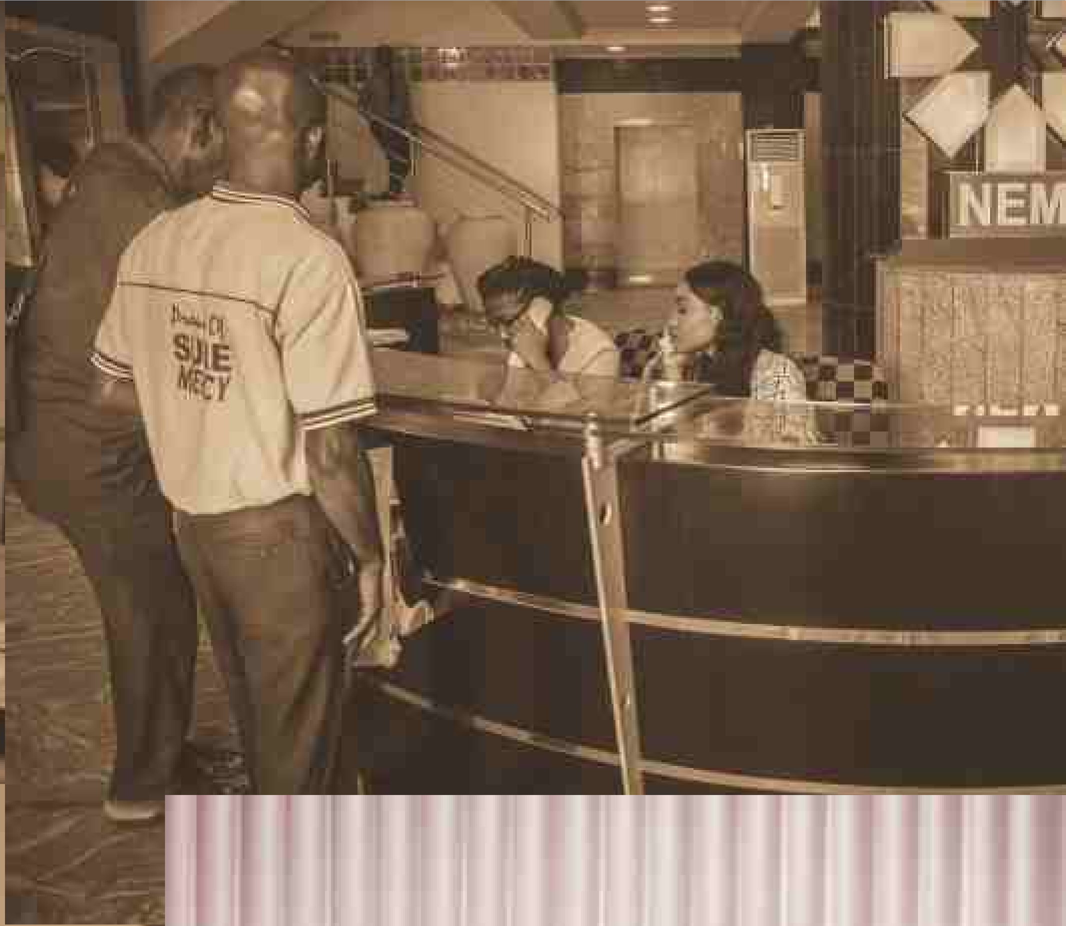
WE REMAIN FOCUSED

2016 ANNUAL REPORT & ACCOUNTS

NEM

NEM Insurance Plc


NEM


TOGETHER
WE SUCCEED

OUR VISION

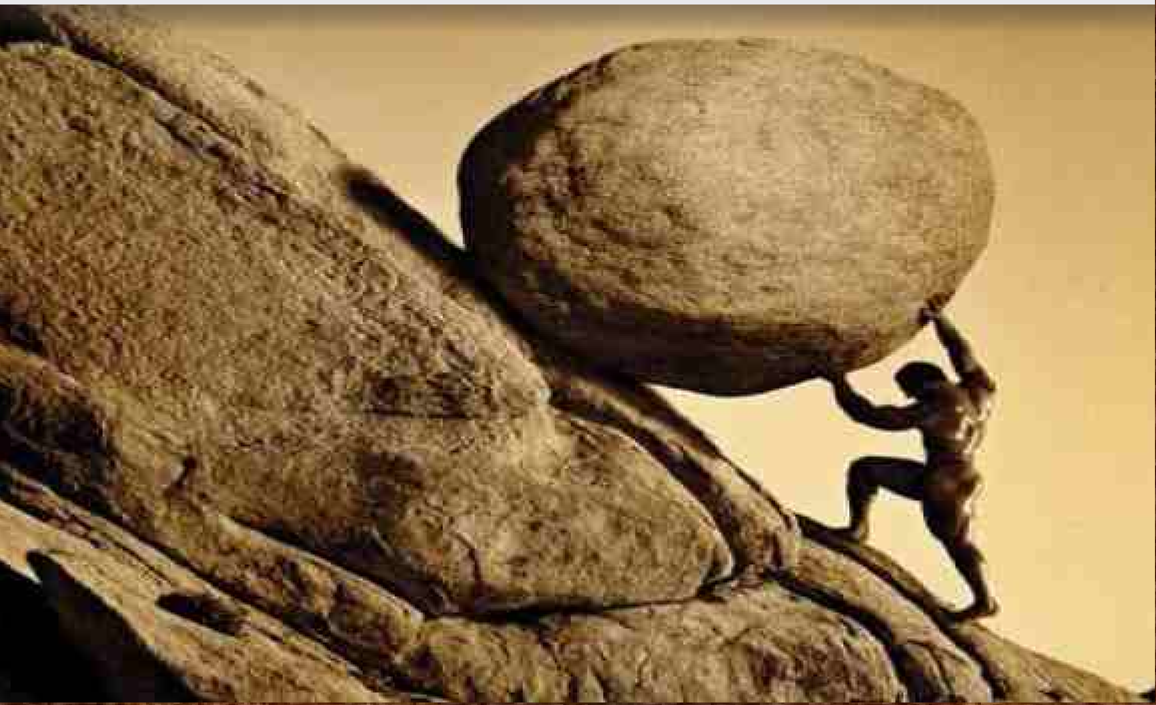
To be the preferred
choice of the
insuring public

CORE VALUES

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

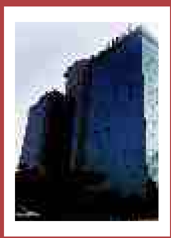
OUR MISSION

"To Build a
Customer-Satisfying
Insurance Institution that is
passionate about adding
value to the interests
of all stakeholders "



CORPORATE PROFILE

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 privatisation by the Federal Government of Nigeria.

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

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

CONTENTS

NOTICE OF 46th GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of NEM INSURANCE PLC. will be reconvened at Premier Hotel, Ibadan on Thursday 24th August, 2017 at 10.00a.m to conclude the following business:

ORDINARY BUSINESS

1. To re-elect Director(s) retiring by rotation.

RE-ELECTION OF DIRECTOR

In accordance with the Articles of Association of the Company, Mrs. Yinka Aletor will retire by rotation and being eligible offers herself for re-election. Her profile is contained in the Annual Report and also on the Company's website

BY ORDER OF THE BOARD

OLAJUMOKE PHILIP-AKEDE
COMPANY SECRETARY

199, IKORODU ROAD, LAGOS
DATED THIS 7TH DAY OF JULY, 2017

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of NEM INSURANCE PLC. will hold at Premier Hotel, Ibadan on Thursday 24th August 2017 at 10.30a.m to transact the following business:

ORDINARY BUSINESS

1. To present the Annual Financial Statements of the Company for the year ended 31st December 2016 and Reports of Directors, the Auditors Report thereon and Audit Committee's Report.

2. To declare a dividend

3. To re-elect Director(s) retiring by rotation.

4. To ratify the appointment of New Directors

5. To approve the remuneration of Directors.

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

7. To elect/re-elect members of the Audit Committee in accordance with Section 359 (4) (5) of the Companies and Allied Matters Act, 1990.

SPECIAL BUSINESS

1. To consider and if thought fit, pass the following resolutions as special resolutions:

1.1 AMENDMENT OF MEMORANDUM OF ASSOCIATION

Pursuant to Section 48 (1) and (2) of the Companies and Allied Matters Act 2004, the Memorandum of Association of the Company be and is hereby amended in the following manner:

(i) by including a new clause 3(B) on Life Insurance Business as follows:
"Insurance of life payable on death or on the attainment of a certain age or on any other contingency connected with the duration of life"

(ii) That the existing clauses (B), (C), (D) and (E) be renumbered as follows:
© To acquire or extinguish or otherwise deal with any insurance made with the Company
(D) To reinsure or counter-insure any of the risks undertaken by the Company
(E) To effect as agents for other insurances or every kind and against, every and any contingency

(F) To create or set aside out of the capital or revenue of the Company, a special fund, or special funds, and to give to any class of its policy-holders, annuitants, or creditors, or any preferential right over any fund so created, and for such or any other purposes of the company to place any portion of the company's property in the names or under the control of trustees, and to give any class of insurers a right to participate in the profits of the Company or any branch of its business"

1.2 "That the Directors be and hereby authorized to purchase the Life Insurance License of a Life Insurance business along with all the rights, title, interest and attendant goodwill in the license and, subject to obtaining the requisite regulatory approvals, take all such incidental, consequential and supplemental actions as are necessary including executing documents that may be required to give effect to the resolution"

NOTES:

I. PROXY

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 and for it to be valid for the purposes of the meeting, it must be completed and deposited at the office of the Registrar, Apel Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent South-West Ikoyi Lagos not less than 48 hours before the time of the meeting.

II. CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from 7th August to11th August 2017 both dates inclusive for the purpose of updating our register of members. Accordingly dividends will only be paid to Shareholders whose names are on the Register before the date of closure. Payment date 28th August, 2017.

III. UNCLAIMED DIVIDEND WARRANTS

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

IV. E-DIVIDEND MANDATE

In line with the decision of the Capital Market Committee at its meeting of 9 August 2016, the Securities and Exchange Commission has directed all Capital Market Registrars to discontinue the issuance of dividend warrants to investors after 31 July 2017.

In view of the foregoing, Shareholders are advised to complete the e-dividend Mandate Forms with the Registrar or their Bankers as dividends will only be paid electronically to Shareholders' bank accounts in accordance with the directive of the Securities and Exchange Commission.

Detachable application forms for change of address, e-dividend and e-bonus are attached to the Annual Report for Shareholders' convenience. The forms can also be downloaded from the Registrar's website https://apel.com.ng. The duly completed form should be delivered to Apel Capital & Trust Limited 8, Alhaji Bashorun Street, Off Norman Williams Crescent South-West Ikoyi Lagos

V. DIVIDEND PAYMENT

If the proposed dividend of 8 kobo per ordinary share of 50 kobo each as recommended by the Directors is approved by members at the Annual General Meeting, dividends will be paid on Monday 28th August, 2017. Shareholders whose names appear in the Register of Members at the close of business on Friday 11th August 2017 who have completed the e-dividend Mandate Forms will receive direct credit of the dividends into their bank accounts.

VI. STATUTORY AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act 2004, a Shareholder may nominate another Shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than twenty one (21) days before the Annual General Meeting.

Kindly note that the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC) and the National Insurance Commission (NAICOM) respectively indicate that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

Additionally, in line with Section C, Rule 2 of the Financial Reporting Council of Nigeria (FRCN) Rules, the Chairman of the Audit Committee must be a professional member of an accounting body established by Act of the National Assembly in Nigeria.

In view of the above, we request that nominations to the Audit Committee should be accompanied by a copy of the nominee's Curriculum Vitae. The Curriculum Vitae of eligible candidates will be posted on the Company's website before the date of the meeting

VII. RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association of the Company, Dr. Fidelis Ayebae will retire by rotation and being eligible offers himself for re-election. His profile is contained in the Annual Report and also on the Company's website.

VIII. APPROVAL OF NEW DIRECTORS

Pursuant to Section 249 of the Companies and Allied Matters Act CAP C20 2004, the Board of Directors appointed Alhaji Ahmed I. Yakasai, Chief Ede Dafinone and Mrs. Joy Teluwo as Non-Executive Directors on the 27th July 2016, 27th October 2016 and 14th March 2017 respectively. Their appointments are being presented for Shareholders' approval at the Annual General Meeting.

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

IX. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange's Rulebook 2015, It is the right of every Shareholder to ask questions not only at the meeting but also in writing prior to the meeting. We urge that such questions be submitted to the Company Secretary at 199, Ikorodu not later than two (2) weeks before the date of the meeting

BY ORDER OF THE BOARD

OLAJUMOKE PHILIP-AKEDE
COMPANY SECRETARY

199, IKORODU ROAD, LAGOS
DATED THIS 7TH DAY OF JULY, 2017

Corporate Information

Directors	Fidelis Ayebae	Chairman
	Mr. Tope Smart	Group Managing Director/CEO
	Mrs. Susan Abisola Giwa-Osagie	Deputy Group Managing Director
	Mr. Alani Olojede	Executive Director
	Mrs. Yinka Aletor	Director
	Alh. Ahmed Yakasai	Director
	Chief Ede Dafinone	Director (Appointed 27th Oct. 2016)
	Mrs Joy Teluwo	Director (Appointed 14th March 2017)
Company Secretary	Mrs. Olajumoke Philip-Akede NEM Insurance Plc 199, Ikorodu Road Obanikoro, Lagos	
Registered Office	NEM House 199, Ikorodu Road Obanikoro, Lagos	
FRCN Number	FRC/2012/0000000000249	
Registration Number	6971	
Corporate Head Office	NEM House 199, Ikorodu Road Obanikoro, Lagos	
Registrars	APEL Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent, South West, Ikoyi Lagos Tel: 01-2932121 Mobile No: 07046126698	
Bankers	Access Bank Plc Diamond Bank Plc Ecobank Nigeria Limited First Bank of Nigeria Limited First City Monument Bank Plc GT Bank Plc Keystone Bank Plc Standard Chartered Bank Limited Sterling Bank Plc United Bank for Africa Plc Zenith Bank Plc	

Auditors	SIAO (Chartered Accountants) 18b, Olu Holloway Road Off Alfred Rewane Road Falomo- Ikoyi P.O.Box 55461, Falomo Ikoyi, Lagos. Tel: +234 01 463 0871-2 Website: www.siao-ng.com E-mail: enquiries@siao-ng.com
Solicitors	Koya & Kuti Solicitors 5th Floor, 3, Ajele Street Lagos. Sola Abidakun & Co 9th Floor, UBA House 57, Marina Lagos.
Reinsurers	African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Pool
Subsidiary	Associate
NEM Asset Management Ltd 199, Ikorodu Road Obanikoro P. O. Box 654 Lagos Tel: 01-4489574	**Regency Nem Insurance (Ghana) Ltd.** No 65, Patrice Lumumba Road, Airport Residential Area Accra P. O. Box 6342, Cantonments,

ALWAYS A SUCCESS STORY

Fellow Shareholders, invited Guests, Ladies and Gentlemen. I welcome you to this forty-seventh Annual General Meeting of our beloved Company - NEM Insurance Plc. I am happy to present the Annual Report and Financial Statements for the year ended 31st December 2016.

FIDELIS AYEBAE
CHAIRMAN

Operating Environment

Year 2016 was a difficult year for the citizenry; witnessing induced consumption demand, reduction in foreign exchange, weak currency, problems in the energy sector, pipeline vandalisation, fuel shortages, lower electricity generation and weak inflation. Hence, the country's economy plummeted into recession after observing the shrink for two consecutive quarters. Provisional data by the National Bureau of Statistics (NBS), showed that Nigeria economy contracted by -1.51% which represented N67,984.20 billion in the year under review. Nevertheless there was slight improvement overall and better than the -1.8% prediction of the International Monetary Fund. The oil sector contracted by -12.38% during the last quarter of 2016 and -13.65% for the full year as against the contraction of -5.45% in 2015. This was due to the decline in crude oil prices, production output and restiveness in the Niger Delta region. The non-oil sector witnessed a decline of 0.33%.

The government in a bid to reduce dependence on income from crude oil concentrated its efforts on improvement of the agricultural and solid mineral sectors. The result was the growth of the agricultural sector by 4.11%; an improvement over that of 2015 that grew by 3.72%. This was basically achieved by the impressive rainfall experienced in most part of the country. While manufacturing sector grew by 4.32% over the year as against 1.46% recorded in 2015, the Finance & Insurance sector experienced a decline in growth of -4.56% compared to a growth of 7.12% in 2015. The insurance sector's contribution to the GDP was 1.09% in the fourth quarter of 2016 as against 1.22% in the third quarter.

As a result of the persistent fall in crude oil price which was $47.43 per barrel as per provisional data available at the end of the period under review, the country's foreign reserve stood at $25.8 billion as against $28.29 billion of the preceding period.

In a bid for the government to revamp the economy and attract foreign investors, it intensified its fight against corruption and allowed the Naira to float in the market, hence resulting into indirect devaluation of the Naira which stood at N304.50 per Dollar at

THE SUM OF

10.8BILLION

WAS ACHIEVED IN 2016 WHILE IN 2015 IT WAS N10.3 BILLION.

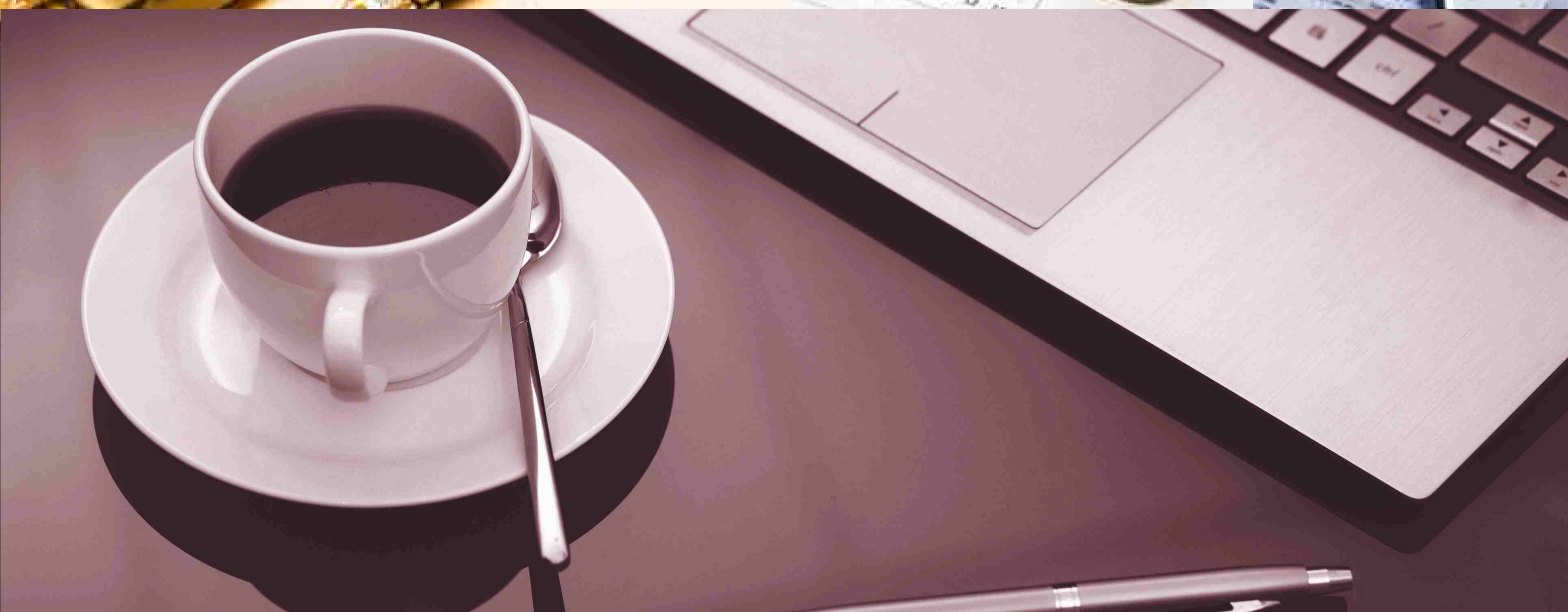
the end of the year under review compared with N197 per Dollar in 2015 in the formal market.

In order to complement the acceptance of the foreign exchange policy agenda and moderate inflation as well as ensure positive real returns on investment that would attract foreign investors as earlier stated, the Monetary Policy rate was increased to 14% as against 11% of 2015.

The provisional data from the NBS showed that the all-items composite Consumer Price Index (CPI) at the end of fourth quarter of 2016 was 213.6 representing an increase of 18.7% above that of the preceding period. Thus, the inflation rate at the end of the year stood at 18.55% as against 9.55% in the preceding year.

The shrink in the economy reflected in the stock market as revenue, profit-base and cash-flow of most companies reported weakness, hence contributing to the bearish trend experienced in the

Our company was able to withstand all the storms that came with the year under review and recorded a very impressive performance.



Nigeria stock market. Also, the uncertainty of the foreign exchange availability and monetary policy weakened investors' confidence in the investment in equities. Hence, the All Shares Index (ASI) for equity which opened at 28,370.32 bpts, closed at 26,874.62 bpts representing a decline of 5.57%. The market capitalization of the listed securities stood at N9.246 trillion at the end of the fourth quarter of 2016, a decline of 6.13% from that of the preceding period.

It is hoped that with the government's resilience to fight corruption and terrorism to a stop and ensure security of lives and properties of her citizens, wastages would be reduced and the country would be attractive to investors.

Financial Performance

Our company was able to withstand all the storms that came with the year under review and recorded a very impressive performance.

The Financial Assets for the Group and Parent Company for the year under review improved by 8.5% and 17.9% respectively over that of the preceding year.

Following the directive of the National Insurance Commission Ghana to increase the share base of Insurance Companies from $1 million to $5 million, we decided to merge our operations with Regency Alliance Ghana Ltd. The new name of the merged entity is RegencyNem Insurance Ghana Ltd. As a result of the merger, the status of NEM Insurance Ghana Ltd has changed from being a subsidiary to an Associate as our stake in the company is 40%.
This resulted into a decrease of 1.3% in Gross Premium over the previous period for the Group. The absolute figure was N10.8 billion in 2016 as against N10.9 billion in 2015. On the other hand the Parent Company recorded an increase of 4% over the previous year. The sum of N10.8 billion was achieved in 2016 while in 2015 it was N10.3 billion.

The low interest rate as well as the inability of MTN to pay dividend as at when due because of the issue they had with the NCC, investment income decreased by 35.7% for the Group and 29.1% for the Parent Company. While the Group generated an Investment Income of N479.5 million during the year under review, the Parent Company also generated N479.5 million. In 2015 the income was N746.2 million and N676.4 million respectively.

There was a notable improvement in our claim experience during the period under review. Claims expenses incurred by the Group and Parent Company was N2.67 billion during the reporting year, an improvement of 32.6% and 29.7% respectively. In the previous year the absolute figures were N3.96 billion and N3.8 billion respectively. Gross Claims ratio was 37.7% for the Group and Parent Company, while that of the preceding year was 43.9% and 43.3% respectively. The Net Claims ratio was 31.4% for the Group and Parent Company, while that of the previous year was 46.3% and 46.6% respectively.
The improvement on our claims payment positively impacted our Profit for the period as the Profit before Tax (PBT) shot up by 258.3% and 290.8% for the Group and Parent Company respectively. While in the reporting year the Group made a PBT of N2.14 billion, the Parent Company recorded N2.19 billion. In 2015 the figures were N598.8 million and N559.4 million respectively.

The Financial Assets for the Group and Parent Company for the year under review improved by 8.5% and 17.9% respectively over that of the preceding year. While the Total Assets and Total Equity of the Group improved by 16.1% and 19.4% respectively, those of the Parent Company improved by 20.2% and 19.7% respectively.

Earnings Per Share (EPS) for the year was 34 kobo; an increase of 154.7% over that of the preceding year which was 14 kobo.

Dividend
As a result of the impressive performance, the Board is recommending a dividend of - kobo per share.

Human Capital
Human capital cannot be over emphasized and our staff are our most priced assets. Hence, as per our tradition, most of the members of staff were sent on

Following the directive of the National Insurance Commission Ghana to increase the share base of Insurance Companies from $1 million to $5 million, we decided to merge our operations with Regency Alliance Ghana Ltd. The new name of the merged entity is RegencyNem Insurance Ghana Ltd.

relevant local and international trainings during the year under review to ensure better performance and improved services. Even though promotions were deferred due to some strategic plans, all obligations to staff were duly fulfilled.

Corporate Governance Code

With the exit of some directors during the year, three new directors were appointed to fill the casual vacancies. They shall be presented today for ratification.

Subsidiary Company

It is noteworthy to mention that while our subsidiary in Ghana merged with Regency Insurance, Ghana with our company having a holding of 40%, a new company, NEM Asset management, was set up during the year. The company has great prospects and would add value to our bottom line in the years to come.

Future Prospects

We are committed to be the preferred choice of the insuring public and ensure improved revenue that would affect our bottom line. Hence, we intend to acquire a life insurance company in 2017 as soon as we are able to find a viable one. Presently, NAICOM has put a hold to issuance of life insurance business certificate. Hence, acquisition is the only available option.

Conclusion

I must say that God has been tremendously good to us and saw us through all the trials of the period. All praise be given to Him. It is also amazing that we were able to record such performance even in a recessed economy. I give kudos to our able GMD/CEO, management and all members of staff who worked tirelessly to achieve this feat. To the members of the Board who have shown their unflinching support, the shareholders who believe in the company, Broker, Agents, Re-insurers and all our dear Clients I thank you very, very much and God bless you all.

DR. FIDELIS AYEBAE
CHAIRMAN

From The Group Managing Director's Office

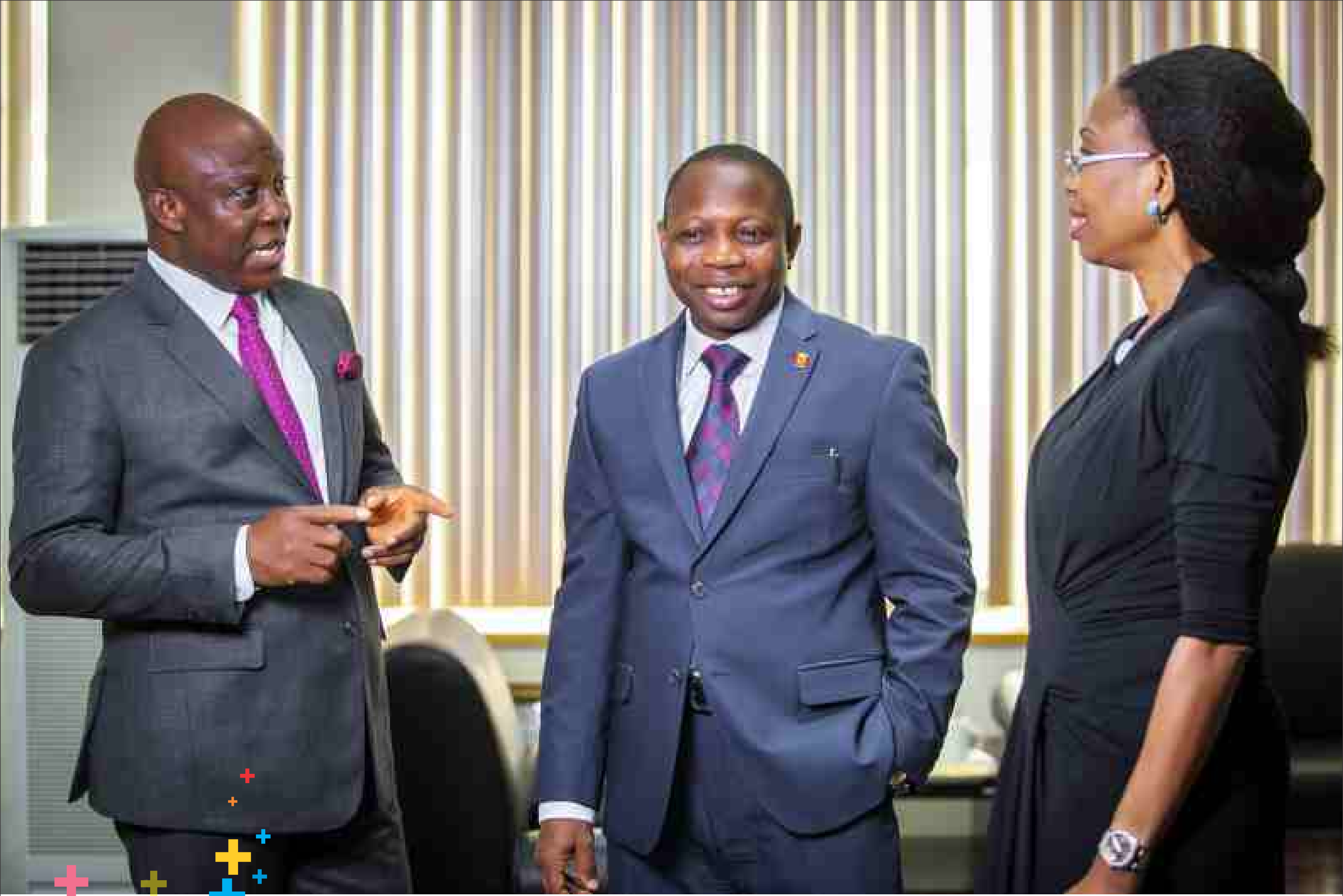
DELIVERING SUSTAIN-ABILITY

TOPE SMART
GROUP MANAGING DIRECTOR (CEO)

₦1.8 BILLION

OUR PROFIT AFTER TAX INCREASED BY 170% FROM N685M IN 2015 TO N1.8B IN 2016.

Year 2016 was a very eventful year. It was generally characterised by shocks and surprises. Two major events that shaped the year were Britain's decision to leave the European Union as well as the election of Donald Trump as the President of United States of America. These decisions surprised the world and expectedly had a far reaching effect on global economy, as political uncertainty became a major driver of growth. Also OPEC's unexpected accord to reduce oil production equally led to a gradual increase in prices of crude oil. Though IMF had projected a full year global economic growth of 3.4% for the year 2016, the economy suffered major setbacks as markets witnessed increased volatility as well as decline in commodity prices, amongst other major headwinds. Growth rate however varied across geographical demarcations. While the



developed economies such as United States recorded a moderate growth in GDP, emerging markets such as Africa and Asia witnessed a slowdown in growth on the back of decline in commodity prices among other factors.

On the local scene the Nigerian economy slipped into recession by second quarter of 2016 and by the end of the year 2016 the economy had contracted by 1.51%, according to the data released by National Bureau of Statistics compared to the 2.78% growth rate recorded in 2015. This was on the back of the slump in global crude oil prices, as well as oil production disruptions resulting from the activities of militants in Niger Delta. The effects of these actions negatively affected economic activity, as consumer demand experienced a significant decrease. Also, inflation rate which stood at a single digit rate of 9.55% in 2015, jumped to 18.55% at the end of year 2016. In the same vein direct foreign investment experienced a slump, while the Nigerian Stock Exchange all share Index equally fell by 6.17%

Despite the vagaries of the operating environment, we have remained focused in the pursuit of our ultimate goal of industry leadership.

We have continued to subject our operations to period review with a view to improving our turn around time for the ultimate benefit of our customers. In our determination to deepen market penetration we have opened several retail outlets whilst a good number of retail products have been rolled out in order to meet the needs of the insuring public.

In Ghana, the regulatory authorities in that country came up with a new capital base regime which stipulate a minimum capital of $5m (five million

dollars) for insurance companies operating in the country as against the previous capital of $1m (one million dollars).

In order to meet up with this new capital requirement, the Board decided to merge our operations with Regency Alliance Ghana Limited. This merger has been consummated and the product of this merger is Regency Nem Insurance Ghana Limited. As a result of the merger, the status of NEM Insurance Ghana Limited has changed from being a subsidiary to an Associate as our stake in the new company is 40%. This merger is the first of its kind in Ghana and this will push up our market share and ultimately lead to improved returns from Ghana.

A review of our financial Performance for the year under review indicated that major balance sheet items as well as the profit and loss account showed positive indices.

For instance, our gross premium income increased by 4% from N10.35b in 2015 to N10.76b in 2016, while the net premium increased marginally by 4.5% from N8.15b in 2015 to N8.51b.Our profit after tax increased by 170% from N685m in 2015 to N1.8b in 2016. Also, our shareholders fund increased from N6.2b in 2015 to N7.4b in 2016, an increase of 19%. However our investment income decreased from N676M in 2015 to N479m in 2016 due mainly to low yield in the first half of the year. It is however worthy of note that we recorded a profit of N71m from our investment in Ghana compared with N39m recorded in 2015.

I want to thank members of our Board for their extraordinary support and commitment. I will also want to specially thank all our brokers and clients for their unwavering support and loyalty. I appreciate you all.

To members of staff, I say a big thank you to all of you for buying into this dream. You have all been there through thick and thin. May the good Lord reward you in Jesus name.

Above all, I give glory to the almighty God for his mercy and love. He has been our pillar.

I can say with all sense of modesty that a solid foundation has been laid for this company. The future looks very exciting as we are now well positioned to take advantage of the anticipated opportunities that may arise in our operating environment. I therefore have no doubt that the time of bountiful harvest for our shareholders is within reach.

TOPE SMART
GROUP MANAGING DIRECTOR (CEO)

Result At A Glance

Financial Position	31 Dec. 2016 N'000	31 Dec. 2015 N'000	Change N'000	%
Cash and cash equivalents	3,471,854	3,387,674	84,181	2
Trade receivable	668,040	531,497	136,543	26
Financial assets	4,005,983	3,693,057	312,926	8
Reinsurance asset	1,725,098	690,838	1,034,260	150
Property and equipment	2,819,986	2,694,001	125,985	5
Other receivables and prepayments	198,439	227,373	(28,935)	(13)
Deferred acquisition cost	488,195	498,862	(10,667)	(2)
Investment properties	442,558	388,371	54,187	14
Statutory deposit	320,000	343,489	(23,489)	(7)
Intangible asset	20,747	13,083	7,664	59
Deferred tax Asset	66,687	16,066	50,621	
Total Assets	**14,492,410**	**12,484,310**	**2,008,100**	**16**
Insurance contract liabilities	6,017,381	5,482,960	534,422	10
Trade payables	65,315	33,415	31,901	95
Other payables	497,269	502,759	(5,491)	(1)
Retirement benefit obligations	84,824	108,956	(24,132)	(22)
Income tax liability	426,473	156,858	269,616	172
Total Liabilities	**7,091,263**	**6,284,948**	**806,315**	**13**
Issued share capital	2,640,251	2,640,251	-	-
Share premium	272,551	272,551	-	-
Contingency reserve	2,599,514	2,322,895	276,619	12
Retained earnings	1,860,581	628,262	1,232,319	196
Shareholders Fund	**7,401,148**	**6,199,362**	**1,201,786**	**19**

Result At A Glance cont'd

	31 Dec. 2016 N'000	31 Dec. 2015 N'000	Change N'000	%
Comprehensive Income				
Gross premiums written	10,757,674	10,895,711	(138,037)	(1)
Gross premiums earned	10,628,183	10,718,314	(90,131)	(1)
Reinsurance expense	(2,115,716)	(2,161,359)	45,644	(2)
Investment Income	479,472	746,237	(266,765)	(36)
Other revenue	1,134,625	554,192	580,433	105
Total Revenue	**10,126,564**	**9,857,383**	**269,181**	**3**
Claims paid	(2,669,780)	(3,959,103)	1,289,323	(33)
Underwriting expenses	(2,950,523)	(2,733,692)	(216,831)	8
Management expenses	(2,359,156)	(2,381,797)	22,642	(1)
Other expenses	(1,334)	(183,954)	182,620	(99)
Total Claims and Other Expenses	**(7,980,792)**	**(9,258,545)**	**1,277,753**	**(14)**
Profit before tax	**2,145,772**	**598,838**	**1,546,933**	**258**
Income tax expense	(327,974)	114,864	(442,838)	
Profit For the Year	**1,817,797**	**713,702**	**1,104,095**	**155**
Other Comprehensive loss for the year	(307,153)	(81,277)	(225,875)	278
Total comprehensive income for the year	**1,510,644**	**632,425**	**878,220**	**139**
Basic Earnings Per Share (Kobo)	**34**	**14**	**21**	**155**
Diluted Basic Earnings Per Share (Kobo)	**34**	**14**	**21**	**155**

Report of the Directors

The Directors present their annual reports on the affairs of NEM Insurance Plc together with the financial statements and auditor's report.

1. **LEGAL FORM**

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

2. **PRINCIPAL ACTIVITIES**

   The Company is engaged in General Insurance business which includes marine, motor vehicle, fire etc.

SUMMARY OF THE RESULT

Comprehensive Income

	2016
	N'000
Gross premiums written	10,757,674
Gross premiums earned	10,628,183
Reinsurance expense	(2,115,716)
Investment Income	479,472
Other revenue	1,134,625
Total Revenue	10,126,564
Claims paid	(2,669,780)
Underwriting expenses	(2,950,523)
Management expenses	(2,359,156)
Other expenses	(1,334)
Total Claims and Other Expenses	(7,980,792)
Profit before tax	2,145,772
Income tax expense	(327,974)
Profit For the Year	1,817,797
Other Comprehensive loss for the year	(307,153)
Total comprehensive income for the year	1,510,644
Basic Earnings Per Share (Kobo)	34
Diluted Basic Earnings Per Share (Kobo)	34

3. CORPORATE GOVERNANCE REPORT

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, 2016; 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 Structureunder which it operates and renders the Accounts of its stewardship of the organization's resources to the shareholders. The Board of Directors of the Company is composed of a mix of non-executives and executives whereby the number of non-executives exceeds the number of executives while the position of the Chairman of the Board is clearly delineated from the Chief Executive Officer.

The Chairman

The Chairman of NEM Insurance Plc was duly appointed. The Chairman's primary role is to ensure that the board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively in order to ensure that members 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 in order to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

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

Annual Board Appraisal

In accordance with the requirements of the NAICOM Code, the Board renewed the mandate of New Version Consultants Ltd to conduct the appraisal of its performance for 2017. The Board embarked on implementation of some of the recommendations of the last Appraisal Report.

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.

The composition of the Board of Directors was altered during the course of the year. The erstwhile Chairman, Chief AdewaleTeluwo and a Non-Executive Director, Mr. Olusesan Adekunle resigned from the board. This was in compliance with the recommendations of the NAICOM Code of Corporate Governance, which recommends the retirement of non-executive directors after serving for nine years.
Mr. Kola Teluwo was also appointed to the board in 2016; he served for a few months before tendering his resignation due to other business commitments.

S/N	Name of Director	Status	Meetings Held	Meetings Attended
1.	Dr. Fidelis Ayebae	Chairman	7	6
2.	Mr. Tope Smart	Group Managing Director/CEO	7	7
3.	Mrs. Susan Giwa-Osagie	Deputy Managing Director	7	7
4.	Mr.AlaniOlojede	Executive Director	7	7
5.	Alhaji Ahmed I. Yakasai	Independent Non -Executive Director	7	4 (Appointed July 2016)
6.	M. Kola Teluwo (Resigned)	Former Non-Executive Director	7	3 (Appointed June 2016, Resigned December 2016)
7.	Mrs. Yinka Aletor	Non-Executive Director	7	6
8.	Mrs Joy Teluwo	Non-Executive Director	7	- (Appointed 14th March 2017)
9.	Chief Ede Dafinone	Non-Executive Director	7	- (Appointed 27th Oct. 2016)
10.	Chief AdewaleTeluwo (Resigned)	Former Chairman	7	2 (Resigned March 2016)
11.	Mr OlusesanAdekunle (Resigned)	Former Non-Executive Director	7	2 (Resigned March 2016)

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 were renamed and committee members were reconstituted by the board at the end of the 2016 financial year. From January to October 2016, the Committees were:

Finance and General Purpose Committee.
Investment Committee.
Enterprise Risk Management Committee.
Establishment And Corporate Governance Committee
Audit and Compliance Committee.

The Committees were reconstituted by the Board in October 2016 as follows:

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

The Committees listed above were provided with specified Terms of Reference to guide their activities.
<u>Finance, General Purpose and Investment Committee (Formerly Finance and General Purpose Committee)</u>
The key responsibilities Committee are:

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

The Committee met on the 27th of October, 15th of November and 7th of December 2016.

Composition of Committee/Attendance

Name	Status	Meetings Held	MeetingsAttended
1. Alhaji Ahmed I. Yakasai	Chairman (Prior to reconstitution)	3	1
2. Mrs Yinka Aletor	Chairman (After reconstitution)	3	2
3. Mr. Tope Smart	Group Managing Director	3	3
4. Mrs. Susan Giwa-Osagie	Deputy Managing Director	3	3

The current members of the Finance, General Purpose and Investment Committee are:
Chairman: Mrs. Yinka Aletor
Members:Mr. Tope Smart and Mrs. Abisola Giwa-Osagie.

Enterprise Risk Management and Strategy Committee (Formerly 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 once during the year (Friday 1st July 2016).

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
1. Mr. Kola Teluwo	Chairman	1	1
2. Mrs. Susan Giwa-Osagie	Deputy Managing Director	1	1
3. Mr. Alani Olojede	Executive Director	1	1

The current members of the Enterprise Risk Management and Strategy Committee are:

Chairman: Chief Ede Dafinone
Members: Mr. Alani Olojede
Alhaji Ahmed I. Yakasai

Remuneration, Nomination and Governance Committee (Formerly Establishment and Corporate Governance Committee

The Terms of Reference of the Committee are:

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

The Committee met once during the year (27th October, 2016)

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
1. Alhaji Ahmed I. Yakasai	Chairman	1	1
2. Mr. Tope Smart	Group Managing Director	1	1
3. Mr. Alani Olojede	Executive Director	1	1

The current members of the Remuneration, Nomination and Governance Committee are:
Chairman: Alhaji Ahmed I. Yakasai
Members: Mrs. Yinka Aletor
Mr. Alani Olojede

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

The Committee met four times during the year (11th March, 2nd June, 9th November and 15th December, 2016) 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. Peter Okoh	Chairman-Shareholders' Rep	4	4
2. Mr. Taiwo Oderinde	Shareholders' Representative	4	4
3. Mr. Samuel Mpamaugo	Shareholders' Representative	4	4
4. Mr.Olusesan Adekunle (Resigned)	Non-Executive Director	4	1
5. Mrs. Susan Giwa-Osagie	Deputy Managing Director	4	2
6. Mrs. Yinka Aletor	Non-Executive Director	4	4

The current members of the Audit and Compliance Committee are:

Chairman: Chief Ede Dafinone
Members: Mr. Taiwo Oderinde (Shareholders' Representative),
Mr. Samuel Mpamaugo (Shareholders' Representative)
Mr. Peter Okoh (Shareholders' Representative)
Mrs. Yinka Aletor.

4. Dividend

The Directors recommend a declaration of dividend of N422,440,233.04 which translates to 8Kobo per ordinary share of 50 kobo each subject to the approval of the shareholders at the next Annual General Meeting.

5. Directors and Directors' Interest

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

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 Sections 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 are as follows:

S/N	NAME	DIRECT	INDIRECT	TOTAL
1	DR. FIDELIS AYEBAE	NIL	24,373,852	24,373,852
2	MR. TOPE SMART	124,020,848	NIL	124,020,848
3	MRS. SUSAN GIWA -OSAGIE	3,625,008	NIL	3,625,008
4	CHIEF EDE DAFINONE	NIL	368,445,497	368,445,497
5	MRS. YINKA ALETOR	NIL	383,492,958	383,492,958
6	MR . ALANI OLOJEDE	837,373	NIL	837,373
7	ALHAJI AHMED I. YAKASAI	NIL	NIL	NIL

Directors Interest as at December 31 st 2015

S/N	NAME	DIRECT	INDIRECT	TOTAL
1	DR. FIDELIS AYEBAE	NIL	NIL	118,243,848
2	MR. TOPE SMART	118,243,848	NIL	124,020,848
3	MRS. SUSAN GIWA-OSAGIE	3,625,008	NIL	3,625,008
4	CHIEF EDE DAFINONE	NIL	368,445,497	368,445,497
5	MRS. YINKA ALETOR	NIL	383,492,958	383,492,958
6	MR. ALANI OLOJEDE	837,373	NIL	837,373
7	ALHAJI AHMED I. YAKASAI	NIL	NIL	NIL

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, 2003. Financial Reporting Council of Nigeria Act, No. 6 2011 CAP 117 LFN 2004 and the Companies And Allied Matters Act CAP C20 LFN 2004.

7. Shareholding

The Registrars have advised that the called up and fully paid up shares of the Company as at 31st December, 2016 were beneficially held as follows:

BEGINNING RANGE	ENDING RANGE	TOTAL SHARE HOLDERS	% OF HOLDERS	TOTAL SHARE HOLDING	% OF SHARE HOLDING
1	1,000	4,436	9.77%	2,779,948	0.05%
1,001	5,000	11,072	24.37%	35,465,935	0.67%
5,001	10,000	8,530	18.78%	71,717,262	1.36%
10,001	50,000	14,967	32.95%	380,044,725	7.20%
50,001	100,000	3,461	7.62%	275,184,299	5.21%
100,001	500,000	2,371	5.22%	503,624,963	9.54%
500,001	1,000,000	296	0.65%	229,230,688	4.34%
1,000,001	5,000,000	221	0.49%	461,976,205	8.75%
5,000,001	10,000,000	37	0.08%	281,114,363	5.32%
10,000,001	50,000,000	15	0.03%	265,444,553	5.03%
50,000,001	100,000,000	6	0.01%	458,583,685	8.68%
100,000,001	and above	12	0.03%	2,315,336,287	43.85%
GRAND TOTAL		45,354	100.00%	5,280,502,913	100%

Shareholders with 5% and above of the Company's issued and fully paid shares as at 31st December, 2016

S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	2979	JEIDOC LIMITED	CEDDI TOWERS 16, WHARF ROAD , APAPA LAGOS STATE LAGOS	368,445,497	6.98%
2	147140	BUKSON INVESTMENT LIMITED	C/O NEM INSURANCE PLC BROAD STREET, LAGOS LAGOS	337,054,367	6.38%
3	194768	CAPITALEXPRESS ASSURANCE LIMITED	C/O NEM INSURANCE PLC, 138/146 BROAD STREET LAGOS ISLAND LAGOS	383,492,958	7.26%

Chief Ede Dafinone is representing Jeidoc Limited, while Mrs. Yinka Aletor represents Capital Express Assurance Company Limited.

Retirement By Rotation and Re-election

In accordance with the Articles of Association of the Company Mrs. Yinka Aletor will retire by rotation and being eligible offers herself for re-election.

Change in Composition of Directors

Since the last Annual General Meeting there has been the following changes in the composition of the Board.

Chief AdewaleTeluwo resigned from the board; he was the Chairman of the board at the time of his resignation. Mr Olusesan Adekunle, a non-executive director also resigned. Mr. Kolawole Teluwo was appointed to the board during the year; however, he resigned from the board in December 2016.

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

Dr. Fidelis Ayebae	Chairman
Mr. Tope Smart	Group Managing Director
Mrs. Susan Giwa-Osagie	Deputy Managing Director
Mr. Alani Olojede	Executive Director
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director
Mrs. Yinka Aletor	Non-Executive Director
Chief Ede Dafinone	Non-Executive Director

Records of the Directors Attendance

In accordance with Section 258 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the records of the Directors attendance at Director's meeting in 2016 are available for inspection at the Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT

8. Movements in property, plant & equipment are shown in note 11 on pages 104 and 105. In the opinion of the directors, the market value of the Company's properties is not less than the value shown in the consolidated financial statements.

9. RELATED PARTY TRADING

The company did not purchase its own shares during the period. The Group has a global personal investment policy approved by the Board which covers directors, staff and related parties. The policy prevents directors, employees and related companies/individuals from insider dealings on the shares of the company and related parties. The policy is aimed at preventing the abuse of confidential non-public information that may be gained during the execution of the company's business. Furthermore, the policy is to ensure compliance with the local laws and or regulatory requirements. However, there was no case of violation during the period.

10. SECURITY TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealings in issuers' Share, Rulebook of The Exchange, 2015 (Issuers' Rules). The company had set up a Security Trading Policy that apply to all employees and Directors and had circulated this to all employees that may at times possess any insider or material information about the issuer. The Policy processes include the need to enforce confidentiality against external advisers.

11. COMPLAINTS MANAGEMENT POLICY.

In compliance with the securities and exchange commission which became effective in February 2015. The company has In place investors compliant desk at the head office to resolve complaint arising from issues covered under the investment and securities act 2007 (ISA).

12. REINSURERS

During the financial year under review, the Company had business transactions with the following re-insurance companies in compliance with the relevant Insurance Act of 2003. The re-insurance companies are:

- African Reinsurance Corporation,
- Continental Reinsurance Plc,
- WAICA Reinsurance Pool, and
- SWISS Reinsurance Company.

13. AGENTS AND BROKERS

The Company maintains a network of licensed agents and renders services to its customers through Insurance Licensed Brokers and Registered Agents.

14. DONATIONS

Donations during the year ended December 31, 2016 amounted to N 4,837,597 (2015: N 5,470,000) as follows:

·	Nigerian Insurance Association	1,250,000
·	Modupe Cole/Raco Child Home	400,000
·	West African Insurance Company Association	250,000
·	Queen of Emerald Nigeria Organisation	200,000
·	Nigeria Council of Registered Insurers	722,500
·	Chartered Insurance Institute of Nigeria	765,097
·	Professional Insurance Ladies Association	250,000
·	Helpgate Foundation	200,000
·	ASSBIFI NEM Unit	350,000
·	Primero Transport Services Ltd	200.000
·	Amuwo Odofin Klub Lagos	250,000
		4,837,597

15. 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, 2016 which have not been adequately provided for or disclosed in the financial statements.

16. 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 or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion.

When an employee becomes disabled during the course of his or her employment, the Group endeavours to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31st December, 2016 one physically challenged person was in the employment of the Company.

17. 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. Fire fighting equipments are also installed in strategic positions in the office building.

18. 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 SIAO (Chartered Accountants) has shown willingness to continue in office as the auditors in accordance with Section 357(2) of the Companies and Allied Matters Act 2004, as amended. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

BY ORDER OF THE BOARD

OLAJUMOKE PHILIP-AKEDE (MRS.)
COMPANY SECRETARY
Lagos, Nigeria
FRC/2017/NBA/00000015972
Date: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BOARD OF DIRECTORS

Standing L-R Mrs Susan Giwa-Osagie (DMD), Alhaji Yakasa Ahmed I. Mr Tope Smart – GMD/CEO
Chief Ede Dafinone, Mrs Joy Teluwo, Mr Alani Olojede (ED, Operations)
Sitting: Dr Fidelis Ayebae (Chairman), Mrs. Olayinka Titilope Aletor

Board of Directors Profile

DR. FIDELIS AYEBAE
CHAIRMAN

Dr. Fidelis Ayebae, a Fellow, Chartered Institute of Corporate Affairs, is also a Member of both the Nigerian Institute of Management and Institute of Directors as well as 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, many of which he chairs and have 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

Mr. Tope Smart, an Insurance graduate and an award winner from the University of Lagos (1987) is also an Associate of both the Chartered Insurance Institute, London (ACII) 1990 and the Chartered Insurance Institute of Nigeria (ACIIN) 1991. He holds a Master's Degree in Business Administration from the University of Nigeria, Nsukka 2000.

A seasoned Underwriter and Marketer, he started his Insurance Career with the firm of Everyman Insurance Brokers, Abuja in 1987. The Management of the Company later discovered the abundance of talent in him and he was therefore recommended to head the Abuja Branch of the firm but he left for Nigerian-French Insurance Company Limited in 1989 in order to widen his experience. While there, he served the company in various capacities and rose to the position of Head of Marine Unit before leaving for Perpetual Assurance Company Limited as one of the pioneer management staff in 1991. He became the Assistant General Manager (OPERATIONS) of the Company before leaving to team up with Vigilant Insurance Company Limited as the General Manager/Chief Executive in 1995 and was later confirmed Managing Director of the company in 1997. With the successful completion of the recapitalization exercise in 2007, he was appointed the Managing Director/Chief Executive Officer of the new NEM Insurance Plc, a position he held until April, 2009.

Mr. Smart is currently the Group Managing Director/Chief Executive Officer of the Group, following his increased responsibilities and the company's expansion into the West African Sub-region with the successful registration of NEM Insurance Company (Ghana) Ltd, a subsidiary of the Group in May, 2009.

He has attended many top professional courses in Insurance and Management.

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

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

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

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

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

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

MRS. OLAYINKA TITILOPE ALETOR
DIRECTOR

Mrs. Olayinka Titilope Aletor a lawyer by profession is a seasoned resource person at various legal seminars and conferences. She currently works at the Nigerian Law School, Lagos campus and has chaired various committees and panel of investigations of the institution.

Prior to her current job, she had worked with the Continuing Legal Education Association of Nigeria [CLEAN]; Akeredolu, Olujimi [Legal Practitioners] and Chief Afe Babalola & Co [Emmanuel Chambers], respectively as a lawyer. A well read and traveled person. 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.

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

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

A fellow of several professional bodies including, 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.
In recognition of his astuteness and expertise, he had been called upon to serve as 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.
Mr. Yakasai is the Managing Director/Chief Executive Officer of Pharmaplus Nigeria Limited and a board member of several other organizations.

CHIEF. EDE DAFINONE
DIRECTOR

Chief Ede Dafinone, a graduate of Economics from Victoria University of Manchester (1983), also 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.

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.

In recognition of his astuteness and expertise, he had been called upon to serve as the Treasurer of the Nigerian Conservation Foundation (1989), Member of the National Broadcasting Commission (1992-1994) and as Chairman of Nigerian Conservation Foundation (2015).

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

Chief Dafinone is the Deputy Managing Partner of Howarth Dafinone and a board member of several other organizations.

MRS. JOY TELUWO
DIRECTOR

Mrs. Joy Teluwo is a registered nurse by profession from 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 risk management for the Company. 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.

Mr. Alani Mukaila Olojede holds a Master's Degree in Managerial Psychology (MMP) from the University of Ibadan, 1998. He is an Associate Member of the Chartered Insurance Institute of London (ACII) 1992 and a Higher National Diploma (HND) holder in Insurance from the Lagos State Polytechnic, 1987.

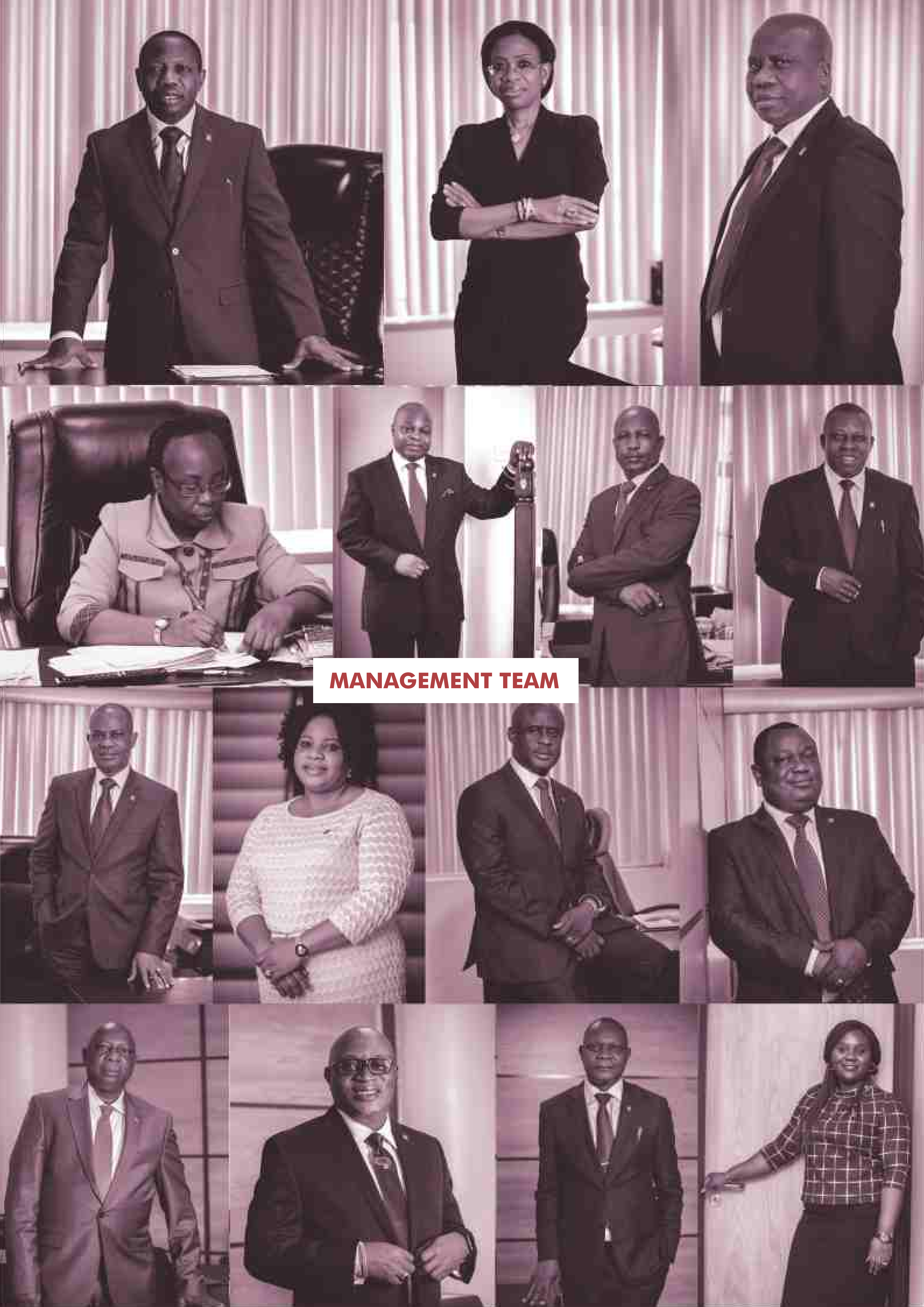
He has well over twenty five (25) years of experience in the Insurance Industry. He has worked severally and in different capacities as an Insurance practitioner. His well grounded experience in Life and Pension, Claims and General Business Management was acquired at reputable Insurance Companies which include Guinea Insurance Plc, Trans Nigeria Assurance Company Limited and Financial Assurance Company Limited.

He also had a distinguished career at Femi Johnson & Company (Insurance Brokers) before joining Henry Philipson Insurance Brokers Unlimited as Deputy General Manager and Head of Operations.

He joined Vigilant Insurance Company Limited (1995) as Controller (Research and Business Development) and was promoted to the position of General Manager (Research & Business Development) in 2005. Mr. Olojede was later appointed as the General Manager (Operations) until 2014 when he was elevated to the position of Executive Director.
He has attended many Insurance, Marketing and Management courses.

MR. ALANI MUKAILA OLOJEDE - HND, ACII, MMP
EXECUTIVE DIRECTOR (OPERATIONS)

MANAGEMENT TEAM



Management Team Profile

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

Mr. Tope Smart, an Insurance graduate and an award winner from the University of Lagos (1987) is also an Associate of both the Chartered Insurance Institute, London (ACII) 1990 and the Chartered Insurance Institute of Nigeria (ACIIN) 1991. He holds a Master's Degree in Business Administration from the University of Nigeria, Nsukka 2000.

A seasoned Underwriter and Marketer, he started his Insurance Career with the firm of Everyman Insurance Brokers, Abuja in 1987. The Management of the Company later discovered the abundance of talent in him and he was therefore recommended to head the Abuja Branch of the firm but he left for Nigerian-French Insurance Company Limited in 1989 in order to widen his experience.

While there, he served the company in various capacities and rose to the position of Head of Marine Unit before leaving for Perpetual Assurance Company Limited as one of the pioneer management staff in 1991. He became the Assistant General Manager (OPERATIONS) of the Company before leaving to team up with Vigilant Insurance Company Limited as the General Manager/Chief Executive in 1995 and was later confirmed Managing Director of the company in 1997. With the successful completion of the recapitalization exercise in 2007, he was appointed the Managing Director/Chief Executive Officer of the new NEM Insurance Plc, a position he held until April, 2009.

Mr. Smart is currently the Group Managing Director/Chief Executive Officer of the Group, following his increased responsibilities and the company's expansion into the West African Sub-region with the successful registration of NEM Insurance Company (Ghana) Ltd, a subsidiary of the Group in May, 2009.

He has attended many top professional courses in Insurance and Management.

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

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

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

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

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

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

MR. ALANI MUKAILA OLOJEDE HND, ACII, MMP
EXECUTIVE DIRECTOR (OPERATIONS)

Mr. Alani Mukaila Olojede holds a Master's Degree in Managerial Psychology (MMP) from the University of Ibadan, 1998. He is an Associate Member of the Chartered Insurance Institute of London (ACII) 1992 and a Higher National Diploma (HND) holder in Insurance from the Lagos State Polytechnic, 1987.

He has well over twenty five (25) years of experience in the Insurance Industry. He has worked severally and in different capacities as an Insurance practitioner. His well grounded experience in Life and Pension, Claims and General Business Management was acquired at reputable Insurance Companies which include Guinea Insurance Plc, Trans Nigeria Assurance Company Limited and Financial Assurance Company Limited.

He also had a distinguished career at Femi Johnson & Company (Insurance Brokers) before joining Henry Philipson Insurance Brokers Unlimited as Deputy General Manager and Head of Operations.

He joined Vigilant Insurance Company Limited (1995) as Controller (Research and Business Development) and was promoted to the position of General Manager (Research & Business Development) in 2005. Mr. Olojede was later appointed as the General Manager (Operations) until 2014 when he was elevated to the position of Executive Director.

He has attended many Insurance, Marketing and Management courses.

STELLA O. OMORARO (MISS)

HND, MBA, FCA GENERAL MANAGER (FINANCE/INFO COMM. TECH)

Miss. Omoraro is a graduate of the prestigious Yaba College of Technology (1986–1988) where she obtained a Higher National Diploma (ACCOUNTANCY). She also holds a Master's Degree in Business Administration from Ladoke Akintola University of Tech, Ogbomosho, Oyo state. She is a fellow of the Institute of Chartered Accountants of Nigeria [FCA] 2013. She had worked with reputable organizations which include Nigeria Cotton Board, (1979 – 1986) M. F. Bello & Company (Chartered Accountants) (1988 – 1989) and Vigilant Insurance Company Limited (1989 – 2007) in various management capacities. Miss. Omoraro is best known for her dedication, comportment and exactitude. She has won many awards and certificates in her previous places of employment on all these qualities. She had served as the DGM- Finance & Corporate Planning of the company before her well deserved elevation to the position of General Manager [Finance & Information Communication Technology] in 2012.

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

MR. ANDREW M. IKEKHUA – HND, PGD (MGT), PGD (COMM. ADMIN) MBA, MNIM (CHARTERED), FCE GENERAL MANAGER (MARKETING)

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

He is also a fellow of the Institute of Chartered Economists of Nigeria (FCE) (2009) and a full member, Nigeria Institute of Management (Chartered (MNIM, 2014). Mr. Ikekhua is also a full member, Institute of Marketing of Nigeria (MIMN) (2013).This is in addition to his membership of several Institutes and Clubs too numerous to mention such as: Insurance, Marketing, Commerce, etc.

Prior to his taking of responsibilities as the Company's Branch Manager, Ibadan and Ikeja between 2001 – 2006, he had worked at various levels of the accounts and audit department of both BAICO (1981 -1990) and NEM Insurance Plc, (1990 -2000). He later became Group Executive I/Head of the Lagos Mainland Branch upon recapitalization in 2007 and later Assistant General Manager in 2009. Mr. Ikekhua is a versatile marketer who is well traveled and a delight to be around with. In recognition of his excellent performance he was elevated to the position of Deputy General Manager in 2013 and later promoted in 2014 as the General Manager (Marketing).

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

MR. LASUNKANMI JOSEPH ADELEKE - HND, ACIIN, CEMBA DEPUTY GENERAL MANAGER (UNDERWRITING)

Mr. Adeleke attended the acclaimed Lagos State College of Science And Technology (Now Lagos State Polytechnic, 1983–1985) where he obtained a Higher National Diploma in Insurance and he is also an Associate of the Chartered Insurance Institute of Nigeria (ACIIN) 1997.

He has been in the Insurance Industry for over twenty five (25) years, during which he worked with renowned Insurance Establishments which include Glanvill Enthoven Insurance Brokers, (1982 - 1983), Fortune Insurance Brokers & Consultants, (1985 – 1986), and Femi Johnson & Co. (1989 - 1993) as Superintendent Grade I (Underwriting) from where he joined the services of this Company in January, 1994 as Underwriting Manager. He has served at various levels of responsibilities within the department which earned him a well

deserved promotion to the position of Deputy General Manager in 2011.
Mr. L. J. Adeleke currently heads the Underwriting Department of the Company and has been responsible for the designing of policies for some insurance classes.

He has attended several courses in Insurance and Management.

MR. SUNDAY J. ADEBAYO - B. Sc., MPA, ACIIN
DEPUTY GENERAL MANAGER (REINSURANCE & CLAIMS)

Mr. S. J. Adebayo, who has had over twenty five (25) years of experience in the industry, bagged a Bachelor of Science Degree in Insurance at the prestigious University of Lagos in 1988 and later qualified as a Chartered Insurer (ACIIN) in 2000. He also holds a Master Degree in Public Administration from OOU, Ago-Iwoye (2008).

He had his working experience in Leadway Assurance Company Limited, 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 currently heads the Reinsurance & Claims department of the Company. He has attended several courses in Insurance and Management

MR. MOMOH ABDURRAHAMAN ODAMAH - B.ED, ACIIN
DEPUTY GENERAL MANAGER (BRANCH OPERATIONS & SPECIAL ACCOUNTS)

Mr. M. A. Odamah obtained a Bachelor Degree in Education from the popular Ahmadu Bello University, Zaria, 1988 and later qualified as a Chartered Insurer (ACIIN) in 2001. Since completion of his degree programme, he has been working in the Industry for over twenty five (25) years, as an Insurance Marketer.

Mr. Odamah has demonstrated a very high commitment to Insurance Marketing which has helped him to retain and win clients & brokers effortlessly. In recognition of this, he was elevated to the position of Deputy General Manager (Marketing) in 2011. He currently heads our Branch Operations and Special Accounts (BOSA). He has attended several courses in Insurance, Marketing and Management.

MRS. MOJISOLA TELUWO - HND; ACIPM MNIM, FCE
DEPUTY GENERAL MANAGER (CORPORATE SERVICES)

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 has been working in the industry for the past 20years. She joined Vigilant Insurance Company in 1994 and later rose to the position of AGM/Head Corporate Affairs. She continued to head the Corporate Affairs department of NEM Ins. Plc after the recapitalization exercise in 2007. Mrs. Teluwo was elevated to the position of DGM in January, 2014 and currently heads the Corporate Services Department. She has attended several courses on management, Human Resources and Industrial Relations.

MR IDOWU OLAITAN SEMOWO B.Sc, MBA, ACS, FCIB, FCA
DEPUTY GENERAL MANAGER (INVESTMENT & RISK MANAGEMENT)

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. He is a fellow of both Institute of Chartered Accountants of Nigeria (FCA), 2013 and Chartered Institute of Bankers of Nigeria (FCIB), 2016. He is also an Associate of Chartered Institute of Stockbrokers of Nigeria (ACS), 2011.

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

He worked with Kinley Securities Limited as AGM [Finance Service] up till December, 2007 before joining NEM Insurance Plc as AGM [Investment]. He is currently the DGM (Investment & Risk Management), following his elevation in January, 2014. He has attended several courses on Professional Management, Credit Analysis, Selling, Marketing and Costing of Financial Services and Products.

MR. ADEYEMI MABAYOJE MAYADENU -
HND, ACIIN DEPUTY GENERAL MANAGER [STRATEGY & BUS. DEVELOPMENT]

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 moved to work in various capacities with reputable Insurance companies including IGI Company Limited, Warri as Executive 11(1998-1999), Goldlink Insurance Company, Port Harcourt as Assistant Manager (2000-2003). He joined Vigilant Insurance Company Limited as Assistant Controller (2003-2007) and later rose to become Group Executive 11/Head (Port Harcourt Branch) of the company upon recapitalization as NEM INSURANCE PLC in 2007. In recognition of his hard work, he was elevated to the position of Group Executive 1 in 2009.

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 was recently promoted to the position of Deputy General Manager (Strategy and Business Development) and transferred to the head office having spent over twenty years in the Niger Delta Region of the country.

He is happily married with children.

MR. IYIOLA SARAKI - B.B (ED.), Dip(Ins), ACIIN
ASSISTANT GENERAL MANAGER (S.A. TO GMD)

Mr. Iyiola Saraki holds a Bachelor of Business Education Degree, Second Class Upper from the Ahmadu Bello University, Zaria, Nigeria and a Diploma in Insurance from the Chartered Insurance Institute of Nigeria (ACIIN). In addition, he holds a post-graduate Degree in Education from his alma mater, Ahmadu Bello University, Zaria.

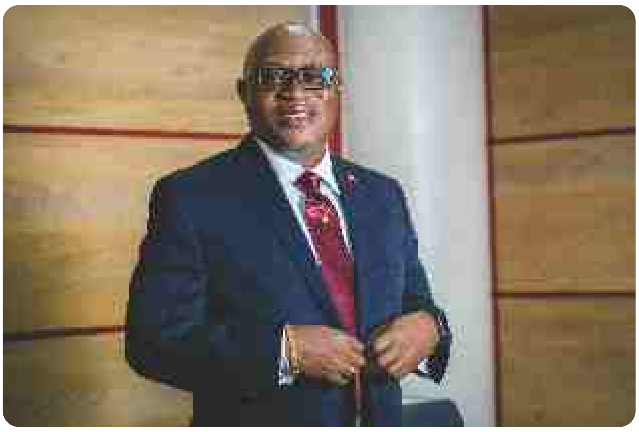
He started his Insurance Career in 1992 when he joined Piccadilly Insurance Company as a marketer. He worked at various times with Golden Insurance Company Limited and Royal Trust Assurance Limited before joining NEM Insurance Plc (Nigeria) in 2007.

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

Due to his exemplary service, he was elevated to the position of Managing Director of NEM Ghana. After the recapitalization exercise, he was recalled back to NEM Nigeria to work as a Special Assistant to the Group Managing Director.

He enjoys teaching and listening to music.

MR. GEORGE AUGUSTINE EMEFIELE
- B.Sc, M.Sc, MBA, ACIPM
ASSISTANT GENERAL MANAGER (MARKETING)



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 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 20 years working experience both in the academic world and in the insurance industry. 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 left for greener pastures in 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 Group Executive II and rose to the position of Group Head [Education and Telecommunication]. He is currently the Assistant General Manager [Marketing] in view of his elevation in April, 2016.

He has attended many courses in Management and Marketing Strategy both local and International.

He is happily married with children.

MR. JAMES OBEVU ONORIENBOHWO
-HND, ACA, MBA GROUP HEAD (INTERNAL AUDIT)

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

In addition to having a professional certification in accountancy (Associate Chartered Accountants), he has also been awarded 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.

In 2007, after the consolidation, he was promoted and redeployed to head the Internal Audit of the company. He is hardworking, dedicated, honest and courageous. He has attended several courses locally and internationally on Finance, Internal Auditing and Risk-Based Internal Audit. He was recently elevated as Group Head (Internal Audit).

He is happily married with children.

MRS. OLAJUMOKE PHILIP-AKEDE - LL.B, IACCM
GROUP EXECUTIVE (COMPANY SECRETARY)

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

She has well over Nine (9) years of experience in diverse sectors. She has worked severally and in different capacities as a Legal practitioner. Her well-grounded experience in legal/corporate advisory, strategic planning and business development has been acquired at reputable Companies which include Shoreline Energy International Limited. She is happily married with children.

Report Of External Consultants On Board Appraisal
NEM INSURANCE PLC

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

i. The Board is composed of a mix of executives and non-executives which indicates that the non-executives are in greater proportion than the executives. The proportion of executives to non-executives is 1:2. Members are individuals of diverse professional backgrounds and business experience. Among the non-executives are: A legal practitioner, foremost industrialist and investment expert as well as astute businessmen with interests in key sectors of the economy including: Insurance, Pharmaceuticals, Real Estate and Manufacturing who have established successful track records in their chosen fields of endeavours and are well exposed to taking business and financial decisions in their day-to-day activities. The Executive Directors are qualified professionals with cognate experience in their areas of specialization and a vast knowledge of Insurance business and its operating terrain. Members have been bringing their experience to bear in directing the affairs of the Company which has since stabilized its operations post-consolidation.

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

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

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

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

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

BY ORDER OF THE BOARD

MOSUNMOLA OYERINDE (MRS.)
MANAGING CONSULTANT
Lagos, Nigeria
Date:

Statement of Directors' Responsibilities

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

The responsibilities include ensuring that:

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

The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and the yearly Operational Guidelines issued by NAICOM.

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

The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

Insurance Act 2003

International Financial Reporting Standards;

Companies and Allied Matters Act 2004;

Banks and Other Financial Institutions Act, 1991;

NAICOM Operational Guidelines; and

Financial Reporting Council Act, 2011.The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended. 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 14/3/2017 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 December 31, 2016 that:

- We have reviewed the report;

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

- To the best of our knowledge, the financial statement and other financial information included in this 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 this 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 entities particularly during the period in which the periodic reports are being prepared;
  - have evaluated the effectiveness of the Company's internal controls as of date 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, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
  - any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

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

....

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

....

Miss Stella Omoraro CFO
FRC/2013/ICAN/00000001238

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Website:www.siao-ng.com

Independent Auditor's Report To the Directors of NEM Insurance Plc

Report on the Audit of the Consolidated Financial Statements for the year ended 31st December, 2016

Opinion

We have audited the consolidated financial statements of NEM Insurance Plc (the Company) and its subsidiary (altogether, the Group), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of NEM Insurance Plc and its subsidiary as at December 31, 2016 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) applicable and in the manner required by the Financial Reporting Council Act 2011, Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and the relevant NAICOM circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following key audit matters were identified:

Key Audit Matters
Valuation of Investment Properties

Refer to note 8 in the Group financial statements

Management has estimated the fair value of the Group's investment properties to be N442, 558,000 as at 31st December, 2016.

Independent external valuations were obtained in order to support the value in the Group's financial statements. Our review of the independent estate valuers' report shows that the value of investment properties increased by N49 million. These valuations are dependent on certain key assumptions and significant judgements including capitalization rates and fair market rents.

How our audit addressed the key Audit Matters

Our procedures in relation to management's valuation of investment properties included:

- Evaluation of the independent external valuers' competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions.
- Checking the accuracy and relevance of the input data used.

We found the disclosures on note 8 to be appropriate based on the assumptions and available evidence.

Key Audit Matters
Valuation of Insurance Contract Liabilities

Refer to note 12 in the Group financial statements

Management has estimated the value of insurance contract liabilities in the Group financial statements to be N6 billion as at year ended 31st December, 2016 based on a liability adequacy test carried out by an external firm of actuaries. The valuation depended on a set of key assumptions, and significant judgements including supposition that:

- Policies are written, and claims occur uniformly throughout the year for each class of business;
- Future claims follow a regression pattern;
- Weighted past average inflation will remain unchanged into the future;
- UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.

How our audit addressed the key Audit Matters

Our procedures in relation to management valuation of insurance contract liabilities include:

- Evaluate and validate controls over insurance contract liability;
- Evaluate the independent external actuary's competence, capability and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions;
- Checking the accuracy and relevance of data provided to the actuary by management;
- Reviewing the result based on the assumptions. We assessed the disclosures on note 12 and found them to be appropriate based on the assumptions and test result.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the NEM Insurance Plc 2016 annual report other than the Group financial statements and our auditor's report thereon ("the Other Information").

Our opinion on the Group 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 Group financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Group financial statements or our knowledge obtained in 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 the Other Information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the Group Financial Statements

The directors are responsible for the preparation of Group financial statements that give a true and fair view in accordance with International Financial Reporting Standard (IFRSs) and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, Financial Reporting Council Act 2011, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and National Insurance Commission (NAICOM) circulars. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Group Financial Statements

Our Objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 359 (1) of the Companies and Allied Matters Act, Cap C20, LFN 2004 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence.

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

Report on Other Legal and Regulatory Requirements

Contravention of Regulatory Guidelines

The Group paid N3,015,000 ,00 to Nigeria Stock Exchange as penalty for various offences in the past years.

Compliance with the requirements of the Companies and Allied Matters Act, 2004

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004:

- 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 Group, so far as appears from our examination of those books;
- iii) The Group's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

For: S I A O
(Chartered Accountants)
Ikoyi, Lagos

Engagement Partner: Joshua Ansa, FCA
FRC/2013/ICAN/0000001728

Date: 20 / 03 / 2017

Report of the Audit Committee
To the members of NEM Insurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit 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 December 31, 2016 and we confirm that they were adequate.
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended December 31, 2016

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

....
Chief Ede Dafinone
Chairman of the Audit Committee
FRC/2013/ICAN/00000002802

Members of the Audit Committee

Chief Ede Dafinone	-	(Non Exec Director)	Chairman
Mr. Peter Okoh	-	(Shareholders' Representative)	Member
Mr. Taiwo Oderinde	-	,, ,,	Member
Mr. Samuel Mpamaugo	-	,, ,,	Member
Mrs. Yinka Aletor	-	,, ,,	Member
Mrs. Suzan Giwa Osagie	-	(Exc. Director)	Member

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

Statement of Significant Accounting Policies

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

1.0 General Information

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. 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.

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 statement was approved by Board on 14/3/2017

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2.0 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.

2.1 Going Concern Assessment

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 operation of the group.

2.2 Basis of Preparation and Compliance with IFRS

The Group's financial statements for the year 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, CAP C20 LFN 2004, Insurance Act 2003 of Nigeria and Investment and Securities Act 2007 to the extent that they do not conflict with the requirements of International Financial Reporting Standard (IFRS).

Functional and Presentation of Currency

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

Basis of Measurement

The financial statements have been prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss.
- Financial assets classified as available for sale which are measured at fair value through other comprehensive income.

- Loans and receivables and held to maturity financial assets and financial liabilities which are measured at amortized cost.
- Investment properties which are measured at fair value.

2.3 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the company'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 2.4.

2.4 Judgment, Estimates and Assumption

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

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:

2.4.1 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.

2.4.2 Retirement Benefits

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

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

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of

Claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

2.4.3 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

2.5 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

It is important to note that no standard or amendment to existing standard took effect during the reporting period. Hence, there was no impact on the accounting policies, financial position or performance of the Group.

For the preparation of these financial statements, the following new or amended standards are mandatory for the first time for the financial year beginning 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS – eg IFRS 14 Regulatory Deferral Accounts (issued in January 2014) - since they are not relevant to IFRS Statements).

Amendments to IAS 1 titled Disclosure Initiative (issued in December 2014) – The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments had no material effect on the Company's financial statements.

Amendments to IAS 16 and IAS 38 titled Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014) – The amendments, prospectively effective for annual periods beginning on or after 1 January 2016, add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances. The amendments had no effect on the Company's financial statements.

Amendments to IAS 16 and IAS 41 titled Agriculture: Bearer Plants (issued in June 2014) – The amendments, applicable to annual periods beginning on or after 1 January 2016, define bearer plants – i.e living plants which are used solely to grow produce over several periods and usually scrapped at the end of their productive lives - and include them within IAS 16's scope while the produce growing on bearer plants remains within the scope of IAS 41. As the Company does not undertake agricultural activity, this amendment had no effect on the Company's financial statements.

Amendment to IAS 19 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September 2014) - The amendment, applicable to annual periods beginning on or after 1 January 2016, clarifies that, in determining the discount rate for post employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bonds in the relevant currency should be used. This amendment had no effect on the Company's financial statements.

Amendments to IAS 27 titled Equity Method in Separate Financial Statements (issued in August 2014) – The amendments, applicable to annual periods beginning on or after 1 January 2016, reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment has no effect on financial statements.

Amendment to IFRS 5 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September 2014) - The amendment, applicable prospectively to annual periods beginning on or after 1 January 2016, adds specific guidance when an entity reclassifies an asset (or a disposal Company) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued. This amendment had no effect on the Company's financial statements.

Amendment to IFRS 7 (Annual Improvements to IFRSs 2012–2014 Cycle, issued in September 2014) - The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. The amendment had no effect on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 titled Investment Entities: Applying the Consolidation Exception (issued in December 2014) – The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments had no effect on the Company's financial statements.

Amendments to IFRS 11 titled Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014) – The amendments, applicable prospectively to annual periods beginning on or after 1 January 2016, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to apply all of the business combinations accounting principles and disclosure in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). This amendment had no effect on the Company's financial statements.

New and amended standards in issue but not yet effective

The Company has not applied the following new or amended standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to IFRS Statements). The Directors anticipate that the new standards and amendments will be adopted in the Company's financial statements when they become effective. The Group has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2017, require entities to provide information that enable users of financial statements to evaluate changes in liabilities arising from their financing activities. This is not expected to have a material effect on the Group's financial statements.

Amendments to IAS 12 titled Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2017, clarify the accounting for deferred tax assets related to unrealised losses on debt instruments measured at fair value, to address diversity in practice. This is not expected to have an effect on the Group's financial statements.

Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018, clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (SBP), the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash-settled to equity-settled. The amendments are not expected to have a material effect on the Group's financial statements.

Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016) - The amendments give all entities that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before implementing the replacement insurance contracts Standard for IFRS 4 that is under drafting by the Board. Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption from applying IFRS 9 (until 2021), thus continuing to apply IAS 39 instead. The Group has assessed the potential effect of the new standard and will reflect this in future financial statements when it becomes effevtive.

IFRS 9 Financial Instruments (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

Since the list reflects new and amended standards issued up to 30 September 2016, it should be extended to include all such changes up to the date of authorisation for issue of the 2016 financial statements For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.

For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The derecognition provisions are carried over almost unchanged from IAS 39. The Directors anticipate that IFRS 9 will be adopted in the Group's financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) – The amendments address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after 1 January 2016, is now deferred indefinitely but earlier application is still permitted. This is not expected to have an effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and amended for clarifications in April 2016) - The new standard, effective for annual periods beginning on or after 1 January 2018, replaces IAS 11, IAS 18 and their interpretations. It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). The Directors anticipate that IFRS 15 will be adopted in the Company's financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the Companys' revenue. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 16 Leases (issued in January 2016) - The new standard, effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 and its interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of lowvalue assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The Directors anticipate that IFRS 16 will be adopted in the Company's financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the Company's leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2.6 Foreign Currency Transactions

2.6.1 Functional and Presentation of Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency). The financial statements are presented in thousands. Naira is the Company's functional and presentation currency.

2.6.2 Transactions and Balances

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 and loss account. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

2.7 Investment in Subsidiary and Associate

2.7.1 Subsidiaries

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

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

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statement of the parent entity is measured at cost.

Acquisition-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.

2.7.2 Disposal of Subsidiaries

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 an available-for-sale financial asset depending on the level of influence retained.

2.7.3 Associate

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.

During the year, the regulatory authorities in Ghana came up with a new capital base regime which stipulates a minimum capital of $ 5m (five million dollars), In order to meet up with this capital requirement, The Board of NEM Insurance Ghana Ltd decided to merge their operations with Regency Alliance Ghana Limited. This merger has been consummated and the product of this merger is RegencyNem Insurance Ghana Limited. As a result of this merger, the status of NEM Insurance Ghana Limited in the books of NEM Insurance Plc changed from being a subsidiary of NEM Insurance Plc to an associate since the stake in the new company is 40%.

3.0 Detailed Accounting Policies

3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term

3.2 Financial assets

3.2.1 Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories:

Financial assets at fair value through profit or loss;

Held-to-maturity investments.

loans and receivables, and

available-for-sale financial assets

3.2.2 Financial assets held at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unquoted equities, and quoted equities for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

3.2.3 Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention and ability to hold to maturity other than:

Those that the Company designates as available for sale.
Those that meet the definition of loans and receivables.

Such instruments include corporate bonds, government bonds, convertible debt notes and are carried at amortised cost, using the effective interest method, less any provisions for impairment.

3.2.4 Available-for-sale

Available for sale financial investments include equity and debt securities. The Company classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in income statement when the Company's right to receive payment has been established.

3.2.5 Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as at fair value through profit or loss or available-for-sale.

Loans and advances consist primarily of commercial loans, staff loans, premium debtors, due from reinsurers, other debtors. These are managed in accordance with a documented policy.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

3.2.6 Fair Value Measurement

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the statement of financial position date from a financial asset with similar terms and conditions.
Where pricing models are used, inputs are based on observable market indicators at the statement of financial position date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting price.

3.3 Trade Receivables

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment. They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors that the Group will not be able to collect the entire amount due under the original terms of the invoice.

Allowances are made based on an impairment model which considers 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 recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the Income Statement.

3.3.1 De-recognition

The Group derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3.4 Reinsurance Assets

The Group cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Group from its direct obligations to its policy holders.

Reinsurance assets are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract. The Group has the right to set off reinsurance payables against amounts due from reinsurers and brokers in line with the agreed arrangements between both parties.

3.5 Deferred Acquisition Costs (DAC)

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

3.6 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

3.7 Investment in Subsidiary

3.7.1 Subsidiaries

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

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

Acquisition-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.

3.7.2 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 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 an available-for-sale financial asset depending on the level of influence retained.

3.8 Investment Property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both. Investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. An investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

3.8.1 Recognition and Measurement

Fair values are reviewed annually by an independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain and loss arising from a change in the fair value is recognized in the income statement.
Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Company; otherwise they are expensed as incurred.

Investment properties are disclosed separately from property and equipment used for the purposes of the business. The Company separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Company is treated as property plant and equipment. However, the Company considers an occupation of 30% as significant.

3.8.2 Transfer

If an item of property and equipment becomes an investment property its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income as a revaluation of property, plant and equipment.
However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the Statement of Comprehensive Income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

3.8.3 De-recognition

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

3.9 Statutory Deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria and are only available to the Company upon liquidation of the Company. They have been separately disclosed due to their nature and liquidity. They represent 10% of the paid up capital of the Company as stipulated by Section 10 (3) of the Insurance Act of 2003. Statutory deposits are measured at cost.

3.10 Intangible assets (Software)

3.10.1 Recognition and Measurement

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable to and will flow to the Company. Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.11 Property, Plant and Equipment

3.11.1 Recognition & Measurement

Property, Plant and Equipment comprise land and buildings and other property owned by the Group. Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

3.11.2 Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss account during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

3.11.3 Depreciation

Depreciation is calculated on property, plant and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on fixed assets until they are brought into use.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

Land	-	over the lease period
Buildings	-	2%
Office equipment	-	20%
Computer hardware	-	20%
Furniture and fittings	-	20%
Motor vehicles	-	20%

3.12 Insurance Contract

NEM Insurance issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. NEM Insurance defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

These contracts are accident and casualty and property insurance contracts. Accident and casualty insurance contracts protect the Company's customer against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage.

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of properties lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

In accordance with IFRS 4, the Company has continued to apply the accounting policies it applied in accordance with the change over from Nigerian GAAP.

3.12.1 Salvages

Some non-life insurance contracts permits the company to sell (usually damaged) property acquired in the process of settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (subrogation right).

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

3.12.2 Subrogation

Subrogation is the right of an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other assets when the liability is settled and the Company has the right to receive future cash flow from the third party.

3.12.3 Insurance Contract Liabilities

These are computed in compliance with the provisions of section 20, 21, and 22 of the Insurance Act 2003 as follows:

3.12.3.1 Reserves for Outstanding Claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test (See Note 12.1)

3.12.3.2 Reserves for Unexpired Risk

A provision for Additional Unexpired Risk Reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the Unearned Premium Reserve (UPR)"

3.12.4 Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liability net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from Liability Adequacy test "the unexpired risk provision."

The provisions of the Insurance Act 2003 require an actuarial valuation of life reserves only. However, IFRS 4 requires a liability adequacy test for insurance reserves.

The provision of Section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative position than the provision of the Insurance Act 2003, it serves the Company's prudential concerns well.

3.13 Trade Payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

3.13.1 De-recognition of Trade Payables

Trade payables are derecognized when the obligation under the liability is settled, cancelled or expired.

3.13.2 Other Payables and Accruals

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement. Gains and losses are recognised in the income statement when the liabilities are derecognized.

3.14 Employee Benefits

3.14.1 Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The accrual is calculated on an undiscounted basis, using current salary rates.
A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14.2 Post-Employment Benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Group pays minimum contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay a minimum of 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the profit or loss account.

3.14.3 Gratuity Benefits

Prior to 31 December, 2004, NEM Insurance operated a gratuity scheme under which employees were entitled to one month basic salary, transport and housing allowance for each completed year of service. Effective 31 December, 2014, the gratuity scheme was terminated. Under the terms of the termination, amounts payable to employees who were in the employment of the Company as at the termination date will be paid when such employees leave the service of the Company based on benefits determined as at 31 December 2014. The gratuity assets are managed in-house.
The valuation of the scheme was made at the close of the year by HR Limited.

3.14.4 Other Long-Term Employee Benefits

The company recognizes obligations for defined benefit plans in respect of its long term service award as determined by actuarial valuation.

3.14.5 Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

3.15 Taxation

Income tax comprises current income and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.15.1 Current Income Tax

Current income Tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income Tax asset and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income and not in income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

3.15.2 Deferred tax

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method.

Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax

losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.16 Issued Share Capital

The issued ordinary shares of the Group are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.16.1 Dividends on ordinary share capital

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

3.17 Share Premium

This represents the excess amount paid by the shareholder on the nominal value of its shares. This amount is distributable to the shareholders at the discretion. The share premium is classified as an equity instrument in the statement of financial position.

3.18 Contingency Reserves

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

3.19 Retained earnings

The reserve comprises of undistributed profit/loss from previous years and the current year. Retained earnings are classified as part of equity in the statement of financial position.

3.20 Available-for-sale Reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of the Group's available-for-sale investments. Net fair value movements are recycled to income statement if an available-for-sale investment is either derecognized or impaired.

3.21 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.

3.22 Gross Premiums Written

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums.

3.22.1 Gross premium earned

Gross premium earned includes estimates of premium due but not yet received, less unearned premium.

3.22.2 Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed by a recognised professional actuary separately for each insurance contract or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs. Specifically, provision for unexpired risk is based on time apportionment.

3.22.3 Reinsurance Premium

Reinsurance premiums are recognized as outflows in accordance with the tenor of the reinsurance contract.

3.23 Reinsurance Cost

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

3.24 Fees and Commission Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue over the period in which the related services are performed.

3.25 Claims Expenses

Claims expenses consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the amount computed on Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverable is recognized when the Company records the liability for the claims and is not netted off. Claim expenses are presented separately in the income statement.

3.26 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy. Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

3.27 Investment Income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income is recognised in the income statement as it accrues and is calculated using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.
When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

3.28.1 Dividend income
Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

3.29 Impairment of Financial Assets
The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the statement of financial position date, that have an impact on the future cash flows of the asset.
All impairment losses are recognized through profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the income statement and is recognized as part of the impairment loss. The amount of the loss recognized in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in the income statement, is reversed through the income statement. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the income statement but accounted for directly in equity.
Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are considered to be impaired when existence of an indication that the asset's recoverable amount is less than the carrying amount. Impairment losses are recognised in profit or loss.

Impairments or losses of non-financial assets, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.30 Administrative expenses

Management expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other expenses. They are accounted for on an accrual basis.

3.31 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year. Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

3.32 Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the financial statement as they arise.

3.33 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

3.34 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. Significant geographical regions have been identified as the secondary basis of reporting.


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FINANCIAL STATEMENTS

		Group		Parent	
		2016	2015	2016	2015
	Notes	N'000	N'000	N'000	N'000
Assets					
Cash and cash equivalents	1	**3,471,854**	3,387,674	**3,464,575**	3,355,044
Financial assets	2	**4,005,983**	3,693,057	**4,005,983**	3,396,740
Trade receivables	3	**668,040**	531,497	**668,040**	531,497
Reinsurance assets	4	**1,725,098**	690,838	**1,725,098**	690,838
Deferred acquisition cost	5	**488,195**	498,862	**488,195**	443,678
Other receivables and prepayments	6	**198,439**	227,373	**129,741**	102,512
Investment in Associate	7.1	**264,824**	-	**264,824**	-
Investment in Subsidiary	7.3	**-**	-	**142,500**	193,308
Investment properties	8	**442,558**	388,371	**442,558**	388,371
Statutory deposit	9	**320,000**	343,489	**320,000**	320,000
Intangible asset	10	**20,747**	13,083	**7,656**	12,157
Property, Plant and Equipment	11	**2,819,986**	2,694,001	**2,815,591**	2,637,457
Deferred tax asset	16.3	**66,687**	16,066	**57,220**	16,066
Total assets		**14,492,410**	12,484,310	**14,531,978**	12,087,666
Liabilities					
Insurance contract liabilities	12	**6,017,381**	5,482,960	**6,017,381**	5,161,722
Trade payables	13	**65,315**	33,415	**65,315**	-
Other payables	14	**497,269**	502,759	**506,016**	455,305
Retirement benefit obligations	15	**84,824**	108,956	**84,824**	108,956
Income tax liability	16.1	**426,473**	156,858	**426,473**	154,348
Deferred tax liability	16.3	**-**	-	-	-
		7,091,263	6,284,948	**7,100,010**	5,880,332
Equity					
Issued share capital	17.1	**2,640,251**	2,640,251	**2,640,251**	2,640,251
Share premium	18	**272,551**	272,551	**272,551**	272,551
Contingency reserve	19	**2,599,514**	2,322,895	**2,599,514**	2,276,784
Retained earnings	20	**1,860,581**	628,262	**1,891,401**	682,345
Available for sale reserve	21	**(138,249)**	173,368	**(138,249)**	173,368
Other Reserves - Employee benefit	22	**166,499**	162,035	**166,499**	162,035
Total Equity		**7,401,148**	6,199,362	**7,431,968**	6,207,334
Total equity and liabilities		**14,492,410**	12,484,310	**14,531,978**	12,087,666

These accounts were approved by Board on 14/3/2017and signed on its behalf by:

Mr Fidelis Ayabae (Chairman)
FRC/2013/CIANG/0000000237 6

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

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

The accounting policies on pages 69 to 91 and the accompanying notes on pages 99 to 122 form an integral part of these financial statements.

	Notes	Group 2016 N'000	Group 2015 N'000	Parent 2016 N'000	Parent 2015 N'000
Gross premiums written	23	10,757,674	10,895,711	10,757,674	10,346,291
(Increase) in unearned premium		(129,492)	(177,398)	(129,492)	(106,842)
Gross premium income	23	10,628,183	10,718,314	10,628,183	10,239,449
Reinsurance expenses	24	(2,115,716)	(2,161,359)	(2,115,716)	(2,093,895)
Net premium income	23	8,512,467	8,556,954	8,512,467	8,145,555
Fee and commission income	25	544,813	417,017	544,813	395,917
Net underwriting income		9,057,280	8,973,971	9,057,280	8,541,472
Claims expenses	26	(2,669,780)	(3,959,103)	(2,669,780)	(3,799,062)
Underwriting expenses	27	(2,950,522)	(2,733,692)	(2,950,522)	(2,670,717)
Underwriting profit		3,436,978	2,281,176	3,436,978	2,071,693
Investment income	28	479,472	746,237	479,472	676,398
Net Fair value gain	29	101,015	(139,292)	101,015	(139,292)
Other income	30	417,279	132,515	406,866	129,705
Loss on disposal of Properties & Equipments	34	(1,334)	(27,250)	(1,334)	(27,441)
Share of profit in Associate	7.1	71,516	-	71,516	-
Impairments	32	-	(40,000)	-	(40,000)
Management expenses	33	(2,359,156)	(2,354,548)	(2,308,456)	(2,111,699)
Profit before tax		2,145,772	598,838	2,186,057	559,362
Income taxes	16.2	(327,974)	114,864	(337,441)	126,097
Profit after tax		1,817,797	713,702	1,848,616	685,460
Other Comprehensive Income					
Fair value loss on available for sale	21	(311,617)	(53,609)	(311,617)	(53,609)
Actuarial (loss)/profit on defined benefit plan	22	4,464	(27,668)	4,464	(27,668)
		1,510,644	632,425	1,541,463	604,183
Basic earnings per share (kobo)	35	34	14	35	13
Diluted Basic earnings per share (kobo)	35	34	14	35	13

The accounting policies on pages 69 to 91 and the accompanying notes on pages 99 to 122 form an integral part of these financial statements.

GROUP	Issued Share Capital	Share Premium	Retained Earnings	AFS Reserve	Other Reserves	Contingency Reserves	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1, 2016	2,640,251	272,551	628,262	173,368	162,035	2,322,895	6,199,362
Profit for the year	-	-	1,817,797	-	-	-	1,817,797
Transfer between reserves	-	-	(322,730)	-	-	322,730	-
Actuarial gain on defined benefit plan	-	-	-	-	4,464	-	4,464
Other comprehensive income	-	-	-	(311,617)	-	-	(311,617)
Effect of foreign-exchange translation	-	-	54,082	-	-	(46,112)	7,970
Dividend paid during the year	-	-	(316,830)	-	-		(316,830)
As at December 31, 2016	2,640,251	272,551	1,860,581	(138,249)	166,499	2,599,514	7,401,148

Statement of Change in Equity - Parent

Parent	Issued Share Capital N'000	Share Premium N'000	Retained Earnings N'000	AFS Reserve N'000	Other Reserves N'000	Contingency Reserves N'000	Total N'000
At January 1, 2016	2,640,251	272,551	682,345	173,368	162,035	2,276,784	6,207,334
Profit for the year	-		1,848,616				1,848,616
Transfer between reserves	-		(322,730)			322,730	-
Other Comprehensive Income				(311,617)			(311,617)
Actuarial gain on defined benefit plan	-				4,464		4,464
Distribution to Owners							-
Dividend paid during the year	-	-	(316,830)				(316,830)
As at December 31, 2016	2,640,251	272,551	1,891,401	(138,249)	166,499	2,599,514	7,431,968

	Notes	Group Dec. 2016 N'000	Group Dec. 2015 N'000	Parent Dec. 2016 N'000	Parent Dec. 2015 N'000
Cash flows from Operating Activities:					
Premium received from policy holders	3.1	10,621,131	10,642,559	10,621,131	10,024,287
Reinsurance Premium Paid	24	(2,614,627)	(2,161,359)	(2,614,627)	(2,093,895)
Fees and Commission Received	25	544,813	417,017	544,813	395,917
Direct Claims Paid	26	(4,059,851)	(4,780,905)	(4,059,851)	(4,475,555)
Claims Received from Reinsurers		1,580,888	1,486,116	1,580,888	1,313,531
Commission Paid	5	(1,789,721)	(1,795,235)	(1,844,905)	(1,716,988)
Maintenance Expense Paid	27.2	(1,150,134)	(954,934)	(1,150,134)	(954,934)
Cash paid to and on behalf of Employees		(1,127,239)	(1,122,720)	(1,114,406)	(1,111,830)
Other Operating Expense paid		(783,076)	(903,542)	(469,325)	(598,217)
Company Income Tax Paid	16.1	(106,470)	(40,469)	(106,470)	(28,745)
	31	1,115,714	786,526	1,387,114	753,569
Cash flows from Investing Activities:					
Purchase of FVTPL	2.1	(115,000)	-	(115,000)	-
Short term placement above 90 days	2.3	(446,858)	(567,301)	(743,175)	(517,468)
Proceeds from Redemption of HTM	2.5.1	39,070	4,331	39,070	4,331
Purchase of HTM	2.5.1	(50,000)	(25,169)	(50,000)	(25,169)
Investment Income received	28	479,472	746,237	479,472	676,398
Acquisition of Investment property	8	(4,926)	(5,245)	(4,926)	(5,245)
Acquisition of Subsidiary	7.3	-	-	(142,500)	-
Investment in Associate	7.1	(193,308)	-	-	-
Statutory Deposits		23,489	(3,377)	-	-
Proceeds from disposal of Unquoted Investment	2.4	-	38,938	-	38,938
Acquisition of Unquoted Investment	2.4	-	(220,359)	-	(220,359)
Purchase of Intangible Asset	10	(17,455)	(13,499)	-	(13,076)
Acquisition of Property and Equipments	11.1	(489,833)	(715,093)	(484,340)	(676,500)
Proceeds from disposal on PPE	34	1,194	1,730	1,194	1,539
Net cash outflow for investment activities		(774,155)	(758,807)	(1,020,205)	(736,610)
Cash outflow for financing activities					
Dividends paid to equity holders of the parent		(316,830)	(316,830)	(316,830)	(316,830)
Unclaimed Dividend received	14	59,451	234,154	59,451	234,154
Net cash outflow for financing activities		(257,379)	(82,676)	(257,379)	(82,676)
Total cash inflow/(outflow)		84,180	(54,957)	109,531	(65,714)
Cash and cash eqivalent at January 1		3,387,674	3,442,631	3,355,044	3,420,758
Cash and cash equivalent at December 31		3,471,854	3,387,674	3,464,575	3,355,044
Represented by:					
Cash and cash equivalent at December 31		3,471,854	3,387,674	3,464,575	3,355,044

The accounting policies on pages 69 to 91 and the accompanying notes on pages 99 to 122 form an integral part of these financial statements.

1	Cash and Cash Equivalents		Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
	Cash and bank balances		863,510	557,679	863,510	525,048
	Short - term deposits	1.1	2,608,344	2,829,995	2,601,065	2,829,995
	Total cash and cash equivalents		3,471,854	3,387,674	3,464,575	3,355,044
	Cash and Cash Equivalents					
	For Shareholders		11,855	7,675	4,576	5,044
	For Policy Holders		3,375,175	3,271,043	3,375,175	3,241,044
	Staff Benefit (Gratuity)		84,824	108,956	84,824	108,956
	Total cash and cash equivalents		3,471,854	3,387,674	3,464,575	3,355,044

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

1.1	Short term deposit	2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Placements with Local Bank	2,608,344	2,829,995	2,601,065	2,829,995

2	Financial Assets		Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
	Financial assets at fair value through profit or loss	2.1	820,809	654,054	820,809	654,054
	Available for sale	2.2	2,992,467	2,857,226	2,992,467	2,560,909
	Held to maturity financial assets	2.5	192,707	181,777	192,707	181,777
			4,005,983	3,693,057	4,005,983	3,396,740
	Current		2,992,467	2,857,226	2,992,467	2,560,909
	Non- current		1,013,516	835,831	1,013,516	835,831
			4,005,983	3,693,057	4,005,983	3,396,740

2.1 Financial assets at fair value through profit or loss

		Group		Parent	
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
At 1 January		654,054	665,837	654,054	665,837
Transfer from Unquoted Investment	2.4	-	132,169	-	132,169
Purchases		115,000	-	115,000	-
Fair value gain/(loss)	29	51,755	(143,952)	51,755	(143,952)
At 31 December		820,809	654,054	820,809	654,054

Fair value through profit or loss

Management valued the Company's quoted investment at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. This prompted the classification of quoted investment as Financial assets at FVTPL (Fair Value Through Profit or Loss).

2.2 Available for Sale

Short term Investment over 90 days	2.3	1,834,644	1,387,786	1,834,644	1,091,469
Unquoted investments	2.4	1,157,823	1,469,440	1,157,823	1,469,440
		2,992,467	2,857,226	2,992,467	2,560,909

The fair value of unquoted equities was determined on market price as at year end. The over the counter price (OTC) that was used in the last transaction before the reporting date was used as a reflection of fair value. Fixed deposits with tenor of more than 90 days are classified as available for sale. This could easily be turned to liquidity if there is urgent need for cash usage. It is valued at cost because there is no active market or other similar market that could be used for its valuation.

2.3 Short term Investment over 90 days

At 1 January		1,387,786	860,485	1,091,469	614,001
Impairments	32	-	(40,000)	-	(40,000)
Movement in the year		446,858	567,301	743,175	517,468
At 31 December		1,834,644	1,387,786	1,834,644	1,091,469

2.4 Unquoted Investment

			Group		Parent
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
At 1 January		1,469,440	1,473,798	1,469,440	1,473,798
Purchase in the year		-	220,359	-	220,359
Disposal in the year		-	(38,938)	-	(38,938)
Transfer to Quoted investment	2.1	-	(132,169)	-	(132,169)
Fair Value (loss)/gain	21	(311,617)	(53,609)	(311,617)	(53,609)
At 31 December		1,157,823	1,469,440	1,157,823	1,469,440

The Company holds a number of investments in unquoted securities with a market value of N 1.158 billion of which investment in MTN Nigeria Ltd is the significant holding. This investment has a market value of N1.065 billion (cost N1.15 billion) as at 31 December 2016. MTN Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform.

2.5	Held to maturity financial assets	Group		Parent	
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Lagos State Bond	4,000	4,000	4,000	4,000
	Ondo State Bond	6,518	10,000	6,518	10,000
	Osun State Bond	11,361	15,000	11,361	15,000
	GT Bank Euro Bond	27,829	27,829	27,829	27,829
	Niger State Bond	24,080	49,779	24,080	49,779
	Fidson Bond	43,750	50,000	43,750	50,000
	UBA Bond	25,169	25,169	25,169	25,169
	Wema Bond	50,000	-	50,000	-
		192,707	181,777	192,707	181,777

2.5.1 The details of Held to maturity investment are as follow:

At 1 January	181,777	160,939	181,777	160,939
Purchased during the year	50,000	25,169	50,000	25,169
Matured during the year	(39,070)	(4,331)	(39,070)	(4,331)
At 31 December	192,707	181,777	192,707	181,777

The held to maturity investment relates to the fixed rate bond of the Lagos State Government, It was purchased in 2010 whose coupon rates is 10% payable half yearly. Other investment relates to the fixed rate bond of UBA Bond, GT Bank Euro, Ondo State Government, Osun State Government, Fidson Bond and Niger State Bond with coupon rate of 16.45%, 7.5%, 15.5%, 14.75%, 15.5% and 14% with tenure period of 2014 to 2021, 2012 to 2016, 2012 to 2017, 2013 to 2020, 2014 to 2019 and 2014 to 2018 respectively. During the year, WEMA Bond was purchased with coupon rate of 17.5% payable half yearly and tenure period of 2016 to 2023.Also, part of Osun State Bond, Ondo State Bond, NIGER State Bond and Fidson bond matured during the year.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.

			Group		Parent	
3	**Trade Receivables**		**2016**	2015	**2016**	2015
			N'000	N'000	**N'000**	N'000
	Premium Receivable		668,040	531,497	668,040	531,497
	Impairment - Trade Receivables		-	-	-	-
			668,040	531,497	668,040	531,497

3.1	**Premium Receivable**					
	Opening Balance		531,497	278,345	531,497	209,493
	Premium receivable in the year	23	10,757,674	10,895,711	10,757,674	10,346,291
	Premium received in the year		(10,621,131)	(10,642,559)	(10,621,131)	(10,024,287)
	Closing balance		668,040	531,497	668,040	531,497

3.3	**Analysis of Trade Receivables**				
	Amount due from Insurance Companies	-	-	-	-
	Amount due from Insurance Brokers	668,040	531,497	668,040	531,497
		668,040	531,497	668,040	531,497

3.4	The age analysis of trade re**ceivable**				
	Within 30 days	668,040	531,497	668,040	531,497
	Above 30 days	-	-	-	-
		668,040	531,497	668,040	531,497

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

4	Reinsurance Assets		Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
	Prepaid Reinsurance	4.1	803,278	304,366	803,278	304,366
	Reinsurance share of IBNR	4.2	192,374	63,740	192,374	63,740
	Reinsurance share of Outstanding Claim	4.3	692,999	300,303	692,999	300,303
	Reinsurance share of Claims paid	4.4	36,447	22,428	36,447	22,428
			1,725,098	690,838	1,725,098	690,838
4.1	**Prepaid Reinsurance**					
	Balance at the beginning		304,366	286,557	304,366	286,557
	Change in Reinsurance Share of UPR	4.1.1	412,065	17,809	412,065	17,809
	Change in Reinsurance expense Prepaid	4.1.2	86,846	-	86,846	
	Balance at the end of year		803,278	304,366	803,278	304,366
4.1.1	**Reinsurance share of UPR**					
	Balance at the beginning		304,366	286,557	304,366	286,557
	Changes during the year		412,065	17,809	412,065	17,809
	Balance at the end of year		716,431	304,366	716,431	304,366
4.1.2	**Prepaid reinsurance premium**					
	Reinsurance Cost paid in the year		2,614,627	2,161,359	2,614,627	2,093,895
	Reinsurance expense/amortisation		(2,527,781)	(2,161,359)	(2,527,781)	(2,093,895)
	Balance at the end of the year		86,846	-	86,846	-
4.2	**Reinsurance share of IBNR**					
	Balance at the beginning		63,740	59,377	63,740	59,377
	Changes during the year		128,634	4,363	128,634	4,363
	Balance at the end of year		192,374	63,740	192,374	63,740
4.3	**Reinsurance share of Outstanding Claim**					
	Balance at the beginning		300,303	371,187	300,303	371,187
	Changes during the year		392,696	(70,884)	392,696	(70,884)
	Balance at the end of year		692,999	300,303	692,999	300,303
4.4	**Reinsurance share of Claims paid**					
	Balance at the beginning		22,428	-	22,428	-
	Reinsurance recoveries from Claims paid		1,414,453	1,183,001	1,414,453	1,183,001
	Receipt from reinsurance during the year		(1,400,433)	(1,160,572)	(1,400,433)	(1,160,572)
	Balance at the end of year		36,447	22,428	36,447	22,428

			Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
5	**Deferred acquisition cost**					
	At January 1		498,862	482,385	443,678	442,473
	Acquisition cost during the year		1,789,721	1,795,235	1,844,905	1,716,988
	Apportionment during the year	27.1	(1,800,388)	(1,778,758)	(1,800,388)	(1,715,783)
			488,195	498,862	488,195	443,678

Deferred acquisition cost represents commissions paid on unearned premium relating to the unexpired risk.

6	Other Receivables and Prepayments					
	Prepayments		16,577	47,364	16,577	14,514
	Accrued Income		65,109	37,200	65,109	37,200
	Other Debtors		77,050	93,032	8,352	8,352
	Other receivables	6.1	39,702	49,777	39,702	42,446
			198,439	227,373	129,741	102,512
6.1	**Other Receivables**					
	Mortgage Loan		35,216	35,145	35,216	35,145
	Staff Loan Parent Company		4,486	7,301	4,486	7,301
	Staff Loan Subsidiary		-	7,329	-	-
			39,702	49,777	39,702	42,446
7	**Investment in Subsidiary and Associate**					
7.1	**Investment in Associate**					
	Cost of Investment	7.3	193,308	-	193,308	-
	Share of profit from Associate	7.2	71,516	-	71,516	-
			264,824	-	264,824	-

During the year, the regulatory authorities in Ghana came up with a new capital base regime which stipulates a minimum capital of $ 5m (five million dollars) for insurance companies operating in the country as against the previous capital of $ 1m (one million dollars).In order to meet up with this new capital requirement, the board of NEM Insurance Ghana Ltd decided to merge their operations with Regency Alliance Ghana Limited. This merger has been consummated and the product of this merger is RegencyNem Insurance Ghana Limited. As a result of this merger, the status of NEM Insurance Ghana Limited in the books of NEM Insurance Plc changed from being a subsidiary of NEM Insurance Plc to an associate since the stake in the new company is 40%.

7.2	**Analysis of Share of Associate Loss**					
	Opening balance		-	-	-	-
	Share during the year		71,516	-	71,516	-
			71,516	-	71,516	-
7.3	**Investment in subsidiary**					
	As at 1 January		-	-	193,308	*193,308*
	Addition in the year (NEM Asset Management Ltd)	7.3.1	-	-	142,500	-
	Transfer to Associate	7.1	-	-	(193,808)	-
	As at 31 December		-	-	142,500	*193,308*

7.3.1 NEM Insurance Plc acquired 100% interest in NEM Assets 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 loss after tax of N 30.8 million.

8	INVESTMENT PROPERTIES	Group		Parent	
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Opening Balance	388,371	485,830	388,371	485,830
	Addition	4,926	5,245	4,926	5,245
	Transfer to Building under Construction	-	(107,363)		(107,363)
	Revaluation gain	49,261	4,659	49,261	4,659
	Closing Balance	442,558	388,371	442,558	388,371

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 Number FRC/2013/NIESV/00000000754 and FRC/2013/NIESV/00000002773 respectively.

The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.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.During the year, there was revaluation surplus on investment properties of N 49 million and addition to Investment Property of N 4.9 million

9	Statutory deposit				
	Statutory deposit	320,000	343,489	320,000	320,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2016: N 320m (2015: N 320m) which is in accordance with section 9(1) and section 10 (3) of Insurance Act 2003.
Statutory deposits are measured at cost.

10 INTANGIBLE ASSET

	Group		Parent	
	2016	2015	2016	2015
Cost	N'000	N'000	N'000	N'000
At January 1,	61,089	47,590	58,329	45,253
Addition	17,455	13,499		13,076
Adjustment for NEM Ghana	(2,761)		-	-
At December 31	75,783	61,089	58,329	58,329
Amortisation				
At January 1,	48,006	41,963	46,172	40,794
Adjustment for NEM Ghana	(1,834)			
Amortisation during the year	8,865	6,044	4,501	5,378
At December 31	55,037	48,006	50,673	46,172
Net Book Value	20,747	13,083	7,656	12,157

11.1 PROPERTY, PLANT AND EQUIPMENT GROUP

Cost/Valuation	Building under Construction	Building	Office Partitioning	Machinery & equipment	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at Jan. 1 2016	**279,524**	**1,491,157**	**280,257**	**141,918**	**522,314**	**141,587**	**337,372**	**3,194,128**
Addition	375,350	23,000	11,427	2,980	44,939	3,016	29,121	489,833
Reversal of Ghana Assets	-	-	(7,305)	(4,704)	(78,913)	(8,679)	(6,976)	(106,576)
Disposal					(36,442)			(36,442)
At Dec. 31, 2016	**654,874**	**1,514,157**	**284,379**	**140,194**	**451,898**	**135,924**	**359,516**	**3,540,943**
Depreciation								
As at Jan. 1 2016	**-**	**29,823**	**59,414**	**39,749**	**251,482**	**35,412**	**84,247**	**500,127**
Charged for the year	-	30,283	56,986	28,039	90,380	27,185	71,903	304,776
Reversal of Ghana Depreciation	-	-	(4,714)	(3,682)	(29,400)	(5,078)	(7,161)	(50,034)
Disposal	-	-	-	-	(33,914)	-	-	(33,914)
At Dec. 31, 2016	**-**	**60,106**	**111,686**	**64,107**	**278,548**	**57,519**	**148,990**	**720,954**
NET BOOK VALUE At December 31, 2016	**654,874**	**1,454,051**	**172,693**	**76,088**	**173,350**	**78,406**	**210,527**	**2,819,989**
At December 31, 2015	*279,524*	*1,461,334*	*220,842*	*102,168*	*270,832*	*106,175*	*253,125*	*2,694,001*

The carrying value of assets had been carried under cost model. There is no indication of impairment on any items of property and equipment as at the reporting date.

11.2 PROPERTY, PLANT AND EQUIPMENTS PARENT–

Cost/Valuation	Building under Construction	Building	Office Partitioning	Machinery & Equipment	Motor Vehicles	Furniture & fittings	Computer & Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at Jan. 1 2016	**279,524**	**1,491,157**	**272,952**	**137,214**	**443,401**	**132,908**	**330,396**	**3,087,552**
Addition	375,350	23,000	11,427	2,980	40,339	2,928	28,316	484,340
Disposal					(36,442)			(36,442)
At Dec. 31, 2016	**654,874**	**1,514,157**	**284,379**	**140,194**	**447,298**	**135,836**	**358,712**	**3,535,450**
Depreciation								
As at Jan. 1 2016	-	29,824	54,700	36,068	222,083	30,334	77,087	450,096
Charge for the year		30,283	56,986	28,039	89,460	27,167	71,742	303,677
Disposal					(33,914)			(33,914)
At Dec. 31, 2016	**-**	**60,107**	**111,686**	**64,107**	**277,629**	**57,501**	**148,829**	**719,859**
NET BOOK VALUE								
At December 31, 2016	654,874	1,454,050	172,693	76,087	169,669	78,335	209,883	2,815,591
At December 31, 2015	*279,524*	*1,461,333*	*218,251*	*101,146*	*221,319*	*102,574*	*253,309*	*2,637,457*

The carrying value of assets had been carried under cost model. There is no indication of impairment on any items of property and equipment as at the reporting date.

12	Insurance Contract Liabilities		Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
	Outstanding Claims	12.2	1,462,507	938,266	1,462,507	811,962
	Incurred but not reported (IBNR)		1,496,094	1,433,102	1,496,094	1,420,472
	Total outstanding Claims (including IBNR)		2,958,601	2,371,368	2,958,601	2,232,434
	Unearned Premium Reserve	12.3	3,058,780	3,111,592	3,058,780	2,929,288
			6,017,381	5,482,960	6,017,381	5,161,722

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

12.1	Outstanding Claims reserve				
	Opening balance	2,371,368	2,371,368	2,232,434	1,639,488
	Exchange difference/(Reversed)	(138,934)	76,716		
	Increase in the year	726,167	620,221	726,167	592,946
	Closing balance	2,958,601	2,371,368	2,958,601	2,232,434

12.2 The sum outstanding as unsettled claims as at 31 December 2016 according to age analysis is as follows:

0 - 90 days	390,101	200,749	390,101	173,734
91 - 180 days	356,209	195,488	356,209	169,181
181 - 270 days	287,334	185,758	287,334	160,760
270 - 365 days	217,877	182,006	217,877	157,513
365 days and above	210,986	174,265	210,986	150,773
	1,462,507	938,266	1,462,507	811,962

12.3	Unearned Premium reserve				
	Opening balance	3,111,592	2,985,627	2,929,288	2,804,638
	Exchange difference	(182,304)	(69,242)	-	-
	Increase in the year	129,492	195,207	129,492	124,650
	Closing balance	3,058,780	3,111,592	3,058,780	2,929,288

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.

12.4	Allocation of Assets to Policy Holders Fund				
	Cash and cash equivalents	2,642,205	3,271,044	2,642,205	3,241,044
	Financial assets	3,375,176	2,211,916	3,375,176	1,920,678
		6,017,381	5,482,960	6,017,381	5,161,722

			Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
12.5	**Cash and Cash equivalents**					
	Policy holders Fund		3,375,176	3,271,043	3,375,176	3,241,044
	Shareholders Fund		11,854	7,675	4,575	5,044
	Staff Gratuity		84,824	108,956	84,824	108,956
			3,471,854	3,387,674	3,464,575	3,355,044
12.6	**Financial Assets**					
	Policy holders Fund		2,642,205	2,211,916	2,642,205	1,920,678
	Shareholders Fund		1,363,778	1,481,141	1,363,778	1,476,062
			4,005,983	3,693,057	4,005,983	3,396,740
12.7	Investment Property					
	Policy holders Fund		-	-	-	-
	Shareholders Fund		442,558	388,371	442,558	388,371
			442,558	388,371	442,558	388,371
12.8	**Plant, Equipment and Others**					
	Policy holders Fund		-	-	-	-
	Shareholders Fund		2,819,986	2,694,001	2,815,591	2,637,457
			2,819,986	2,694,001	2,815,591	2,637,457
12.9	**Work in Progress**					
	Policy holders Fund		-	-	-	-
	Shareholders Fund		654,874	279,524	654,874	279,524
			654,874	279,524	654,874	279,524

			2016	2015	2016	2015
13	**Trade Payables**		N'000	N'000	N'000	N'000
	Due to Reinsurance Broker - A.O.N.		49,017	-	49,017	-
	Due to Reinsurance Broker - SCIB		16,299	-	16,299	-
	Reinsurance Premium Payable		-	33,415	-	-
			65,315	33,415	65,315	-

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

14	**Other Payables**					
	Accruals		123,786	124,840	132,534	77,385
	Unclaimed Dividend payable		293,605	234,154	293,605	234,154
	Other creditors	14.1	79,877	143,766	79,877	143,766
			497,269	502,759	506,016	455,305

The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year. Dividend payable represents Unclaimed Dividend returned to the Group by Apel Capital and Trust Limited for investment as required by Securities and Exchange Commision.

14.1 Other Creditors

Frontline Trust	6,748	47,882	6,748	47,882
Nem Assets Management	10,667	-	10,667	-
FSDH	6,760	-	6,760	-
NEM Cooperative	-	30,000	-	30,000
Statutory Payable	52,139	42,763	52,139	42,763
Deferred Income	3,563	23,121	3,563	23,121
Total	79,877	143,766	79,877	143,766

The Deferred income represents Rental Income received in advance from FSDH Merchant Bank Limited.Statutory payable represent both Pension payable and Information Technology levy due within one year.

15 Retirement Benefit Obligations

The Company has a defined benefit gratuity scheme covering its entire employee who has spent a minimum number of five years continuous services. The scheme is funded; therefore, no contribution is made to any fund.

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

	Group		Parent	
	2016	2015	**2016**	2015
	N'000	N'000	**N'000**	N'000
Current service cost	-	-	-	-
Interest cost on benefit obligation	12,301	27,868	12,301	27,868
	12,301	27,868	12,301	27,868

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

Present value of the defined benefit obligation	84,824	108,956	84,824	108,956
Total defined benefit obligation	84,824	108,956	84,824	108,956

The movement in the defined benefit obligation is, as follows:

At 1 January	108,956	187,848	108,956	187,848
Current service cost	-	-	-	-
Interest cost	12,301	27,868	12,301	27,868
Benefits paid	(31,969)	(12,902)	(31,969)	(12,902)
Plan Amendment	-	(121,525)		(121,525)
Actuarial gains - Due to change in assumption	(22,613)	21,715	(22,613)	21,715
Actuarial losses - Due to experience adjustment	18,149	5,953	18,149	5,953
At 31 December 2016	84,824	*108,956*	84,824	*108,956*

Actuary Report Extracts

Valuation Assumption: The Valuation assumption fall under two broad categories:

A Financial Assumptions

B Demographic Assumptions

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

A Financial Assumptions

	Group		Parent	
Long Term Average	**2016**	2015	**2016**	2015
Discount Rate (p.a)	15.8%	11.5%	15.8%	11.5%
Average Pay Increase (p.a)	N/A	13.0%	N/A	N/A
Average Rate Inflation (p.a)	12%	9%	12%	9%
Rate of Interest Credit (p.a)	0%	0%	0%	0%
Mortality rate				
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

In order to measure the liability, the projected benefit must be discounted to a net present value as at the current balance sheet date, using an interest assumption (called the discount rate under IAS 19).The discount rate should be determined on the company's balance sheet 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 calculation date.The weighted average liability duration for the Plan is 5.95years. The average weighted duration of the longest Nigerian Government bond was 5.85years as at the valuation date with a gross redemption yield of 15.32%.We have adopted a discount rate of 15.8% for the current valuation.

B Demographic Assumption

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 Death in year out of 1000 lives		No of Death in year out of 1000 lives	
	2016	2015	**2016**	2015
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	
	2016	2015	**2016**	2015
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%

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

I recognises the company service rendered by each member of staff at the review date.
ii anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement and then
iii discounts the expected benefit payments to the review date.

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

B/ MEMBERSHIP DATA

Our Calculations are based on the membership data supplied by the company as summarised below.

Data Reconcilation Summary	Count	Crystallised Gratuity as 31st December 2014
2016 Opening	199	299,156,653
Exits*	(74)	(38,911,012)
2016 Closing	**125**	**260,245,641**

* this include 37 individuals paid in the course of the year and 37 others that are not qualified for gratuity benefit.

Had the plan discontinued as at 31st December 2016, we estimate the accrued benefits payable as N260.25million. This is the sum of the crystallised gratuity benefits of all qualified employees as at the review date.
The Balance Sheet liability of N84.8million 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 my 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 the figures herein have any relevance beyond the scope of the International Accounting Standards requirements.

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

			Group		Parent	
16	**Taxation**		2016	2015	2016	2015
16.1	**Per Financial Position**		N'000	N'000	N'000	N'000
	At January 1,		156,858	15,212	154,348	12,212
	Income tax for the year	16.2	378,595	182,115	378,595	170,881
	Reversal of Ghana Tax		(2,510)			
	Paid during the year		(106,470)	(40,469)	(106,470)	(28,745)
	At December 31,		426,473	156,858	426,473	154,348
16.2	**Per Income Statement**					
	Income tax		344,503	151,751	344,503	140,518
	Education tax		34,093	30,363	34,093	30,363
			378,595	182,115	378,595	170,881
	Deferred tax		(50,621)	(296,978)	(41,154)	(296,978)
			327,974	(114,864)	337,441	(126,097)
16.3	**Deferred tax (Asset)/Liability**					
	At January 1,		(16,066)	280,913	(16,066)	280,913
	(Release) / charge for the year		(50,621)	(296,978)	(41,154)	(296,978)
	At December 31,		(66,687)	(16,066)	(57,220)	(16,066)

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

	Group 2016	Group 2015	Parent 2016	Parent 2015
Profit before income tax	2,145,772	598,838	2,186,057	559,362
Tax calculated at the corporate tax rate	643,731	179,652	655,817	167,809
Effect of:				
Non-deductible expenses	(70,743)	862,076	(82,829)	786,646
Effect of Education tax levy	34,093	30,363	34,093	30,363
Effect of Capital allowance on income tax	(167,351)	(752,802)	(167,351)	(752,802)
Effect of Deferred tax	(50,621)	(296,978)	(41,154)	(296,978)
Tax exempt income	(61,135)	(137,174)	(61,135)	(61,135)
Total income tax expense in income statement	327,974	(114,864)	337,441	(126,097)
Effective tax rate	15	(19)	15	(23)

		Group 2016	Group 2015	Parent 2016	Parent 2015
17	**Issued Share Capital**				
	Authorised share:				
	8,400,000,000 ordinary shares of 50k each	4,200,000	4,200,000	4,200,000	4,200,000
17.1	Ordinary shares At January 1 issued and fully **paid:**				
	5,280,502,913 ordinary shares of 50k each	2,640,251	2,640,251	2,640,251	2,640,251
		2,640,251	2,640,251	2,640,251	2,640,251

18 Share Premium

		Group		Parent	
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
		272,551	272,551	272,551	272,551

Premium from the issue of shares are reported in share premium

19 Contingency Reserve

As at 1 January		2,322,895	1,995,456	2,276,784	1,966,395
Transfer from retained earnings		322,730	326,871	322,730	310,389
Exchange Difference		-	568	-	-
Reversal of Ghana Reserve		(46,111)	-	-	-
		2,599,514	2,322,895	2,599,514	2,276,784

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 is calculated based on 3% of the total premium.

20 Retained earnings

As at 1 January		628,262	560,107	682,345	624,105
Profit for the year		1,817,797	713,702	1,848,616	685,460
Transfer to contingency reserve		(322,730)	(326,871)	(322,730)	(310,389)
Dividend paid		(316,830)	(316,830)	(316,830)	(316,830)
Exchange Difference		-	(1,845)	-	-
Reversal of loss from Ghana Reserve		54,082	-	-	-
		1,860,581	628,262	1,891,401	682,345

21 Available for sale reserve

Opening Balance		173,368	329,232	173,368	329,232
Adjustment		-	(53,411)	-	(53,411)
Gain on transfer	30	-	(48,844)	-	(48,844)
Fair Value loss	2.4	(311,617)	(53,609)	(311,617)	(53,609)
		(138,249)	173,368	(138,249)	173,368

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

22 Other Reserve

Opening Balance		162,035	68,178	162,035	68,178
(Loss)/Gain during the year		4,464	(27,668)	4,464	(27,668)
Plan Amendment		-	121,525	-	121,525
		166,499	162,035	166,499	162,035

This represents actuarial gains on employee retirement benefit

23 Gross Premium written

	Note	Group 2016 N'000	Group 2015 N'000	Parent 2016 N'000	Parent 2015 N'000
Fire		2,345,795	1,910,306	2,345,795	1,824,263
Oil and Gas		1,018,253	1,304,387	1,018,253	1,304,387
General accident		2,362,277	2,672,441	2,362,277	2,530,454
Marine		1,153,369	1,033,800	1,153,369	1,027,358
Motor		3,673,978	3,849,336	3,673,978	3,534,387
Inward reinsurance		204,002	125,441	204,002	125,441
Gross premium written		10,757,674	10,895,711	10,757,674	10,346,291
Increase in unearned premium	12.3	(129,492)	(177,398)	(129,492)	(106,842)
Gross premium income		10,628,183	10,718,314	10,628,183	10,239,449
Re-insurance expenses	24	(2,115,716)	(2,161,359)	(2,115,716)	(2,093,895)
Net premium income		8,512,467	8,556,954	8,512,467	8,145,555

24 Reinsurance expense

	Note	Group 2016	Group 2015	Parent 2016	Parent 2015
Reinsurance premiumceded		2,614,627	2,161,359	2,614,627	2,093,895
Change in Prepaid Reinsurance Premium	4.1.2	(86,846)	-	(86,846)	-
Change in Reinsurance Share of UPR	4.1.1	(412,065)	17,809	(412,065)	17,809
		2,115,716	2,161,359	2,115,716	2,093,895

24.1 Reinsurance expense

	Group 2016	Group 2015	Parent 2016	Parent 2015
Motor	45,705	26,663	45,705	6,701
Marine	333,773	335,147	333,773	334,128
Fire	788,756	700,442	788,756	668,890
General Accident	658,082	574,840	658,082	559,909
Oil & Gas	289,400	524,267	289,400	524,267
	2,115,716	2,161,359	2,115,716	2,093,895

25 Fee and commission income

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

	Group 2016	Group 2015	Parent 2016	Parent 2015
Motor	1,748	6,091	1,748	1,194
Marine	105,012	84,232	105,012	83,926
Fire	243,417	178,544	243,417	167,956
General Accident	194,635	148,002	194,634	142,693
Oil & Gas	-	148	-	148
	544,813	417,017	544,813	395,917

26	Claims Expenses	Note	Group		Parent	
			2016	2015	2016	2015
			N'000	N'000	N'000	N'000
	Gross Claims paid		4,059,851	4,780,905	4,059,851	4,475,555
	Changes in outstanding claims		524,241	(156,845)	650,545	(251,381)
	Adjustment due to Exchange difference		138,934	(76,716)		
	Changes in IBNR		62,992	853,782	75,622	844,327
	Gross Claims expenses		4,786,018	5,401,126	4,786,018	5,068,501
	Claims recovered		(180,455)	(325,543)	(180,455)	(152,960)
	Reinsurers recovered	26.1	(1,935,783)	(1,116,480)	(1,935,783)	(1,116,480)
	Net Claims expenses		2,669,780	3,959,103	2,669,780	3,799,061

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

26.1	Recoverable from reinsurers					
	Receipt from reinsurance during the year	4.4	1,400,433	1,160,572	1,400,433	1,160,572
	Change in Reinsurance share of Claims paid		14,019	22,428	14,019	22,428
	Changes in Reinsurance share of IBNR	4.2	128,634	4,363	128,634	4,363
	Changes in Reinsurance share of Outstanding Claims	4.3	392,696	(70,884)	392,696	(70,884)
			1,935,783	1,116,480	1,935,783	1,116,480

27	Underwriting Expenses					
	Commission expense	27.1	**1,800,388**	1,778,758	**1,800,388**	1,715,783
	Maintenance expense	27.2	**1,150,134**	954,934	**1,150,134**	954,934
			2,950,522	2,733,692	**2,950,522**	2,670,717

27.1	Commission expense				
	The analysis of commission expenses by business class is as follows:				
	Motor	471,586	509,958	471,586	470,180
	Marine	234,521	261,251	234,521	260,960
	Fire	509,641	356,728	509,641	351,132
	General Accident	520,363	570,355	520,363	553,045
	Oil & Gas	64,277	80,465	64,277	80,465
		1,800,388	1,778,758	1,800,388	1,715,783

27.2	Maintenance expense				
	Motor	391,045	410,622	391,045	410,622
	Marine	126,515	119,367	126,515	119,367
	Fire	264,531	124,141	264,531	124,141
	General Accident	264,531	190,987	264,531	190,987
	Oil & Gas	103,512	109,817	103,512	109,817
		1,150,134	954,934	1,150,134	954,934

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

		Note	Group 2016 N'000	Group 2015 N'000	Parent 2016 N'000	Parent 2015 N'000
28	**Investment Income**					
	Dividend income		82,233	236,046	82,233	236,046
	Interest from fixed deposit		335,081	452,233	335,081	382,494
	Interest from Held to Maturity		27,951	19,135	27,951	19,135
	Interest from statutory deposit		34,207	38,723	34,207	38,723
			479,472	746,237	479,472	676,398
28.1	**Investment Income**					
	Attributable to Policy holders		239,715	373,086	239,715	338,170
	Attributable to Share holders		239,757	373,151	239,757	338,228
			479,472	746,237	479,472	676,398
29	**Net Fair Value Gains/(Losses)**					
	Investment Properties:					
	Fair Value Gains	8	49,260	4,659	49,260	4,659
	Fair Value through Profit or Loss:					
	Quoted Equity Securities	2.1	51,755	(143,951)	51,755	(143,951)
			101,015	(139,292)	101,015	(139,292)
30	**Other Income**					
	Sundry Income		10,512	1,845	99	1,714
	Rental Income		27,498	18,012	27,498	18,012
	Exchange Gain	30.1	379,269	63,814	379,269	61,135
	Gain on Transfer		-	48,844	-	48,844
			417,279	132,515	406,866	129,705
30.1	Exchange Gain					
	Exchange Gain on Domiciliary Current Account		249,669	42,924	249,669	40,245
	Exchange Gain on Investment Account		129,600	20,890	129,600	20,890
			379,269	63,814	379,269	61,135

31 Cashflow from Operating activities

	Notes	Group Dec. 2016 N'000	Group Dec. 2015 N'000	Parent Dec. 2016 N'000	Parent Dec. 2015 N'000
Operating profit before taxation		2,145,772	598,838	2,186,058	559,362
Adjustment for non-operating items:					
Depreciation	11.1	304,776	312,738	303,677	293,199
Amortization of intangible asset	10	8,865	6,044	4,501	5,378
Loss on disposal of property and equipment		1,334	27,250	1,334	27,441
Gain on disposal of unquoted stock	30	-	(48,844)	-	(48,844)
Prior year adjustment		-	(53,411)	-	(53,411)
Share of Profit in Associate		(71,516)	-	(71,516)	-
Impairment of short term investment	2.3	-	40,000	-	40,000
fair value gain on revaluation investment properties	8	(49,261)	(4,659)	(49,261)	(4,659)
Fair value (gain)/loss on quoted investment	2.1	(51,755)	143,952	(51,755)	143,952
Exchange Gain	30	(379,269)	(63,814)	(379,269)	(61,135)
Service & Interest cost on retirement benefit	15	12,301	27,868	12,301	27,868
Investment Income	28	(479,472)	(746,237)	(479,472)	(676,398)
Cashflow changes before changes in working capital		1,441,774	239,725	1,476,598	252,753
Changes in operating assets and liabilities					
Decrease in Trade receivables		(136,543)	(322,004)	(136,543)	(322,004)
Decrease/(Increase) in Reinsurance assets		(1,034,260)	26,283	(1,034,260)	26,283
Decrease/(Increase) in Deferred acquisition cost		10,667	(16,477)	(44,516)	(1,205)
Decrease in Other receivables and prepayments		28,935	(90,141)	(27,227)	(13,354)
(Decrease)/Increase in Insurance contract liabilities		534,422	822,901	855,659	717,597
(Decrease)/Increase in Trade payables		31,901	16,952	65,315	(9,733)
Increase/(Decrease) in Other payables		(64,942)	100,122	(8,740)	83,745
Net cash inflow from operating activities		811,953	777,361	1,146,285	734,082
Exchange gain	30	379,269	63,814	379,269	61,135
Foreign exchange difference		62,932	(1,277)	-	-
Gratuity benefit to employee	15	(31,969)	(12,902)	(31,969)	(12,902)
Tax paid	16.1	(106,470)	(40,469)	(106,470)	(28,745)
		1,115,714	786,526	1,387,114	753,569

32 Impairments

	Group 2016 N'000	Group 2015 N'000	Parent 2016 N'000	Parent 2015 N'000
Available for Sales	-	40,000	-	40,000
	-	40,000	-	40,000

NEM

33	Management Expenses	Note	Group 2016 N'000	Group 2015 N'000	Parent 2016 N'000	Parent 2015 N'000
	Auditors Remuneration		9,500	9,345	8,000	8,000
	Employee Benefits	33.1	1,082,969	1,081,950	1,070,136	1,071,060
	Other Management Expenses	33.2	953,156	944,868	922,250	734,061
	Depreciation & Amortisation		313,530	318,384	308,068	298,577
			2,359,156	2,354,548	2,308,456	2,111,699

33.1	**Employee benefit expenses**					
	Salaries and Wages		715,175	716,882	709,292	705,992
	Medical Expenses		89,710	30,682	89,419	30,682
	Staff Training		97,725	171,904	91,725	171,904
	Staff Welfare		123,189	88,285	122,794	88,285
	Gratuity	15	12,301	27,868	12,301	27,868
	Employers' Pension Contribution		44,869	46,330	44,605	46,330
			1,082,969	1,081,950	1,070,136	1,071,060

33.2	Other Management Expenses					
	Advertising		53,613	36,050	53,613	36,050
	Occupancy Expenses		247,686	282,568	247,686	182,541
	Communication and Postages		54,916	53,332	54,894	53,332
	Office Supply and Stationery		58,143	40,163	58,143	40,163
	Fees and Assessments		198,270	203,260	198,270	192,507
	Furnitures and Miscellaneous Expenses		340,527	329,495	309,645	229,468
			953,156	944,868	922,250	734,061

34	**Loss on disposal of Property and Equipment**					
	Sale proceeds		1,194	1,730	1,194	1,539
	Cost	11	(36,442)	(60,233)	(36,442)	(56,399)
	Accumulated depreciation	11	33,914	31,253	33,914	27,418
			(1,334)	(27,250)	(1,334)	(27,441)

35	**Earnings Per Share**				
	Net profit attributable to ordinary shareholders for basic and diluted EPS	1,817,797	*713,702*	1,848,616	*685,460*
	Weighted average number of ordinary shares for EPS	5,280,503	*5,280,503*	5,280,503	*5,280,503*
	Basic Earnings Per Share (kobo)	34	14	35	13
	Diluted Basic Earnings Per Share (kobo)	34	14	35	13

There has been no other transaction involving ordinary share or potential ordinary shares between the reporting date and date of completion of these financial statements.

36 Chairman's and Directors' Emoluments

	Group		Parent	
	2016	2015	**2016**	2015
	N'000	N'000	**N'000**	N'000
Fees				
Chairman	3,500	5,706	3,500	3,500
Other Directors	7,500	9,485	7,500	7,500
	11,000	15,191	11,000	11,000
Emoluments as Executives	52,100	58,351	52,100	50,200
	63,100	73,542	63,100	61,200

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

N - N				
5,000,001 - 6,000,000	-	-	-	-
8,000,001 - 9,000,000	2	2	2	2
9,000,001 - 10,000,000	1	1	1	1
10,000,001 - Above	2	2	2	2
	5	5	5	5

The Highest paid Director earned **N 30,800,250** in 2016 (2015 N29,150,000)

37 Staff Costs

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

	Group		Parent	
	2016	2015	2016	2015
Managerial	15	18	14	14
Senior	140	121	139	114
Junior	57	96	57	74
	212	235	210	202

The related staff costs in 2016 was **N 1,082,969,000** (2015; N 1,081,950,000)

38 Related party transactions

Transaction with Key Personnel

The key Management personnel of the Company comprises of both the Board of Directors and the Management Team of the company.

Short term Benefits (Board of Directors)				
Fees:				
Chairman	3,500	5,706	3,500	3,500
Other Directors	7,500	9,485	7,500	7,500
	11,000	15,191	11,000	11,000
Other Emoluments:				
Other Directors	52,100	58,351	52,100	50,200
	63,100	73,542	63,100	61,200
Short term Benefits (Management Team)				
Salaries and Allowances:	202,820	*218,797*	197,974	*193,684*
Total Short term benefits	202,820	*218,797*	197,974	*193,684*
Post Employment Benefits (Management Team)				
Pension	18,161	*17,152*	17,695	*15,599*
Total	220,981	*235,949*	215,669	*209,283*

39 Employees Remunerated at Higher Rates

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

N		N	Group		Parent	
60,001	-	500,000	60	63	60	58
500,001	-	1,000,000	62	64	60	59
1,000,001	-	1,500,000	34	38	34	27
1,500,001	-	2,000,000	4	7	4	7
2,000,001	-	2,500,000	7	10	7	9
2,500,001	-	3,000,000	18	21	18	17
3,000,001	-	Above	27	32	27	25
			212	235	210	202

40 Financial Commitments

The Directors are of the opinion that all known liabilities and commitments relevant in assessing the Company's state of affairs have been taken into account in the preparation of these financial statements.

41 Comparative Figures

Certain prior year figures have been reclassified to conform with the current year's presentation and meet accounting standards disclosure requirements.

42 Contingencies and Commitments

(a) Capital Commitments

The company has spent N655 million on ongoing building project at Oniru Lagos and has been included in the consolidated financial statements as at 31 December 2016.

(b) Legal Proceedings and Regulations

At the Statement of Financial Position date, there were several law suits in various courts against the Company.

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

43 Fines and Penalties

The company paid N 3,015,000 during the year to Nigeria Stock Exchange as penalty for late filling of returns for the year.

Parent	MOTOR	MARINE	FIRE	GENERAL ACCIDENT	OIL & GAS	2016	2015
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Direct Business Premium	3,673,978	1,153,369	2,345,795	2,362,277	1,018,253	10,553,672	10,220,850
Reinsurance Inward	19,589	39,979	73,159	66,058	5,217	204,002	125,441
Gross Premium	3,693,567	1,193,348	2,418,955	2,428,335	1,023,470	10,757,674	10,346,291
(Increase) in Unearned premium	(44,460)	(14,364)	(29,117)	(29,230)	(12,320)	(129,492)	(106,842)
Gross Premium Earned	3,649,107	1,178,983	2,389,837	2,399,105	1,011,151	10,628,183	10,239,449
Reinsurance Expenses	(45,705)	(333,773)	(788,756)	(658,082)	(289,401)	(2,115,716)	(2,093,895)
Net Premium Earned	3,603,402	845,211	1,601,081	1,741,023	721,749	8,512,467	8,145,555
Commission Received	1,748	105,012	243,417	194,635	-	544,813	395,917
	3,605,150	950,223	1,844,498	1,935,658	721,749	9,057,280	8,541,472
Direct Claim Paid	(1,565,760)	(428,840)	(1,289,342)	(763,322)	(12,586)	(4,059,851)	(4,475,555)
Increase in Outstanding Claims Reserve	(118,042)	(115,563)	(177,180)	(239,808)	(75,573)	(726,167)	(592,947)
Gross Claim Incurred	(1,683,803)	(544,403)	(1,466,522)	(1,003,130)	(88,160)	(4,786,018)	(5,068,502)
Reinsurance Claim Recovery	152,585	277,733	987,787	697,030	1,102	2,116,238	1,269,440
Net Claim Expense	(1,531,217)	(266,671)	(478,735)	(306,100)	(87,057)	(2,669,780)	(3,799,062)
Underwriting Expenses	(1,013,039)	(327,301)	(663,450)	(666,023)	(280,709)	(2,950,522)	(2,670,717)
Total Deduction	(2,544,256)	(593,972)	(1,142,185)	(972,123)	(367,766)	(5,620,302)	(6,469,779)
Underwriting Profit	1,060,894	356,252	702,313	963,535	353,983	3,436,978	2,071,693

45 Extracts from HR Nigeria Limited Valuation Report

45.1 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.

45.1.1 Claims Data

Class of Business	Gross Claims Paid Data	Gross Claims Paid Account	Percentage Difference
	N'000	N'000	
General Accident	763,322	763,322	0.00%
Fire	1,289,342	1,289,342	0.00%
Marine	428,840	428,840	0.00%
Motor	1,565,760	1,565,760	0.00%
Oil and Gas	12,587	12,587	0.00%
Total	**4,059,851**	**4,059,851**	**0.00%**

45.1.2 Premium Data

Class of Business	Gross Premium Written Data	Gross Premium Written Account	Percentage Difference
	N'000	N'000	
General Accident	2,362,277	2,362,277	0.00%
Fire	2,345,795	2,345,795	0.00%
Marine	1,153,369	1,153,369	0.00%
Motor	3,673,978	3,673,978	0.00%
Oil and Gas	1,018,253	1,018,253	0.00%
Total	**10,553,672**	**10,553,672**	**0.00%**

45.1.3 Comments on Claims Data

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

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

iii Extreme Large Losses

There were 3 extreme large losses that were paid in 2016.

Fire: A large loss payment of N301m in 2016 in respect of an incident that occurred in 2016.

General Accident: A payout of N135m was made on a claim that occurred in 2015.

Marine: A large loss payment of N101m was made on a claim that occurred in 2012.

In addition, there is an outstanding large Fire loss of N255m for a claim that occurred in 2016.

45.2.1 Business Trend

We illustrate in the table below that the overall Gross Written Premium slightly increased by 2% between the calendar years 2015 and 2016 with increases in all sectors except for General Accident and Oil & Gas which experienced negative premium growth.

Class of Business	Gross Premium Written Data 2016	Gross Premium Written Data 2015	Percentage Difference
	N'000	N'000	
General Accident	2,362,277	2,583,398	- 8.6%
Fire	2,345,795	1,826,634	28.4%
Marine	1,153,369	1,084,660	6.3%
Motor	3,673,978	3,545,819	3.6%
Oil and Gas	1,018,253	1,305,779	- 22.0%
Total	10,553,672	10,346,290	2.0%

45.3 Valuation Methodology

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

45.3.1 Premium Reserves

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

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

iii We then calculate the expected future claims cost for all the unexpired policy called the Unexpired Risk Reserve (URR) as the product of our assumed Loss Ratio and the Unexpired Premium (UP)

Typically, the Unearned Premium Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held , an additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 3.

45.3.2 Claims Reserves

The claim reserves comprise of:

I Outstanding Claims Reported (OCR)

ii Incurred But Not Reported (IBNR)

The Gross Claim Reserve is the sum of the OCR and the IBNR.

The OCR is obtained from the annual financial statements and is the figure reported by the Loss Claim Adjusters.

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

I Basic Chain Ladder Method (BCL)

ii Inflation Adjusted Basic Chain Ladder Method (IABCL)

iii Boot Strap simulation (Stochastic approach)

iv Discounted Basic Chain Ladder and Inflation Adjusted Basic Chain Ladder

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

45.4 Valuation Results
45.4.1 Inflation Adjusted Chain Ladder Method - Result table

Discounted Inflation Adjusted Basic Chain Ladder Method - Discounted

Class of Business	Gross Outstanding Claims	Estimated Reinsurance Recoveries	Net Outstanding Claims
	N'000		N'000
Accident	1,075,491	(276,453)	799,038
Fire	921,249	(396,455)	622,909
Marine	287,316	(121,002)	166,314
Motor	478,330	(91,464)	402,214
Oil and Gas*	196,216	-	196,216
Total	2,958,601	(885,375)	2,186,690
Accounts (Outstanding Claims)	1,495,325	(692,999)	802,326
Difference	1,463,276	(192,376)	1,384,364

* Estimated using Expected loss ratio method and discounted

45.4.2 Incurred But Not Reported (IBNR) Table

Class of Business	Outstanding Claim Reserve	Outstanding Reported Claim Reserve	IBNR
	N'000	**N'000**	**N'000**
Accident	1,075,491	592,261	483,230
Fire	921,249	564,219	357,030
Marine	287,316	54,448	232,868
Motor	478,330	240,467	237,863
Oil and Gas	196,216	43,929	152,287
Total	2,958,601	1,495,323	1,463,277

45.4.3 Reinsurance IBNR table

Class of Business	Total Outstanding Reinsurance Recoveries	Outstanding Reported Reinsurance Recoveries	Reinsurance IBNR
	N'000	**N'000**	**N'000**
Accident	276,453	252,536	23,917
Fire	298,340	321,994	(23,654)
Marine	121,002	36,888	84,114
Motor	76,116	81,580	(5,464)
Oil and Gas			-
Total	771,910	692,997	78,912

45.4.4 UPR (Gross and Reinsurance UPR) - Result table

Class of Business	Gross UPR	Reinsurance UPR	Net UPR
	N'000	N'000	N'000
Accident	747,981	(233,829)	514,152
Fire	634,854	(306,255)	328,599
Marine	361,257	(128,864)	232,393
Motor	1,090,862	(1,190)	1,089,672
Oil and Gas	223,825	(46,293)	177,532
Total	3,058,778	(716,432)	2,342,347

45.4.5 Additional Unexpired Risk Reserve (AURR)

The expense ratio was calculated to be about 45%. We do not have breakdown of management expenses by line of business, hence we assumed an expense ratio of 45% for all lines of business. We illustrate below that the Combined Ratios are less 100% for every class of business written. Accordingly we estimated no AURR for the business.

Class of Business	Assumed Loss Ratio	Assumed Combined loss Ratio
Accident	45%	90%
Fire	51%	96%
Marine	35%	80%
Motor	40%	85%
Oil and Gas	10%	55%

45.4.6 Conclusion

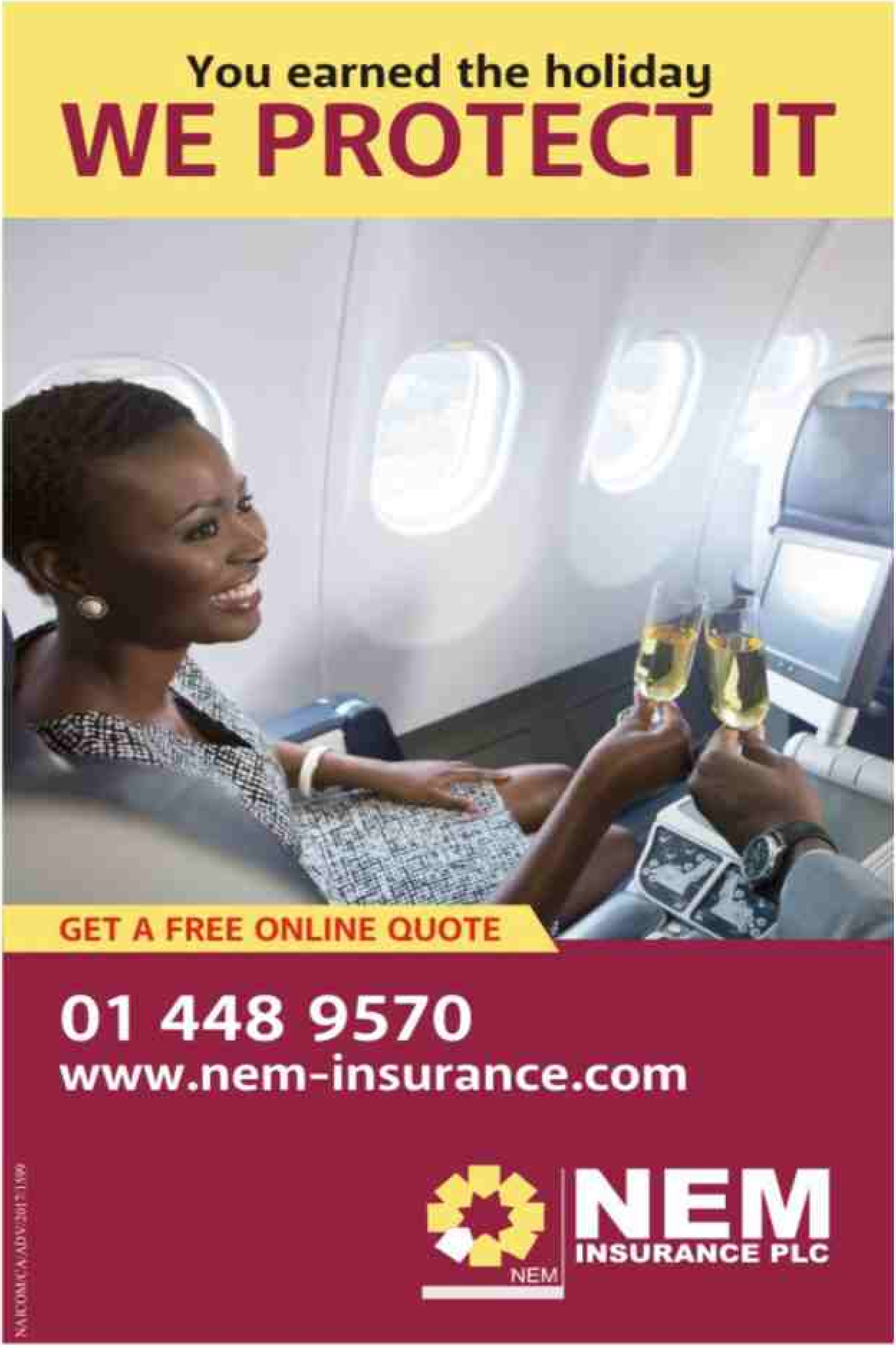
We are adopting the reserves from the Inflation Adjusted Discounted Chain Ladder method in this report. This method as indicated earlier

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

Technical Reserves

We are reporting Gross Reserves of N6.02 billion and Reinsurance Assets of N1.6 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	2,958,601	(885,374)	2,186,690
UPR	3,058,780	(716,431)	2,342,349
Total	6,017,381	(1,601,805)	4,529,039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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.

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;

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

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

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

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

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

Underwriting Risk Appetite

The following statements amongst others shall underpin NEM's underwriting risk appetite:

We do not underwrite risks we do not understand;

We are cautious in underwriting unquantifiable risks;

We are extremely cautious in underwriting risk observed to poorly managed at proposal state e.g. those with low safety standards, shoddy construction or businesses with excessively high risk profile;
We carefully evaluate businesses or opportunities that could create systemic risk exposures i.e. incidents of multiple claims occurring from one event e.g. natural catastrophe risks, and risks dependent on the macroeconomic environment);
We consider all applicable regulatory guidelines while carrying out our underwriting activities;
We established and adhere to internal standards for co-insurance, reinsurance transactions;
We exercise extreme caution when underwriting discrete (one-off) risks, particularly where we

do not have the requisite experience or know-how;
Where the broker has inadequate knowledge of the trade of the client or the class of business, we exercise caution in taking on such risks into our books;
We exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and
We ensure compliance with NAICOM's guideline on KYC for consistency.

Underwriting Strategy

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

Products and Services

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

Fire/Extraneous Perils Policy

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

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

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

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

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

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

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

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

Public Liability Policy

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

Money Policy

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

Goods in Transit Policy

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

Group Personal Accident Policy

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

Motor Insurance Policy

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

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

Marine Policies

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

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

Aviation Policy

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

Machinery Breakdown Policy

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

Electronic Equipment Policy

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

Energy Risks

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

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

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

Approach to Management of Underwriting Risks
The Company's underwriting risk shall be managed by adhering to policies, principles and guidelines spelt out in the Annual Underwriting Plan.
Where the broker has inadequate knowledge of the trade of the client or the class of business and the client not willing to disclose such information, the Company shall exercise caution in taking on such risks.
The Company shall exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and The Company shall ensure compliance with the National Insurance Commission's guidelines on "Know Your Customer" (KYC) requirement to get enough information about the transaction.

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

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

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

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

Energy Insurance Risks

No risks relating to the special covers in (as different from the standard covers) Energy, Oil and Gas shall be accepted without clarification from the Head of Energy Department or Head of Branch Operations Department (for risks coming from the Branch/Area/Agency offices).

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

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

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

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

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

d) Reinsurance Treaty CoverWe 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 2016 and 2015 for Gross Premiums written is set out below:

(a) By product	31-Dec 2016 N'000	31-Dec 2015 N'000
Motor business	3,693,567	3,545,819
Fire & Property	2,418,955	1,084,660
Marine & Aviation	1,193,348	1,826,635
General Accident	2,428,335	2,583,399
Energy business	1,023,470	1,305,779
	10,757,674	10,346,291
(b) By sector		
Energy	1,197,407	1,151,617
Financial Services	5,236,252	5,036,013
IT/Telecoms & Other Corp.	2,626,980	2,526,522
Manufacturing	2,876,670	2,766,664
Retail	896,432	862,152
	10,757,674	**10,346,291**

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.

RISK MANAGEMENT PHILOSOPHY AND CULTURE

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

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

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

Risk Management Strategy

The Company adopts the following strategy for managing risks:

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

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

Short-term insurance contracts

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

At 31 December 2016	Carrying amount N'000	No stated maturity	0-90 days	91-180 days	180-365 days	1-2 years	> 2 years
Financial assets							
Cash & bank balances	863,510		863,510	-			
Short Term Deposits	2,601,065		2,601,065				
Trade receivables	668,040		668,040				
Other Receivables	129,741		56,279		73,495		
Debt securities	192,707						192,707
Equity securities							
- quoted	820,809	820,809	-	-	-	-	-
- unquoted	1,157,823	1,157,823	-	-	-	-	-
	6,433,695	1,978,632	4,188,894	-	73,495	-	192,707
Insurance liabilities							
Insurance Contract liability	6,017,381	-	6,017,381	-	-	-	-
Reinsurance Asset	(1,725,098)	-	(1,725,098)	-	-	-	-
	4,292,283	-	4,292,283	-	-	-	-

At 31 December 2016	Carrying amount N'000	No stated maturity	0-90 days	91-180 days	180-365 days	1-2 years	> 2 years
Financial assets							
Cash &bank balances	525,048		525,048	-			
Short Term Deposits	2,829,995		2,829,995				
Trade receivables	531,497		531,497				
Other Receivables	102,512		50,799		51,713		
Debt securities	181,777						181,777
Equity securities							
- quoted	654,054	654,054	-	-	-	-	-
- unquoted	1,469,440	1,469,440	-	-	-	-	-
	6,294,324	2,123,494	3,937,339	-	51,713	-	181,777
Insurance liabilities							
Insurance Contract liability	5,161,722	-	5,161,722	-	-	-	-
Reinsurance Asset	(690,837)	-	(690,837)	-	-	-	-
	4,470,885		4,470,885				

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.

(a) Sensitivity analysis interestrate risk

31 December 2016 (N'000)

Assets	Carrying amount	Fixed rate	Floating rate	Non-interest bearing
Cash and cash equivalent	3,464,575	-	-	3,464,575
Trade receivables	668,040	-	-	668,040
Reinsurance Assets	1,725,098	-	-	1,725,098
Debt securities	192,707	192,707	-	-
	6,050,060	192,707	-	5,857,353
Liabilities				
Non-life insurance liability	6,017,381	-	-	6,017,381
Other liabilities	656,155	-	-	656,155
Bank Overdraft	-		-	
Debt security in issue	-	-	-	-
	6,673,536	-	-	6,673,536
Cash and cash equivalent	3,355,044			3,355,044
Trade receivables	531,497	-	-	531,497
Reinsurance Assets	690,838	-	-	690,838
Debt securities	181,777	181,777	-	-
	4,759,156	181,777	-	4,577,379
Liabilities				
Non-life insurance liability	5,161,722	-	-	5,161,722
Other liabilities	564,261	-	-	564,261
Bank Overdraft	-		-	
Debt security in issue	-	-	-	-
	5,725,983	-	-	5,725,983

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.

(b) 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 2016, the market value of quoted securities held by the Company is N 821 million (2015: N 654 million). If the all share index of the NSE moves by 100 basis points at 31 December 2016, the effect on profit or loss would have been N 8.21 million (N 6.54 million).

The Company holds a number of investments in unquoted securities with a market value of N1.16 billion as at 31 December 2016 (2015: N1.47 billion) of which investment in MTN Nigeria Ltd is the significant holding. This investment was valued at N 1.065 billion (cost N 1.15 billion) (2015 1.39 billion (cost N 1.15 billion) as at 31 December 2016. MTN Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform.

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 balance sheet. The main sources of the Company's incoming cash flow 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 defaults on their obligations.

Concentration Risk – is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc
Counterparty Risk - the risk that a counterparty is not able or willing to meet its financial obligations to the Company as they fall due.

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:

	Maximum exposure		
	31-Dec	31-Dec	31-Dec
	2016	2015	2014
	N'000	N'000	N'000
Cash and bank balances	863,510	525,048	451,739
Loans and receivables			
- Trade receivables	668,040	531,497	209,493
- Other Receivables and Prepayments	129,741	102,513	89,159
Reinsurance assets	1,725,098	690,838	717,121
Debt securities	192,707	181,777	160,939
Total assets bearing credit risk	**3,579,096**	**2,031,674**	**1,628,451**

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:Maximum exposure31-Dec31-Dec31-Dec201620152014N'000N'000N'000Cash and bank balances863,510525,048451,739Loans and receivables- Trade receivables668,040531,497209,493- Other Receivables and Prepayments129,741102,51389,159Reinsurance assets1,725,098690,838717,121Debt securities192,707181,777160,939Total assets bearing credit risk3,579,0962,031,6741,628,451

Liquidity Risk

Liquidity risk is the inability of a company to meet obligations on a timely basis. It is also the inability of a company 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 Company is exposed to daily calls on its available cash resources from claims to be paid.

At 31 December 2016, management does not believe the current maturity profile of the Company 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 Company's insurance portfolio. The Company'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 Company's strategy for managing liquidity risks are as follows:
Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs;
Ensure strict credit control and an effective management of account receivables;
Ensure unrestricted access to financial markets to raise funds;
Develop and continuously update the contingency funding plan;
Adhere to the liquidity risk control limits; and
Communicate to all relevant staff on the liquidity risk management objectives and control limits.

Liquidity Risk Appetite/Tolerance

Our liquidity risk appetite is defined using the following parameters:
Liquidity gap limits;
Scenario and Sensitivity Analysis
Liquidity Ratios such as:

- Claims ratio
- Cash ratio
- Quick ratio

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

(b) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

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

At 31 December 2016 (N'000)	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted equity investments	820,809	-	-	820,809
Unquoted equity investments	-	1,157,823	-	1,157,823
Debt securities	200,899			200,899
	1,021,708	1,157,823	-	2,179,531

At 31 December 2015 (N'000)	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted equity investments	654,054	-	-	654,054
Unquoted equity investments	-	1,469,440	-	1,469,440
Debt securities	181,777			181,777
	835,831	**1,469,440**	**-**	**2,305,271**

C. Fair valuation methods and assumptions

(i) **cash and bank balances**

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

(ii) **Equity securities**

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

(iii) **Debt securities**

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

(iv) **Other assets**

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

Capital management Policy

NEM has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to

generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Company to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.
NEM's capital management strategy focuses on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

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

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

Minimum Capital Requirement

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

Solvency Status

The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act 2003, the solvency margin maintained is N 3,806,687,000

Solvency Margin

		2016	
ADMISSIBLE ASSETS		**N'000**	**N'000**
Cash and cash equivalents			3,464,575
Held to maturity			164,878
Financial asset through profit or loss			820,809
Available for sales			2,992,467
Trade Receivables			668,040
Reinsurance assets			1,725,098
Deferred Acquisition Cost			488,195
Staff loan			4,486
Investment Property			442,558
Statutory Deposits			320,000
Property & Equipment			2,815,591
	A		13,906,697
ADMISSIBLE LIABILITIES			
Insurance Liabilities		6,017,381	
Trade payables		65,315	
Other payables		506,016	
Retirement Benefit Obligations		84,824	
Income tax liability		426,473	
	B		**(7,100,010)**
Actual Solvency (A - B)	**C**		6,806,687
Net Premium			8,512,467
Solvency Margin			
Limit of Net premium i.e 15% of Net Premium			1,276,870
Minimum of paid up Capital -	**D**		3,000,000
Since C>D - Positive Solvency Margin - (C-D)			3,806,687
Percentage of solvency			56%

	2016 N'000	%	2015 N'000	%
Gross Premium Income:				
Local	10,628,183		10,239,449	
Foreign	-		478,864	
Other Income:				
Local	1,431,151		1,206,680	
Foreign	71,516		93,749	
	12,130,850		12,018,741	
Bought in Services:				
Local	(8,205,471)		(8,924,006)	
Foreign	(50,700)		(533,138)	
Value Added	3,874,679	100	2,561,597	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,082,969	28	1,081,950	42
Provider of Capital				
Dividend to Shareholder	316,830	8	316,830	12
Government				
Taxation	327,974	8	(114,864)	(4)
Retention and Expansion				
Depreciation and Amortisation Charges	313,530	8	318,384	12
Contingency reserves	322,730	8	326,871	13
Retained profits for the year	1,510,644	39	632,425	25
Value Added	**3,874,679**	**100**	2,561,597	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.

Statement of Value Added - Parent

	2016 N'000	%	2015 N'000	%
Gross Premium Income	10,628,183		10,239,449	
Other Income	1,480,412		1,206,680	
	12,108,594		11,446,129	
Bought in Services	(8,211,926)		(8,971,188)	
Value Added	3,896,669	100	2,474,941	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,070,136	27	1,071,060	43
Provider of Capital				
Dividend to Shareholder	316,830	8	316,830	13
Government				
Taxation	337,441	9	(126,097)	(5)
Retention and Expansion				
Depreciation and Amortisation Charges	308,068	8	298,577	12
Contingency reserves	322,730	8	310,389	13
Retained profits for the year	1,541,463	40	604,183	24
Value Added	3,896,669	100	2,474,941	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.

Assets	Dec. 2016 N'000	Dec. 2015 N'000	Dec. 2014 N'000	Dec. 2013 N'000	Dec. 2012 N'000
Cash and Cash Equivalents	3,471,854	3,387,674	3,446,995	3,865,965	3,125,679
Trade Receivable	668,040	531,497	209,493	496,007	981,032
Reinsurance Assets	1,725,098	690,838	717,121	65,496	129,501
Deferred Acquisition Cost	488,195	498,862	482,385	513,387	325,944
Financial Assets	4,005,983	3,693,057	3,161,059	2,624,638	1,350,967
Investment in Associate	264,824				
Investment Properties	442,558	388,371	485,830	468,974	459,813
Intangible Assets	20,747	13,083	5,627	18,851	27,085
Property and Equipment	2,819,986	2,694,001	2,213,264	1,284,191	828,586
Other Receivables and Prepayments	198,439	227,373	137,232	278,712	237,634
Statutory Deposit	320,000	343,489	340,112	349,200	342,879
Deferred tax	66,687	16,066	-	-	-
Income Tax Credit	-	-	-	80,456	-
Total Assets	14,492,410	*12,484,310*	*11,199,117*	*10,045,877*	*7,809,120*
Liabilities					
Trade Payables	65,315	33,415	16,463	48,510	23,367
Other Payables	497,269	502,759	168,483	167,874	168,727
Current Income Tax Liabilities	426,473	156,858	15,212		21,949
Deferred Tax Liability	-	-	280,913	166,062	106,671
Retirement Benefit Obligations	84,824	108,956	187,848	170,838	160,205
Insurance Contract Liabilities	6,017,381	5,482,960	4,660,059	4,787,052	3,027,556
Bank Overdraft	-	-	4,364	9,848	
Total liabilities	7,091,263	*6,284,948*	*5,333,342*	*5,350,184*	*3,508,476*
Net Assets	7,401,148	6,199,362	5,865,775	4,695,693	4,300,644

Equity	Dec. 2016 N'000	Dec. 2015 N'000	Dec. 2014 N'000	Dec. 2013 N'000	Dec. 2012 N'000
Issued Share Capital	2,640,251	2,640,251	2,640,251	2,640,251	2,640,251
Share Premium	272,551	272,551	272,551	272,551	272,551
Other Reserves-employee benefit actuarial surplus	166,499	162,035	68,178	45,562	2,141
Available-For-Sale Reserve	(138,249)	173,368	329,232	9,978	53,411
Contingency Reserve	2,599,514	2,322,895	1,995,456	1,696,986	1,434,193
Retained Earnings	1,860,581	628,262	560,107	30,366	(101,902)
Shareholders' Fund	7,401,148	6,199,362	5,865,775	4,695,693	4,300,644

Gross Premium Written	10,757,674	10,895,711	9,836,596	8,933,345	9,652,556
Gross premiums income	10,628,183	10,718,314	9,773,550	7,790,962	9,335,182
Net Premium income	8,512,467	8,556,954	8,897,486	7,439,613	9,130,771
Other Revenue	1,614,096	1,300,427	204,192	834,221	496,549
Total Revenue	10,126,563	9,857,382	9,101,679	8,273,835	9,627,321
Claims expense	(2,669,780)	(3,959,103)	(2,942,375)	(3,070,271)	(2,934,435)
Impairment	-	(40,000)	(68,852)	(355,627)	(1,960,905)
Other Expenses	(5,311,011)	(5,259,441)	(4,323,681)	(4,303,527)	(4,066,735)
Total Benefits, Claims and Other Expenses	(7,980,791)	(9,258,544)	(7,334,908)	(7,729,425)	(8,962,075)
Profit Before Tax	2,145,772	598,838	1,766,771	544,410	665,246
Income tax expense	(327,974)	114,864	(241,451)	(149,350)	(209,934)
Profit For the Year	1,817,797	713,702	1,525,320	395,060	455,312
Other Comprehensive Income for the year	(307,153)	(81,277)	341,870	(12)	(38,951)
Total Comprehensive Income for the year	1,510,644	632,426	1,867,190	395,048	416,361
Basic EPS (Kobo)	34	14	29	7	9
Diluted Basic EPS (Kobo)	34	14	29	7	9

Assets	Dec. 2016 N'000	Dec. 2015 N'000	Dec. 2014 N'000	Dec. 2013 N'000	Dec. 2012 N'000
Cash and Cash Equivalents	3,464,575	3,355,044	3,425,121	3,836,821	2,947,856
Trade Receivable	668,040	531,497	209,493	347,494	887,009
Reinsurance Assets	1,725,098	690,838	717,121	65,496	92,512
Deferred Acquisition Cost	488,195	443,678	442,473	472,347	298,151
Financial Assets	4,005,983	3,396,740	2,914,575	2,373,132	1,350,967
Investment in Associate	264,825	-	-	-	-
Investment in Subsidiary	142,500	193,308	193,308	175,396	175,396
Investment Properties	442,558	388,371	485,830	468,974	459,813
Intangible Assets	7,656	12,157	4,459	15,772	27,085
Property and Equipment	2,815,591	2,637,457	2,175,775	1,245,149	797,208
Other Receivables and Prepayments	129,751	102,512	89,159	219,552	224,147
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred Tax	57,220	16,066	-	-	-
Income Tax Credit	-	-	-	87,745	
Total Assets	14,531,978	12,087,666	10,977,313	9,627,878	7,580,144

Liabilities	Dec. 2016	Dec. 2015	Dec. 2014	Dec. 2013	Dec. 2012
Trade Payables	65,315	-	9,733	48,510	1,532
Other Payables	506,016	455,305	137,406	127,699	161,751
Current Income Tax Liabilities	426,473	154,348	12,212		14,164
Deferred Tax Liability	-	-	280,913	166,062	106,671
Retirement Benefit Obligations	84,824	108,956	187,848	170,838	160,205
Insurance Contract Liabilities	6,017,381	5,161,722	4,444,126	4,419,597	2,819,395
Bank Overdraft	-	-	4,364	9,848	-
Total liabilities	7,100,010	5,880,332	5,076,601	4,942,554	3,263,718
Net Assets	7,431,968	6,207,334	5,900,712	4,685,324	4,316,427

	Dec. 2016	Dec. 2015	Dec. 2014	Dec. 2013	Dec. 2012
	N'000	N'000	N'000	N'000	N'000
Equity					
Issued Share Capital	2,640,251	2,640,251	2,640,251	2,640,251	2,640,251
Share Premium	272,551	272,551	272,551	272,551	272,551
Other Reserves-employee benefit actuarial surplus	166,499	162,035	68,178	45,562	2,141
Available-For-Sale Reserve	(138,249)	173,368	329,232	9,978	53,411
Contingency Reserve	2,599,514	2,276,784	1,966,395	1,664,960	1,417,120
Retained Earnings	1,891,401	682,345	624,104	52,022	(69,047)
Shareholders' Fund	7,431,968	6,207,334	5,900,712	4,685,324	4,316,427
Gross Premium Written	10,757,674	10,346,291	9,448,284	8,261,325	9,246,217
Gross premiums income	10,628,183	10,239,449	9,384,396	7,250,821	9,043,882
Net Premium income	8,512,467	8,145,555	8,485,289	6,927,329	8,865,670
Other Revenue	1,551,928	1,206,680	657,433	795,286	478,655
Total Revenue	10,064,395	9,352,234	9,142,722	7,722,614	9,344,325
Claims expense	(2,669,780)	(3,799,062)	(2,854,723)	(2,965,052)	(2,879,691)
Impairment	-	(40,000)	-	(225,302)	(1,960,905)
Other Expenses	(5,208,556)	(4,953,809)	(4,547,916)	(4,025,370)	(3,866,327)
Total Benefits, Claims and Other Expenses	(7,878,336)	(8,792,871)	(7,402,639)	(7,215,725)	(8,706,923)
Profit Before Tax	2,186,057	559,362	1,740,083	506,889	637,401
Income tax expense	(337,441)	126,097	(232,905)	(137,981)	(203,326)
Profit For the Year	1,848,616	685,460	1,507,178	368,908	434,075
Other Comprehensive Income for the year	(307,153)	(81,277)	341,870	(12)	(38,951)
Total Comprehensive Income for the year	1,541,463	604,183	1,849,048	368,896	395,124
Basic EPS (Kobo)	35	13	29	8	8
Diluted Basic EPS (Kobo)	35	13	29	8	8

YEAR	AUTHORISED SHARE CAPITAL	ISSUED AND FULLY PAID UP	ISSUED AND FULLY PAID CUMULATIVE	REASONS AND CONSIDERATION
1989				
1990	8,000,000	800,000	800,000	Cash
1991	9,200,000	200,000	10,000,000	Bonus
1993		900,000	10,000,000	Cash (Right Issue)
1996	100,000,000	2,500,000	12,500,000	Bonus
1997		34,235,623	467,653,623	Cash (Right Issue)
1998		46,996,377	93,750,000	Bonus
2004	380,000,000	251,997,063	345,747,063	Cash (Right Issue)
2005	2,000,000,000			
2006		706,206,767		
2007	7,000,000,000	3,531,033,835		Cash (Right Issue)
2008	7,000,000,000			
2009	8,400,000,000	4,976,922,766		
2010	8,400,000,000	5,280,502,913		cash
2011	8,400,000,000	5,280,502,913		cash

Branch Network

Abuja - Garki
10, Onitsha Crescent
Off Gambiya Street
Area II, Garki, Abuja
Branch Manager: Michael A. Giwa
Mobile Nos: 08033208141
Mobile No: 08059301673, 0802896842

Abuja – Wuse
Plot 960, Ahmadu Bello Way
Wuse II, 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

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

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

Kano
3rd Floor, Union Bank Building
37, Niger Street
P.O. Box 1185, Kano
Tel: 064-649374
Branch Manager: Peter I. Agono
Mobile No: 08035923740
070228243127, 07029909242

Kaduna
Ground Floor, Turaki Ali House
3, Kanata Road
P.O Box 822, Kaduna
Tel: 062-217683
Branch Manager: Eyitayo Ogboyomi
Mobile Nos: 07028243118

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

Apapa
2nd Floor
41/43 Itire Road
Surulere, Lagos
Tel: 01-7375546, 07028442653
Branch Manager: Uzor Enubuzo

Calabar
2nd Floor, 26, Etta-Agbor Road
Calabar
Cross River
Branch Manager: Opeoluwa Olaku
Mobile Nos: 08054642551,
08033542048

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

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

Onitsha
2nd Floor, (AIB) Building
107, Upper New Market Road, Onitsha
Tel: 046-410736
Branch Manager: Cyracus Akinjobi
Mobile Nos: 08033457426,
07029219983

Oshogbo
1st Floor, Former Afribank Building
Opposite Fakunle Comprehensive
High School Fakunle, Gbongan/
Ibadan Road Osogbo, Osun Sate
Tel: 035-214844
Branch Manager: Victor Eweme
Mobile Nos: 08023276477,
08033698967

Port Harcourt
House 2, Road 2
Circular Road, Residential Estate
Port Harcourt, Rivers State
Tel: 084-233513
Branch Manager: Akintan Kolawole
Mobile Nos: 08037236009

NEM INSURANCE PLC

www.
nem-insurance
.com

01 448 9570

Branches

Contact us

@neminsplc

NEM Insurance plc

nem@nem-insurance.com

NEM Insurance Plc

PROXY FORM

I/We ....

Being a member/members of NEM INSURANCE PLC, Hereby appoint

.... of

....or failing him the Chairman of the meeting has my/our proxy to act and vote for me/us and on/our behalf at the Annual General Meeting of the Company to be held on the 24th August, 2017 or any adjournment thereof.

Date this ....Day of ... .2017

Signature ....

NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxies must reach the Registrars, Apel Capital & Trust Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos, Lagos not less than 48 hours before the time of holding the meeting. A proxy need not 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 Nigeria1990 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, not adhesive Postage Stamps.

4. If the shareholder is a corporation this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.

Before posting the above form, please tear off part and retain it for admission to the meeting.

NEM Insurance Plc

PROXY FORM

Number of Shares held	FOR	AGAINST
A. ORDINARY RESOLUTIONS		
To receive the account and the Reports thereon		
To declare a dividend		
To re-elect Dr. Fidelis Ayebae as a Director		
To re-elect Mrs Yinka Aletor as a Director		
To ratify the appointment of new Directors		
To approve the remuneration of the Directors		
To authorize the Directors to fix the remuneration of the Auditors		
To elect/re-elect members of the Audit committee in accordance with Section 359(4) (5) of the companies and Allied Matters - 1990		

ADMISSION FORM
NEM INSURANCE PLC, ANNUAL GENERAL MEETING

Please admit the shareholders named on this form or his duly appointed proxy to the Annual General Meeting to be held at:

....
....
....

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

SHAREHOLDER E-SERVICE APPLICATION FORM

Affix
Current
Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

Registrars
APEL CAPITAL

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction **Only Clearing Banks are acceptable**

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

The Regisrar,

Apel Capital & Trust Ltd.
8, Alhaji Bashorun Street,
Off Norman Williams Str. S.W Ikoyi Lagos.

I/We hereby request that henceforth, all my /our Dividend Payment(s)due to me/us from my /our holdings in all the companies ticked at the right hand column be credited to my/our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address

City State Country

Previous Address (if any)

CHN (if any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company seal (if applicable)

Joint/Company's Signatories

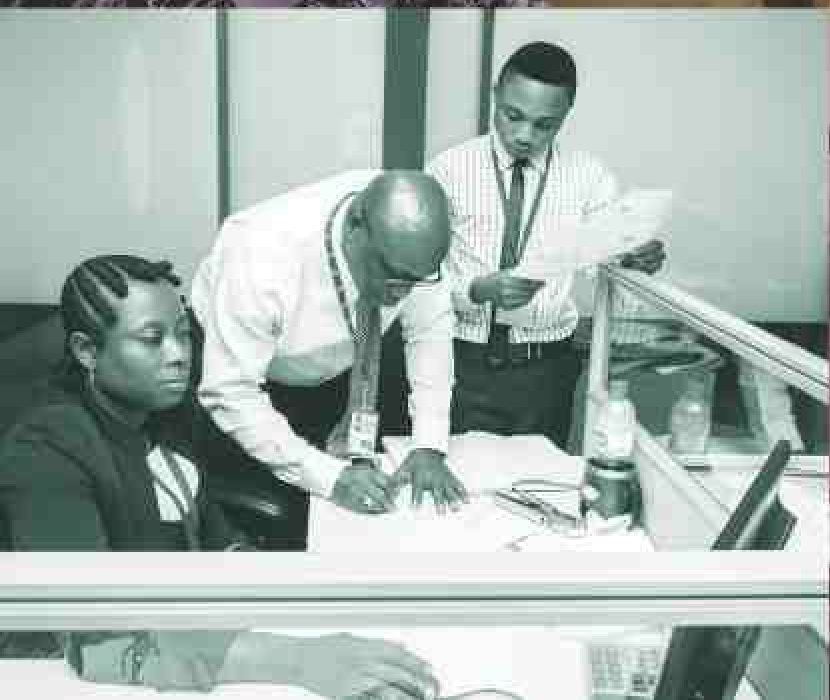
TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO
	ABACUS MONEY MARKET FUND	
	ANINO INT'L PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	EQUITY ASSURANCE PLC	
	FIRST ALUMINUM PLC	
	INTERLINKED TECHNOLOGIES PLC	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MBA MUTUAL TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	NCR (NIGERIA) PLC	
	NEM INSURANCE PLC	
	PARAMOUNT EQUITY	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

Affix
Stamp
Here

Apel Capital & Trust Limited
8, Alhaji Bashorun Street
off Norman Williams Crescent
South-West Ikoyi Lagos








NEM

NEM Insurance Plc

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08023258105, 08023307197
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