| **Bought in Services:** | | | | |
| Local | (26,082,948) | | (20,958,302) | |
| Foreign | - | | - | |
| **Value Added** | 9,810,006 | 100 | 8,456,756 | 100 |
| **Applied as follows:** | | | | |
| **Employees** | | | | |
| Salaries and other employees benefits | 1,889,357 | 19 | 1,898,656 | 22 |
| **Provider of Capital** | | | | |
| Dividend to Shareholders | 1,103,625 | 11 | 902,966 | 11 |
| **Government** | | | | |
| Taxation | 41,875 | 0 | 95,918 | 1 |
| **Retention and Expansion** | | | | |
| Depreciation and Amortisation Charges | 247,716 | 3 | 242,079 | 3 |
| Contingency reserves | 1,087,811 | 11 | 884,857 | 11 |
| Retained profit for the year | 5,439,622 | 55 | 4,432,280 | 52 |
| **Value Added** | 9,810,006 | 100 | 8,456,756 | 100 |

Value added represents the additional wealth the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

# Other National Disclosure
# Statement Of Value Added - Parent
For The Year Ended 31 December 2022

| | 2022 N'000 | % | 2021 N'000 | % |
|---|---|---|---|---|
| **Gross Premium Income:** | | | | |
| Local | 31,433,600 | | 26,545,254 | |
| Foreign | - | | - | |
| **Other Income:** | | | | |
| Local | 4,405,863 | | 2,828,425 | |
| Foreign | - | | - | |
| | 35,839,463 | | 29,373,679 | |
| **Bought in Services:** | | | | |
| Local | (26,045,724) | | (20,945,481) | |
| Foreign | - | | - | |
| **Value Added** | 9,793,739 | 100 | 8,428,198 | 100 |
| | | | | |
| **Applied as follows:** | | | | |
| | | | | |
| **Employees** | | | | |
| Salaries and other employees benefits | 1,877,383 | 19 | 1,888,317 | 22 |
| | | | | |
| **Provider of Capital** | | | | |
| Dividend to Shareholders | 1,103,625 | 11 | 902,966 | 11 |
| | | | | |
| **Government** | | | | |
| Taxation | 40,149 | - | 88,192 | 1 |
| | | | | |
| **Retention and Expansion** | | | | |
| Depreciation and Amortisation Charges | 245,717 | 3 | 239,580 | 3 |
| Contingency reserves | 1,087,811 | 11 | 884,857 | 11 |
| Retained profit for the year | 5,439,054 | 56 | 4,424,286 | 52 |
| **Value Added** | 9,793,739 | 100 | 8,428,198 | 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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **Assets** | | | | | |
| Cash and Cash Equivalents | 8,878,011 | 7,895,469 | 7,352,189 | 8,101,885 | 6,697,017 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 5,800,623 | 5,354,017 | 4,479,121 | 2,485,564 | 1,108,206 |
| - At fair value through other comprehensive income | 53,731 | 84,884 | 81,318 | 70,028 | 1,260,729 |
| - At amortised cost | 12,159,020 | 8,143,491 | 6,105,529 | 2,130,855 | 1,235,106 |
| Trade Receivable | 672,356 | 1,479,056 | 228,140 | 207,484 | 279,709 |
| Reinsurance Assets | 9,712,498 | 7,565,820 | 5,107,870 | 5,525,893 | 4,809,590 |
| Deferred Acquisition Cost | 1,446,991 | 1,030,753 | 1,840,694 | 810,097 | 655,614 |
| Investment in Associate | - | - | 412,741 | 435,165 | 413,752 |
| Investment Properties | 1,813,768 | 1,706,167 | 1,617,609 | 1,589,278 | 682,951 |
| Intangible Assets | 15,721 | 10 | 10 | 1,225 | 6,405 |
| Property, plant and equipment | 3,886,188 | 3,794,957 | 2,922,422 | 3,031,838 | 4,158,807 |
| Right-of-use Assets | 149,520 | 209,920 | - | - | - |
| Other Receivables and Prepayment | 723,428 | 414,712 | 470,727 | 683,375 | 709,859 |
| Statutory Deposit | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Deferred tax asset | 256,411 | 257,505 | 263,035 | 291,203 | 92,773 |
| **Total Assets** | 45,888,266 | 38,256,761 | 31,201,405 | 25,683,890 | 22,430,518 |
| **Liabilities** | | | | | |
| Insurance Contract Liabilities | 15,645,093 | 12,217,843 | 9,779,935 | 9,000,865 | 7,126,871 |
| Trade Payables | 487,527 | 410,728 | 585,327 | 298,046 | 319,023 |
| Other Payables | 2,107,289 | 1,893,238 | 1,672,134 | 1,386,681 | 1,247,829 |
| Finance lease obligations | 35,999 | 139,623 | 47,963 | - | - |
| Income Tax Liabilities | 379,224 | 623,508 | 675,783 | 462,419 | 835,998 |
| Deferred Tax Liability | 3,687 | 10,387 | - | 356,500 | 397,746 |
| Retirement Benefit Obligations | 29,497 | 52,414 | 78,960 | 81,635 | 78,496 |
| **Total liabilities** | 18,688,316 | 15,347,741 | 12,840,102 | 11,586,146 | 10,005,963 |
| **Net Assets** | 27,199,950 | 22,909,020 | 18,361,303 | 14,097,744 | 12,424,555 |
| **Equity** | | | | | |
| Share Capital | 5,016,477 | 5,016,477 | 5,016,477 | 2,640,251 | 2,640,251 |
| Share Premium | - | - | - | 272,551 | 272,551 |
| Other Reserves-gratuity | 58,581 | 72,495 | 71,147 | 111,455 | 131,043 |
| FVOCI reserve | (67,765) | (36,612) | (40,178) | (51,468) | (35,344) |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | 1,094,475 | 1,094,475 | 1,094,475 |
| Contingency Reserve | 7,186,595 | 6,098,784 | 5,213,927 | 4,198,848 | 3,606,052 |
| Retained Earnings | 12,898,098 | 9,649,912 | 7,005,455 | 5,831,632 | 4,715,527 |
| Shareholders' Fund | 27,199,950 | 22,909,020 | 18,361,303 | 14,097,744 | 12,424,555 |

# Other National Disclosure
# Five Year Financial Summary - Group

## Statement Of Financial Position

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross Premium Written | 33,369,050 | 27,875,088 | 22,035,695 | 19,759,872 | 15,049,453 |
| Gross premium income | 31,433,600 | 26,545,254 | 21,682,189 | 19,259,541 | 14,346,488 |
| Net Premium income | 22,150,158 | 19,306,127 | 15,862,758 | 12,617,540 | 10,693,794 |
| Other Revenue | 4,633,442 | 3,228,122 | 3,583,000 | 2,147,044 | 1,934,089 |
| **Total Revenue** | 26,783,600 | 22,534,249 | 19,445,758 | 14,764,584 | 12,627,883 |
| Claims expense | (7,647,470) | (5,560,885) | (6,054,469) | (3,937,318) | (2,554,253) |
| Other Expenses | (13,654,633) | (12,445,166) | (8,261,476) | (8,907,512) | (7,387,969) |
| **Total Benefits, Claims and Other Expenses** | (21,302,103) | (18,006,051) | (14,315,945) | (12,844,830) | (9,942,222) |
| **Profit Before Tax** | 5,481,497 | 4,528,198 | 5,129,813 | 1,919,754 | 2,685,661 |
| Income tax | (41,875) | (95,918) | (45,161) | 475,612 | (648,957) |
| **Profit For the Year** | 5,439,622 | 4,432,280 | 5,084,652 | 2,395,366 | 2,036,704 |
| Other Comprehensive (loss)/income | | | | | |
| for the year | (45,067) | 1,018,403 | (29,018) | (35,712) | 1,208,882 |
| Total Comprehensive Income | | | | | |
| for the year | 5,394,555 | 5,450,683 | 5,055,634 | 2,359,654 | 3,245,586 |
| **Basic EPS (Kobo)** | 1.08 | 0.88 | 0.96 | 0.45 | 0.39 |
| **Diluted Basic EPS (Kobo)** | 1.08 | 0.88 | 0.96 | 0.45 | 0.39 |

# Other National Disclosure
# Five Year Financial Summary - Parent

## Statement Of Financial Position

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **Assets** | | | | | |
| Cash and Cash Equivalents | 8,842,182 | 7,841,181 | 7,326,758 | 8,095,230 | 6,675,924 |
| Financial Assets | | | | | |
| - At fair value through profit or loss | 5,800,623 | 5,354,017 | 4,479,121 | 2,485,564 | 1,108,206 |
| - At fair value through other comprehensive income | 53,731 | 84,884 | 81,318 | 70,028 | 1,260,729 |
| - At amortised cost | 12,159,020 | 8,143,491 | 6,105,529 | 2,130,855 | 1,235,106 |
| Trade Receivable | 672,356 | 1,479,056 | 228,140 | 207,484 | 279,709 |
| Reinsurance Assets | 9,712,498 | 7,565,820 | 5,107,870 | 5,525,893 | 4,809,590 |
| Deferred Acquisition Cost | 1,446,991 | 1,030,753 | 1,840,694 | 810,097 | 655,614 |
| Investment in Associate | - | - | 412,741 | 435,165 | 413,752 |
| Investment in Subsidiary- NEM Asset Management Limited | 150,000 | 150,000 | 100,000 | 50,000 | 50,000 |
| Investment Properties | 1,813,768 | 1,706,167 | 1,617,609 | 1,589,278 | 682,951 |
| Intangible Assets | 15,721 | 10 | 10 | 1,225 | 2,042 |
| Property, plant and equipment | 3,878,192 | 3,784,962 | 2,922,422 | 3,030,737 | 4,156,609 |
| Right-of-use Assets | 149,520 | 209,920 | - | - | - |
| Other Receivables and Prepayments | 581,362 | 263,776 | 374,862 | 627,253 | 698,696 |
| Statutory Deposit | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Deferred tax asset | 253,568 | 253,568 | 253,568 | 281,736 | 83,306 |
| **Total Assets** | 45,849,532 | 38,187,605 | 31,170,642 | 25,660,545 | 22,432,234 |
| | | | | | |
| **Liabilities** | | | | | |
| Insurance Contract Liabilities | 15,645,093 | 12,217,843 | 9,779,935 | 9,000,865 | 7,126,871 |
| Trade Payables | 487,527 | 410,728 | 585,327 | 298,046 | 319,023 |
| Other Payables | 2,102,128 | 1,860,814 | 1,670,834 | 1,382,477 | 1,247,412 |
| Finance lease obligations | 35,999 | 139,623 | 47,963 | - | - |
| Income Tax Liabilities | 378,179 | 618,736 | 670,286 | 457,987 | 835,528 |
| Deferred Tax Liability | 3,687 | 10,387 | - | 356,500 | 397,746 |
| Retirement Benefit Obligations | 29,497 | 52,414 | 78,960 | 81,635 | 78,496 |
| **Total liabilities** | 18,682,110 | 15,310,545 | 12,833,305 | 11,577,510 | 10,005,076 |
| | | | | | |
| **Net Assets** | 27,167,422 | 22,877,060 | 18,337,337 | 14,083,035 | 12,427,158 |
| | | | | | |
| **Equity** | | | | | |
| Share Capital | 5,016,477 | 5,016,477 | 5,016,477 | 2,640,251 | 2,640,251 |
| Share Premium | - | - | - | 272,551 | 272,551 |
| Other Reserves-gratuity | 58,581 | 72,495 | 71,147 | 111,455 | 131,043 |
| FVOCI reserve | (67,765) | (36,612) | (40,178) | (51,468) | (35,344) |
| Asset revaluation reserve | 2,107,964 | 2,107,964 | 1,094,475 | 1,094,475 | 1,094,475 |
| Contingency Reserve | 7,186,595 | 6,098,784 | 5,213,927 | 4,198,848 | 3,606,052 |
| Retained Earnings | 12,865,570 | 9,617,952 | 6,981,489 | 5,816,923 | 4,718,130 |
| Shareholders' Fund | 27,167,422 | 22,877,060 | 18,337,337 | 14,083,035 | 12,427,158 |

# Other National Disclosure
# Five Year Financial Summary - Parent

## Statement Of Financial Position

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **INCOME STATEMENT** | | | | | |
| Gross Premium Written | 33,369,050 | 27,875,088 | 22,035,695 | 19,759,872 | 15,049,453 |
| Gross premium income | 31,433,600 | 26,545,254 | 21,682,189 | 19,259,541 | 14,346,488 |
| Net Premium income | 22,150,158 | 19,306,127 | 15,862,758 | 12,617,540 | 10,693,794 |
| Other Revenue | 4,579,951 | 3,186,743 | 3,541,993 | 2,102,279 | 1,894,521 |
| **Total Revenue** | 26,730,109 | 22,492,870 | 19,404,751 | 14,719,819 | 12,588,315 |
| | | | | | |
| Claims expense | (7,647,470) | (5,560,885) | (6,054,469) | (3,937,318) | (2,554,253) |
| Other Expenses | (13,603,436) | (12,419,507) | (8,232,647) | (8,884,559) | (7,364,939) |
| **Total Benefits, Claims and Other Expenses** | (21,250,906) | (17,980,392) | (14,287,116) | (12,821,877) | (9,919,192) |
| **Profit Before Tax** | 5,479,203 | 4,512,478 | 5,117,635 | 1,897,942 | 2,669,123 |
| Income tax | (40,149) | (88,192) | (42,240) | 480,112 | (648,487) |
| **Profit For the Year** | 5,439,054 | 4,424,286 | 5,075,395 | 2,378,054 | 2,020,636 |
| Other Comprehensive (loss)/income for the year | (45,067) | 1,018,403 | (29,018) | (35,712) | 1,208,882 |
| Total Comprehensive Income for the year | 5,393,987 | 5,442,689 | 5,046,377 | 2,342,342 | 3,229,518 |
| **Basic EPS (Kobo)** | 1.08 | 0.88 | 0.96 | 0.45 | 0.38 |
| **Diluted Basic EPS (Kobo)** | 1.08 | 0.88 | 0.96 | 0.45 | 0.38 |

# Proxy **Form**

| Number of Shares held | | FOR | AGAINST |
|---|---|---|---|
| **1.0** | **ORDINARY BUSINESS** | | |
| | To receive the account and the Reports thereon | | |
| | To declare a dividend | | |
| | To re-elect Mrs. Joy Teluwo as a Director | | |
| | To re-elect Alhaji Ahmed I. Yakasai as a Director | | |
| | To re-elect Chief Ede Dafinone as a Director | | |
| | To authorize the Directors to fix the remuneration of the Auditors | | |
| | To elect members of the Audit committee | | |
| | To disclose the Remuneration of Managers of the company in line with Section 257 of the Companies and Allied Matters Act, 2020 | | |
| **2.0** | **SPECIAL BUSINESS** | | |
| | To approve the remuneration of Directors. | | |
| | To consider and if thought fit, pass the following, with or without modification<br>as Ordinary Resolutions of the Company:<br>"That, in compliance with the Rule of the Nigerian Exchange Limited governing transactions with Related Parties or Interested Persons, the Company and its related entities be and are hereby granted a General Mandate in respect of all recurrent transactions entered into with a related party or interested person provided such transactions are of a revenue or trading nature or are necessary for the Company's day-to-day operations. This Mandate shall commence on the date on which this resolution is passed and shall continue to operate until the date on which the next Annual General Meeting of the Company is held." | | |
| | 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 53rd 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 Shell Zenith Bank Hall,**
**NEM Insurance Plc**
**MUSON Center, 8/9 Marina, Onikan, Lagos.**
**On Thursday 18th May 2023 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 ..........................................................................................................................

# Proxy **Form**

I/We ……………………………………………………………………………………………………………………..…............

being a Shareholder/Shareholders of NEM INSURANCE PLC, hereby appoint ………………………….…. ............ as my/our Proxy to act and vote for me/us on my/our behalf at the 53rd Annual General Meeting to be held on Thursday, 18th day of May 2023 and at any adjournment thereof.

Dated this ……………………………………………………………………. Day of

……………………………………………….. 2023

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 Registrars Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi, Lagos or emailed to registrars@apel.com.ng 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

# SHAREHOLDER'S INFORMATION UPDATE

Dear Sir/Madam,
Kindly update my information with the below:

**FULL NAME**

---

**CONTACT ADDRESS**

---

**EMAIL ADDRESS**

---

**MOBILE NUMBER**

---

**REMARK**

---

---

Thank you,

Yours faithfully

**Signature(s)**

**Company seal (if applicable)**

**Joint/Company's Signatories**

| Tick | Name of Company | Shareholder's Acct NO. |
|---|---|---|
| | ADAS PROGRAMME LIMITED | |
| | AIICO BALANCED FUND | |
| | ANINO INT'L PLC | |
| | ARBICO PLC | |
| | CALIPHATE SUKUK SPV LIMITED | |
| | CHAPEL HILL DENHAM MONEY MARKET FUND | |
| | CITITRUST FINANCIAL SERVICES PLC | |
| | EUNISELL INTERLINKED PLC | |
| | INTERNATIONAL BREWERIES PLC | |
| | JEWEL SUKUK SPV LIMITED | |
| | KSIP FUNDING SPV LIMITED SERIES 1 | |
| | KSIP FUNDING SPV LIMITED SERIES 2 | |
| | LAGOS COMMODITIES & FUTURES EXCHANGE | |
| | LASACO ASSURANCE PLC | |
| | LEAD UNIT TRUST SCHEME | |
| | MAHFAS INVESTMENT LIMITED | |
| | MANZ SPV LIMITED | |
| | MASS TELECOM INNOVATION PLC | |
| | METAL SECURITY PRODUCTS LTD | |
| | MODERN SHELTER SYSTEMS & SERVICES BOND 1 | |
| | MODERN SHELTER SYSTEMS & SERVICES BOND 2 | |
| | MUTUAL BENEFITS ASSURANCE PLC | |
| | MUTUAL TRUST MICROFINANCE BANK LTD | |
| | NCR NIGERIA PLC | |
| ✓ | NEM INSURANCE PLC | |
| | OGC FOODS & BEVERAGES LIMITED | |
| | PARAMOUNT EQUITY FUND | |
| | PHARMA DEKO PLC | |
| | RED STAR EXPRESS PLC | |
| | THE INITIATES PLC | |
| | THE NIGERIA FOOTBALL FUND | |

**Address:** 8, Alhaji Bashorun Street, Off Norman Williams Crescent, S.W. Ikoyi Lagos
**Email:** registrars@apel.ng | **Tel:** 01293 2121, 07046126698

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

Apel Capital
Registrars Limited

# E-DIVIDEND MANDATE ACTIVATION FORM

PASSPORT PHOTOGRAPH HERE

Please complete all section of this form to make it eligible for processing and return to the address below

**The Registrar,**
Apel Capital Registrars Limited.
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:

**BVN** ________________________________

**BANK NAME** ________________________________

**ACCOUNT NUMBER** ________________________________

**ACCOUNT OPENING DATE** ________________________

## SHAREHOLDER'S ACCOUNT INFORMATION

**Surname/Company name** **First Name** **Other Name**

**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**

**Note: This service cost N150.**

| Tick | Name of Company | Shareholder's Acct NO. |
|---|---|---|
| | ADAS PROGRAMME LIMITED | |
| | AIICO BALANCED FUND | |
| | ANINO INT'L PLC | |
| | ARBICO PLC | |
| | CALIPHATE SUKUK SPV LIMITED | |
| | CHAPEL HILL DENHAM MONEY MARKET FUND | |
| | CITITRUST FINANCIAL SERVICES PLC | |
| | EUNISELL INTERLINKED PLC | |
| | INTERNATIONAL BREWERIES PLC | |
| | JEWEL SUKUK SPV LIMITED | |
| | KSIP FUNDING SPV LIMITED SERIES 1 | |
| | KSIP FUNDING SPV LIMITED SERIES 2 | |
| | LAGOS COMMODITIES & FUTURES EXCHANGE | |
| | LASACO ASSURANCE PLC | |
| | LEAD UNIT TRUST SCHEME | |
| | MAHFAS INVESTMENT LIMITED | |
| | MANZ SPV LIMITED | |
| | MASS TELECOM INNOVATION PLC | |
| | METAL SECURITY PRODUCTS LTD | |
| | MODERN SHELTER SYSTEMS & SERVICES BOND 1 | |
| | MODERN SHELTER SYSTEMS & SERVICES BOND 2 | |
| | MUTUAL BENEFITS ASSURANCE PLC | |
| | MUTUAL TRUST MICROFINANCE BANK LTD | |
| | NCR NIGERIA PLC | |
| ✓ | NEM INSURANCE PLC | |
| | OGC FOODS & BEVERAGES LIMITED | |
| | PARAMOUNT EQUITY FUND | |
| | PHARMA DEKO PLC | |
| | RED STAR EXPRESS PLC | |
| | THE INITIATES PLC | |
| | THE NIGERIA FOOTBALL FUND | |

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

NEM
...together to succeed

NEM Insurance Plc RC:6971

**NEM HOUSE:**
199, Ikorodu Road, Obanikoro
P.O. Box 654 Marina, Lagos

**Tel:** 01-4489560-9,
Nem Support Centre: 01-4489570-2

**Email:** nem@nem-insurance.com

**website:** nem-insurance.com