A HOME FOR THOSE WHO DARE

2019

ALLIANZ NIGERIA
ANNUAL REPORT

Allianz

Allianz

Contents

TO OUR
INVESTORS

RESULTS AT A GLANCE

FOR THE YEAR ENDED	2019 ₦'000	2018 ₦'000
Gross Written Premium	12,747,048	10,007,524
Gross Premium Income	11,271,088	9,750,309
Net Premium Earned	5,455,176	3,716,050
Loss before Income Tax (Charge)/Write-back	(3,669,447)	(1,446,452)
Income Tax (Charge)/Write-back	(73,423)	557,901
Loss after Income Tax (Charge)/Write-back	(3,742,870)	(888,551)
AS AT YEAR END		
Paid Up Share Capital	9,969,425	7,819,157
Statutory Deposit	500,000	500,000
Insurance Contract Liabilities	11,889,724	8,266,705
Investment Contract Liabilities	1,204,087	934,245
Statutory Contingency Reserves	1,766,058	1,498,813
Total Assets	20,601,856	19,821,707

DIRECTORS AND PROFESSIONAL ADVISERS

Directors:

Fola Adeola	Chairman	
Olasunkanmi Adekeye	Managing Director	
Dickie Agumba Ulu	Independent Director	
Owolabi Salami	Executive Director	
Asue Ighodalo	Non- Executive Director	(Nigerian, resigned August 31, 2019)
Ayodele Akande	Non- Executive Director	
Coenraad Vrolijk	Non- Executive Director	
Anuj Agarwal	Non- Executive Director	
Hicham Raissi	Non- Executive Director	(French, resigned July 1, 2019)
Adeolu Adewunmi - Zer	Non- Executive Director	(Nigerian, appointed November 18, 2019)

Secretary: Abimbola Alabi

Registered Office: 307, Adeola Odeku Street,
Victoria Island,
Lagos.

Company's Registration Number: RC: 234883

Auditors: PricewaterhouseCoopers
5B Water Corporation Road
Landmark Towers, Victoria Island
Lagos, Nigeria.

Registrar: GTL Registrars LTD
274 Murtala Muhammed way, Yaba
Lagos, Nigeria.

Major Bankers: Union Bank of Nigeria PLC
Sterling Bank PLC
Guaranty Trust Bank PLC
First City Monument Bank PLC
Access Bank PLC
Stanbic IBTC PLC

Consulting Actuaries: Ernst & Young
10th & 13th Floors, UBA House,
57 Marina,
Lagos, Nigeria.

Estate Surveyor and Valuer: Benson Omoruyi & Co. - FRC No. - FRC 2013/NIESV/00000003307

Reinsurers:

International: Allianz Re
XL - Catlin
Chubb/Ace European Group Limited

Local: Continental Reinsurance PLC
African Reinsurance Corporation

CHAIRMAN'S STATEMENT

SECURING YOUR FUTURE - 2020

It is with great pleasure that I, on behalf of the Board of Directors, welcome you to the 21st Annual General Meeting of Allianz Nigeria Insurance plc ("the Company") and to lay before you, the Annual Report and Accounts for the financial year ended December 31, 2019

Summary of 2019 Macroeconomic Environment

In contrast to initial predictions, global growth decelerated to an estimated 2.4percent – the lowest rate of expansion since the global financial crisis of 2007. International trade, confidence and investment was weighed down by the ongoing uncertainty surrounding international policies and the threats of increased tariffs. Globally, 2019 saw a decline in investment spending which in turn dragged industrial production and correspondingly, Asian exports.

Some of the biggest economies in the world saw a similar decline in their economic activities. Despite the partial rollback of tariffs, a slight silver lining brought about by US and China's bilateral negotiations, their inability to reach a consensus has pulled down not just their economies, but that of some other countries. China's economic growth declined to an estimated 6.1 percent, industrial productions reached multi year lows and imports declined even more than exports; mirroring a deceleration in domestic demands. While the US manufacturing sector recorded low output figures despite heavy government support via tax cuts and changes in government spending.
It is against this backdrop that the global financing conditions eased considerably. Bond yields in advanced countries fell and incredibly, major central banks, including the US Federal reserves and the European Central Bank eased monetary policies sparking speculations of a possibly softening economic outlook.

There were reports of devastating weather conditions around the world last year. Japan was adversely affected by Typhoon Hagibis and could not regain consumer confidence or manufacturing numbers before the year ran out. Meanwhile, around the Euro Area, the uncertainty surrounding Brexit was not the only negative factor shrinking economic growth. The general slowdown in global activities had several countries in the area contending with recession, especially Germany whose industrial sector suffered from a decline in demand from Asia and disruption to their car production levels.

In contrast, as a commodity exporting nation, Nigeria's economy advanced 2.28 percent year-on-year in the third quarter of 2019 compared to an upwardly revised 2.12 percent rise in the previous period. This has been the fastest expansion since the fourth quarter of 2018, as oil output grew the most in over three years. Still, this growth can be tagged as slow which echoes other global trends.

Nevertheless, GDP was expected to sustain gradual growth in 2020 and anticipated to grow above 2.3 percent, quicker than 2019 but below 3.0 percent.

2020 so far

No economic report or outlook sufficiently predicted the outbreak and subsequent impact of the Corona virus on global businesses and economies. For 2020, the International

Monetary Fund (IMF) projected a 3.3 percent recovery of the global economy based on clarity surrounding issues like BREXIT, Sino-US relations and expected economic recovery in the Emerging Markets and Developing Economies (EMDEs). However, these prospects were dampened by the effects of COVID-19. Border controls, social distancing and lock downs have significantly disrupted economic activities and are expected to continue in a decline for the rest of the year. GDP in advanced economies is projected to contract 8.0 percent YoY in 2020 from 1.7 percent growth in 2019. Compared to the 2009 financial crisis wherein emerging and developing economies showed resilience, the Covid-19 shock is expected to reverberate across most emerging and developing markets. GDP in emerging and developing economies is expected to contract 3.0 percent YoY from 3.7 percent growth in 2019.

In Nigeria, COVID-19 exposed the country's decades of structural weaknesses especially around its economic and health systems. Since the 2016 recession, the growth performance of the economy progressed albeit unevenly and slowly. However, the growth seen in Q1:2020 was the weakest recorded since Q3:2018. Preliminary figures and testing seem to show that the pandemic is yet to significantly affect trade, investment, and local economic activities. Still, growth figures have been revised downwards to -6.2% from initial 2.4% earlier forecasted since the country is still wading through other economic issues like inflation and weaker oil prices.

In addition to the pandemic, several countries are contending with the effects of additional devastating challenges like the bushfires in Australia, the impeachment trial and acquittal of the US president, city/nation/global wide protest ignited by the killing of George Floyd, Nigeria struggling with unprecedented record low oil prices and Boko Haram, earthquakes in Mexico, floods in China that have caused the death of hundreds and most recently, two explosions allegedly caused by unsafely stored ammonium nitrate which has claimed the lives of over 220 people, injured thousands, and severely damaged the port in Beirut, Lebanon. These, on top of declining world health and economies, mark 2020 as one of the worst years for people, businesses, and countries in modern history.

Allianz Nigeria Insurance plc FY 2019 performance at a glance
I am delighted to report that despite all odds, Allianz Nigeria Insurance plc grew by27 percent when compared with 2018. Your Board and Management delivered a Gross Written Premium of N12.7billion. This was achieved by increasing number of policies and customer base across major lines of businesses like Motor and Retail Life.

We also increased our footprint in Lagos by opening additional branches in Yaba, Surulere and FESTAC; accommodating our ever-expanding agency workforce which has grown from159 in 2018 to 900at the end of last year. Our Endowment product also went live in 2019 and the retail team generated N32million from first premiums in just eight months of sales! We are confident that this product will garner more momentum in 2020.
Following NAICOM's extension of the recapitalisation deadline from June 30 to December 31, 2020, the regional office, Allianz Africa, has made provision for the extra capital to be available. The company is therefore poised to unwind the needed funds in time for the deadline.
Amidst transformation costs, Branch/Retails Sales force expansions and IT fees – including the adaptation of SAP for the finance team – capital expenditure grew more than expected and the company recorded a loss for 2019. This is explained in detail in the notes to the financial statement.

The Years Ahead

Despite the tumultuous year, our main strategy as a business remains the same.
The strategy to grow the retail and mid-corp (SME) lines of businesses is an ongoing marathon that is designed to drive profitable underwriting. By focusing on products like our Protection and Savings plans, we ensure that the business retains a large proportion of premiums generated thereby reducing reinsurance costs. Still, this strategy has not kept us from responding to gaps in the industry and we are in the process of creating new products including Cyber, Entertainment, Female and Artworks Insurances.

in response to current realities, the company will move away from physical branch opening projects and leverage on technology, partnerships, and alternate channels to deepen our reach. We began the process by creating strategic alliances with key brokers, multinationals and telecommunications companies which has formed the bedrock of several exciting expansion initiatives. These will be rolled out during the year and up until 2021.

We will also continue to buttress our commitment to going truly digital and improving processes. So far, we have started automating key processes like Procurement, Payment and Fina-ncial Operation/Reporting. These will significantly decrease manpower time spent on these processes and increase operational efficiencies, ultimately decreasing cost and aiding the company's goal of sustainable profitability.

We will also seize this opportunity to appreciate Messrs. Asue Ighodalo and Hicham Raissi, who exited the Board and to officially welcome the newest member of our Board, Adeolu Adewumi-Zer. Her work and reputation precede her, and we are delighted to have her join the Company.

As with previous years, we will continue to leverage on our people, technology, financial prowess and now, our brand reputation, to deliver results that you can be proud of.
On behalf of the Board, I thank the Management team for remaining sturdy and committed during a turbulent fiscal year. As always, we are especially grateful to you, the shareholders, for your continued understanding, commitment and support.
Thank you.

Fola Adeola, OFR; mni
Chairman
Allianz Nigeria Insurance plc

BOARD OF DIRECTORS

Fola Adeola, OFR; mni
Chairman

Mr Adeola, the founder and chairman of FATE Foundation, a non-governmental organization which is dedicated to encouraging the creation of wealth through entrepreneurship.

Prior to this, Mr. Adeola was the founder and first Managing Director of Guaranty Trust Bank plc.

Mr. Adeola also served as the first Chairman of the National Pension Commission in Nigeria, which was established, following the promulgation into law, of the Pension Reform Bill. Fola Adeola has served, and is still serving, at national and international levels, on various committees and corporate boards.

Mr. Adeola was nationally decorated as Officer of the Order of the Federal Republic (OFR) in 2002.

Coenraad Vrolijk
Non-Executive Director

Mr Vrolijk is the Regional CEO Allianz Africa and has over 22 years of experience in the financial industry, some of which were spent at renowned institutions like the International Monetary Fund, Mckinsey & Company, Black Rock, Rosewood Insurance Group and Allianz SE.

He is a graduate of the University of Bath, United Kingdom, where he obtained Bachelor of Science in Economics with Computing and Statistics. He also holds a Ph. D in Economics from Brown University in the United States of America.

Chief Dickie Ulu
Independent/Non-Executive Director

Chief Ulu is an Insurance and Reinsurance expert with over 33 years professional experience in risk management, human resource management, and organizational designs.

He worked with the Nigerian Reinsurance Corporation, United Kingdom and DKU Associates, United Kingdom. He was a Non-Executive Director of Union Bank of Nigeria plc.

Over the years, Chief Dickie Ulu has served the Nigerian Government in many national and international levels, including Special Assistant to the Presidential Adviser on National Orientation & Public Affairs, amongst others.

Anuj Agarwal
Non-Executive Director

Mr. Agarwal started his insurance career with Allianz Asuransi Life, Indonesia, in 1997 and moved to other countries within the Allianz Group, including Germany and the United Kingdom. He rose to the level of Chief Financial Officer in 2007, with SBI Life Insurance Company, before returning to the Allianz Group in 2009.

Mr. Agarwal holds a Bachelors degree in Electronics and Communications Engineering from the University of Delhi, India and a Masters degree in Management Studies (Finance) from the University of Bombay in India.

Ayodele Akande
Non-Executive Director

Mr. Akande is a seasoned insurance practitioner who has held various managerial roles in diverse insurance and brokerage companies, spanning 39 years.

He started his career with Royal Exchange Assurance Nigeria plc and moved to Great Nigeria Insurance plc. In 1981, he joined SCIB Nigeria & Company Limited from where he retired in January 2016.

He is an Associate of the Chartered Insurance Institute of Nigeria and a Governing Council member of the Nigerian Council of Registered Insurance Brokers.

Owolabi Salami
Executive Director

Mr. Salami started his Insurance career with Industrial and General Insurance plc. He joined AXA Mansard Insurance plc where he was Divisional Head, Retail Sales.

He later joined AIICO Insurance plc as Deputy Managing Director/ Chief Client Officer. He worked with ARM Life plc as Chief Responsibility Officer/Executive Director before joining Allianz Nigeria Insurance Plc.

He obtained a Bachelor of Law (LLB) degree from the University of Buckingham, UK and was called to the Bar at the Nigeria Law School in 1990.

Sunkanmi Adekeye
Managing Director

Before his elevation to Managing Director, his appointment as an Executive Director commenced in 2016.

Mr Adekeye is an insurance specialist with over 24 years experience, some of which was spent at renowned firms like SCIB Nigeria Limited, Custodian & Allied Insurance Company plc and Cornerstone Insurance plc.

He is a graduate in Economics from Lagos State University and a master's degree holder in Insurance & Risk Management from the University of Lagos. He is Fellow of Chartered Insurance Institute of Nigeria (FCIIN).

Adeolu Adewumi-Zer
Non-Executive Director

Ms. Adeolu Adewumi-Zer is a global strategist and transformation leader who has held a number of key managerial positions in various organizations including within the Allianz Group.

She is currently the Regional Head of Mergers, Acquisitions and Transformation Africa for the Allianz Group, and has worked since 2000 in global financial services multinationals, with responsibility for both mature and emerging markets.

She is a graduate of Pennsylvania State University, University Park, United States of America where she obtained a Bachelor of Science in Actuarial Science and also in Mathematics from the same University.

MANAGEMENT TEAM

Sunkanmi Adekeye
Managing Director

Owolabi Salami
Chief Operating Officer

Taiwo Tella-Ndukwe
Divisional Head, Commercial Business

Walter Bossman
Chief Marketing & Strategy Officer

Tunji Oshiyoye
Group Head, Retail Operations and Customer Engagement

Ashish Mishra
Divisional Head, Retail Business

Peju Anumah
Chief Risk and Compliance Officer

Samuel Ohonusi
Group Head, Underwriting

Uyi Osagie
Chief Financial Officer

Wale Adeneye
Group Head, Special Risk

Abimbola Alabi
Company Secretary, Group Head, Corporate Services

Seye Ajibulu
Group Head, Claims

Niyi Pitan
Group Head, Commercial Business and Public Sector

DIRECTORS' REPORT

For the year ended 31 December 2019

The Directors have the pleasure in presenting their report on the affairs of Allianz Nigeria Insurance Plc ("the Company") together with the financial statements and the auditors' report for the year ended 31 December 2019.

LEGAL FORM AND PRINCIPAL ACTIVITY

The Company was incorporated in Nigeria as a private limited liability company in 1993 and commenced operations on 2nd October 1998 to transact insurance business as a composite insurer. The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

OPERATING RESULTS

The highlights of the Company's operating results for the year ended 31 December 2019 are as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Gross premium written	12,747,048	10,007,524
Loss before income tax (charge)/write-back	(3,669,447)	(1,446,452)
Income tax (charge)/write-back	(73,423)	557,901
Loss after income tax (charge)/write-back	(3,742,870)	(888,551)
Accumulated losses, beginning of year	(5,971,562)	(4,866,915)
Accumulated losses, end of year	(9,981,677)	(5,971,562)
Loss per share (k) - Basic	(18.77)	(4.90)
Loss per share (k) - Diluted	(18.77)	(4.90)

Range analysis of shareholding

As at December 31, 2019

Share range	No. of shareholders	Shareholder %	No. of holdings	% of shareholding
1 - 10,000	5	1.10%	17,700	0.00%
10,001 - 50,000	141	30.92%	3,998,500	0.02%
50,001 - 100,000	131	28.73%	12,602,000	0.06%
100,001 - 500,000	134	29.39%	30,638,812	0.15%
500,001 - 1,000,000	15	3.29%	12,164,000	0.06%
1,000,001 - 5,000,000	25	5.48%	56,520,000	0.28%
5,000,001 - 10,000,000	4	0.88%	31,364,000	0.16%
10,000,001 and above	1	0.22%	19,791,544,339	99.26%
Total	**456**	**100%**	**19,938,849,351**	**100%**

As at December 31, 2018

Share range	No. of shareholders	Shareholder %	No. of holdings	% of shareholding
1 - 10,000	3	1%	10,200	0.00%
10,001 - 50,000	141	31%	4,006,000	0.03%
50,001 - 100,000	131	29%	12,602,000	0.08%
100,001 - 500,000	134	30%	30,598,812	0.20%
500,001 - 1,000,000	15	3%	12,164,000	0.08%
1,000,001 - 5,000,000	24	5%	54,680,000	0.35%
5,000,001 - 10,000,000	4	1%	29,680,000	0.19%
10,000,001 and above	1	0%	15,494,572,264	99.08%
Total	**453**	**100%**	**15,638,313,276**	**100%**

DIRECTORS WHO SERVED DURING THE YEAR

Fola Adeola	-	Chairman	-	-
Olasunkanmi Adekeye	-	Managing Director	-	-
Dickie Agumba Ulu	-	Independent Director	-	-
Owolabi Salami	-	Executive Director	-	-
Asue Ighodalo	-	Non- Executive Director	-	(Nigerian, resigned August 31, 2019)
Ayodele Akande	-	Non- Executive Director	-	-
Coenraad Vrolijk	-	Non- Executive Director	-	-
Anuj Agarwal	-	Non- Executive Director	-	-
Hicham Raissi	-	Non- Executive Director	-	(French, resigned July 1, 2019)
Adeolu Adewunmi - Zer	-	Non- Executive Director	-	(Nigerian, appointed November 18, 2019)

DIRECTORS AND THEIR INTERESTS IN SHARE CAPITAL

As at reporting date, the Directors who had interest in the issued share capital of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, are noted below:

	Nature of shareholding	31 December 2019 shareholding	% of shareholding	31 December 2018 shareholding	% of shareholding
Mr. Olasunkanmi Adekeye	Direct	144,000	0.00%	144,000	0.00%
Mr. Ayodele Akande	Direct	200,000	0.00%	200,000	0.00%

MAJOR SHAREHOLDING

According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital as at 31 December 2019:

	31 December 2019 No. of Shares	31 December 2019 Holding (%)	31 December 2018 No. of Shares	31 December 2018 Holding (%)
Société Foncière Européenne B.V.	19,791,544,339	99.26	15,494,572,264	99.08

During the year, the Company offered a right issue of 4,300,536,075 ordinary shares of ₦ 0.50 each of the basis of 11 new ordinary shares for every 40 existing shares held, at ₦1.15 per share, thereby increasing the shareholdings of Société Foncière Européenne B.V. to 99.26%. (a wholly owned subsidiary of Allianz SE), a member of the Allianz Group.

DIRECTORS' INTEREST IN CONTRACTS

For the purpose of Section 277 of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, none of the Directors have notified the Company of any direct or indirect interests in contracts or proposed contracts with the Company during the year.

ACQUISITION OF OWN SHARES

The Company did not acquire any of its own shares during the year ended 31 December 2019 (2018: Nil).

PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 13 to the financial statements.

DONATIONS AND CHARITABLE GIFTS

The donations made and charitable gifts given during the year under review totalled ₦8,073,600 (2018: ₦6,170,000) as detailed in Note 48.

EMPLOYMENT OF DISABLED PERSONS

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Company has no physically challenged persons on its staff list.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. The Company operates a flexible working-hour system, where staff are allowed to select any convenient 8-hour working time-frame between 7am and 7pm on weekdays. This system was instituted to encourage work-life balance.

EMPLOYEE INVOLVEMENT AND TRAINING

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities where employees deliberate on issues affecting the Company and employee interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower.

Consequently, the Company sponsored its employees for various training courses both locally and overseas in the year under review.

GENDER ANALYSIS

The average number of employees of the Company during the year by gender and level is as follows:

Analysis of total employees

		Gender		Percentage	
	year	Male	Female	Male	Female
Employees	31 December 2019	86	66	57%	43%
	31 December 2018	66	61	52%	48%
Top management	31 December 2019	10	3	77%	23%
	31 December 2018	10	3	77%	23%
Board	31 December 2019	7	1	88%	13%
	31 December 2018	8	-	100%	0%

Detailed analysis of the Board and Top Management is as follows as at 31 December 2019:

	Gender		Percentage	
	Male	Female	Male	Female
Senior Manager	1	1	50%	50%
Assistant General Manager	5	1	83%	17%
Deputy General Manager	1	0	100%	0%
General Manager	1	1	50%	50%
Executive Director	1	0	100%	0%
Managing Director	1	0	100%	0%
Non-Executive Director	5	1	83%	17%

Detailed analysis of the Board and Top Management is as follows as at 31 December 2018:

	Gender		Percentage	
	Male	Female	Male	Female
Senior Manager	4	-	100%	0%
Assistant General Manager	3	2	50%	50%
Deputy General Manager	1	-	0%	100%
General Manager	0	1	100%	0%
Managing Director	1	-	100%	0%
Executive Director	1	-	100%	0%
Non-Executive Director	7	0	100%	0%

Effective communication/employee relationship

In line with the Company's open door policy, the Company, once a month, provides employees with the opportunity to air their views and opinions, on matters affecting the performance of their duties.

Events after reporting date

There are no post balance sheet events which could have a material effect on the state of affairs as at 31 December 2019 and the profit / (loss) of the year ended on that date that have not been adequately provided or disclosed.

Auditors

Messrs. PricewaterhouseCoopers have indicated their willingness to act as the Company's External Auditors in accordance with the National Insurance Commission (NAICOM)'s Corporate Governance Regulation and Section 357(2) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 .

BY ORDER OF THE BOARD
Abimbola Alabi
FRC/2015/NBA/00000010768
Company Secretary
Allianz Nigeria Insurance plc
307 Adeola Odeku Street
Victoria Island Lagos
04 September 2020

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2019

INTRODUCTION

Allianz Nigeria Insurance plc (the "Company") has implemented corporate policies and standards to encourage a good and transparent Corporate Governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices. This will enable the Company to comply with regulatory guidelines as well as the maintenance of shareholders' confidence.

The Company has consistently reviewed its systems and operations in order to ensure compliance with the guidelines and directives of NAICOM, the statutory requirements of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, as well as committed to the principles and practice of good Corporate Governance.

The Company has over the years built and retained the confidence of its shareholders by building on its core principles of integrity, sound values and full disclosure.

THE BOARD OF DIRECTORS

The Corporate Governance policy of the Company rests on the Board of Directors to ensure due compliance with regulations within the Company's operational system.

The Board membership comprises 8 (eight) members; this includes the Chairman, 1 (one) Managing Director, 1 (one) Executive Director, 4 (four) Non-Executive Directors and (1) one Independent Director appointed as required by NAICOM's Corporate Governance guidelines.

The Independent Director does not have any shareholding interest or any special business relationship with the Company.

The effectiveness of the Board is achieved through a mix of seasoned and highly skilled individuals who have the required skills and professional success to bring independent and valued contribution to the Company.

The oversight function of the Board of Directors is channelled through the establishment of various committees and ad hoc committees (when necessary) to create a proper outlet for implementing governance policies. In the course of the year under review, the Board had 4 (four) Committees to ensure the proper management and direction of the Company via interactive dialogue on a regular basis.

These Board Committees met regularly and they consist of executive and non-executive directors with clearly defined terms of reference which set out their responsibilities, powers and reporting procedures to the Board.

The Board Committees in operation during the year under review are:

1. Establishment and Corporate Governance Committee;
2. Investment Finance and General Purpose Committee;
3. Statutory Audit and Compliance Committee; and
4. Enterprise Risk Management Committee.

The Board met four (4) times during the year ended 31 December 2019 and additional meetings are called when it is necessary for the Board to meet. The Company also held an Annual General Meeting and Extraordinary General Meeting in the year under review. Furthermore, Board decisions are made by written resolutions as provided under the Articles of Association of the Company.

In addition to the Board Committees, the members of the Senior Management meet regularly in order to achieve effective and good Corporate Governance at Management level.

Directors' Responsibilities

The Directors are responsible for the strategic growth and development of the Company. In line with this responsibility, they must maintain a balance between compliance with regulatory provisions, governance principles and financial performance.

The Directors' responsibilities include:

i. Ensuring that the Company's financial statements reflect a true and fair position of the Company's financial operations;
ii. Compliance with all statutory regulations relating to its business.
iii. Implementing an effective organisational structure with clearly stated job descriptions, authority levels and working relationships;
iv. Creating the Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership;
v. Appointment of key management positions in the Company;
vi. Approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices; and
vii. Approval of major changes to the Company's corporate structure and business activities.

The roles of the Chairman of the Board and the Chief Executive Officer are separate and distinct to avoid concentration of power in one person.

THE CHAIRMAN

The Chairman's main responsibility is to direct the Board and ensure that it effectively discharges its responsibilities within the provisions of the Law. The Chairman is responsible for calling meetings and updating the Directors on matters affecting the Company.

The Chairman also acts as an intermediary between Executive and Non-executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is responsible for the operational management of the Company. The CEO reports to the Board on managerial decisions and policies implemented by the Company. He ensures due compliance with regulations and policies of both the Board and Regulatory authorities. The CEO has the overall responsibility for the growth, development and progress of the Company.

THE INDEPENDENT DIRECTOR

In line with the NAICOM code of Corporate Governance practices, the Board has an independent Director who does not represent any particular shareholding interest nor holds any business interest in the Company.

COMPANY SECRETARY

The Company Secretary is the coordinating intermediary between the Board and the board committees. It is the responsibility of the Company Secretary to update the Directors with all requisite information promptly and regularly.

The Company Secretary is also responsible for assisting the Chairman and Chief Executive Officer to prepare for Board meetings and ensure the minutes of Board meetings clearly and properly capture the Board's discussions and decisions.

SHAREHOLDERS AND THE OTHER STAKEHOLDERS

The Company recognises the rights of its shareholders and other stakeholders and is driven by its desire to deliver desired value to its shareholders and stakeholders. The shareholders are provided with detailed information on the Company's activities and financial results via the annual reports to provide an opportunity to make enquiries, obtain information, share ideas and express their concerns and opinions on all issues (if any) directly through the Company Secretary which is communicated to Management and the Board and on a broader scale at the Annual General Meeting of the Company.

DIRECTORS' NOMINATION PROCESS

The shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval by NAICOM. The following core values are considered critical in nominating a new director:

(i) Integrity;
(ii) Competence;
(iii) Professionalism; and
(iv) Ability to add value to the Company.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Company's policy on remuneration of Non-Executive Directors is guided by the provisions of the NAICOM and SEC Codes of Corporate Governance which stipulate that Non-Executive Directors' remuneration should be limited to Directors' fees and reimbursable travel and hotel expenses. Director's fees and sitting allowance was paid to only Non-executive directors as recommended by the Board Establishment and Corporate Governance Committee.

BOARD COMMITTEES

The Board carries out its responsibilities through its Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has 4 (four) Committees, namely: Board Establishment and Corporate Governance Committee; Board Investment Finance and General Purpose Committee; Statutory Audit and Compliance Committee and Board Enterprise Risk Management Committee.

Through these Committees, the Board is able to deal effectively with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Company. The committees make recommendations to the Board, which retains the responsibility for final decision making.

All Committees in the exercise of their powers as delegated, conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated hereunder:

BOARD ESTABLISHMENT AND CORPORATE GOVERNANCE COMMITTEE

This Committee has supervisory functions over the whole establishment, staffing, remuneration and Corporate Governance issues.

BOARD INVESTMENT FINANCE AND GENERAL PURPOSE COMMITTEE

The Committee is responsible for supervisory functions over investment and other finance-related issues such as capital and funding requirements. The Committee is responsible for the management of the Company's investment portfolio by ensuring that risk identification procedures are adhered to in investment decisions and approved portfolio limits in all areas of asset management by the Company.
The Committee also reviews the Company's information technology platforms and makes recommendations on the system and technological platforms used by the Company.

STATUTORY AUDIT AND COMPLIANCE COMMITTEE

The Audit Committee reviews established Company procedures to reveal irregularities and ensure the accuracy of data and information provided in the financial statements. The Committee also reviews the internal audit report every quarter. The Committee ensures that financial statements are in compliance with statutory requirements and relevant accounting framework and other statutory requirements.
The Committee has oversight responsibility for the internal

and external audit functions and the adequacy of control environment. The Chief Internal Auditor has access to this Committee and makes quarterly presentations to its members.

BOARD ENTERPRISE RISK MANAGEMENT COMMITTEE

This Committee has supervisory functions over actuarial management, technical and underwriting functions of the Company. It also has oversight on the Company's enterprise risk management framework including defining the risk profile and appetite and risk-reward strategy of the Company.

Attendance at Board and Committee meetings by the Directors

Board meetings

Names of directors	Number of meetings attended	13-Feb-19	21-May-19	19-Jul-19	15-Oct-19
Fola Adeola	4	*	*	*	*
Asue Ighodalo	2	*	*		
Dickie Agumba Ulu	4	*	*	*	*
Owolabi Salami	3	*	*		*
Olasunkanmi Adekeye	4	*	*	*	*
Ayodele Akande	4	*	*	*	*
Anuj Agarwal	4	*	*	*	*
Coenraad Vrolijk	4	*	*	*	*
Hicham Raissi	1		*		

Composition of the Board Standing Committees

Names of Directors	Board Establishment and Corporate Governance Committee	Board Investment, Finance and General Purpose Committee	Board Enterprise Risk Management Committee	Statutory Audit and Compliance Committee
Fola Adeola				
Anuj Agarwal	*	*	*	*
Dickie Agumba Ulu	*		*	*
Olasunkanmi Adekeye		*	*	
Owolabi Salami		*	*	
Alhaji S. A. A. Odenike				*
Bolaji Balogun				*
Akeem Shadare				*
Asue Ighodalo	*			
Hicham Raissi	*			
Coenraad Vrolijk	*			
Ayodele Akande	*			*

***Mr. Asue Ighodalo resigned with effect from August 31, 2019
***Mr. Hicham Raissi resigned with effect from July 1, 2019

In the year under review, Allianz Group acquired additional shares in the Company and now hold a 99.26% stake in the shares of the Company.

The Company did not acquire any of its own shares during the year ended 31 December 2019 (2018: Nil).

Board Establishment and Corporate Governance Committee

Names of directors	Number of meetings attended	12-Feb-19	20-May-19	07-Jul-19	14-Oct-19
Asue Ighodalo	2	*	*		
Dickie Agumba Ulu	4	*	*	*	*
Ayodele Akande	4	*	*	*	*
Coenraad Vrolijk	4	*	*	*	*

Board Investment, Finance and General Purpose Committee

Names of directors	Number of meetings attended	12-Feb-19	20-May-19	07-Jul-19	14-Oct-19
Owolabi Salami	2	*			*
Olasunkanmi Adekeye	4	*	*	*	*
Anuj Agarwal	4	*	*	*	*

Statutory Audit and Compliance Committee

Names of directors	Number of meetings attended	13-Feb-19	20-May-19	17-Jul-19	14-Oct-19
Chief Dickie Ulu	4	*	*	*	*
Alhaji S.A.A Odenike	4	*	*	*	*
Akeem Shadare	4	*	*	*	*
Bolaji Balogun	3	*	*		*
Ayodele Akande	4	*	*	*	*
Anuj Agarwal	4	*	*	*	*

Board Enterprise Risk Management Committee

Names of directors	Number of meetings attended	13-Feb-19	20-May-19	17-Jul-19	14-Oct-19
Dickie Agumba Ulu	4	*	*	*	*
Owolabi Salami	3	*	*		*
Olasunkanmi Adekeye	4	*	*	*	*
Anuj Agarwal	4	*	*	*	*

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Allianz

MANAGEMENT REPORT OF

ALLIANZ NIGERIA INSURANCE PLC

SUSTAINABILITY REPORT

Introduction

As a forward looking organization, Allianz Nigeria Insurance plc is focused on providing total satisfaction to its stakeholders: customers, staff, suppliers, intermediaries and the communities where we operate. We are an evolving Insurance firm and consistently operate to deliver economic growth and deepen Insurance penetration in Nigeria. We are committed to change the way Insurance is perceived across the country. The scope of this report covers work environment, social integration and business sustenance.

Work Environment

We continued the flexi-work-hours scheme which has delivered a healthy work life balance for our employees. We also engaged in various staff engagement programmes such as fitness Fridays, Special Fridays events, relaxed dressing culture, movie Fridays among others. We adopt a fun-work-place initiatives as part of our corporate philosophy and this has resulted in helping staff to be more productive and living healthy. The company has also encouraged the staff to undertake periodic medical check-up. Health talks was conducted to educate the staff on the importance of health sustainability.

Social Integration

We have consistently driven our cost control initiatives by reducing the use of paper and leveraging on the use of modern technology to aid internal communication and avoid wastages from the use of stationeries. We maintained a zero tolerance for operational practices that are either harmful or pose danger to our employee or the environment where we operate. We consider our operations to be a part of the society and thus our employees are constantly educated on safety and responsible behavior. The Company pursues its corporate social responsibility by providing support for people living in the villages and communities that are less developed and outskirts of the cities where we may not necessarily get business patronage. We considered this an approach to improving the standard of living of those individuals and to bridge the gap between the poor and rich.

Business Sustenance

As part of our initiatives to change the way Insurance works for Nigerians, we have carefully designed customer centric products that are geared towards economic growth and expansion. Our philosophy revolves around meeting the expectation of our stakeholders of which the customer is supreme. We strive to continuously ensure that our business is conducted in line with the applicable regulations and international best practice.

The Company is an environmental-friendly organization and therefore carefully analyzed all our clients to ascertain that we don't transact business with persons or institutions that will pose danger or threat to the peace of the community where we operate. We have maintained a healthy relationship with our business partners, regulators and other stakeholder and this has delivered a tremendous growth to our business value chain and business sustainability

Internal Principles

(i) Waste Reduction & Recycling: The Company continually promotes reduced paperless culture where employees are encouraged to use electronic communications, online approvals and other web- based applications, and to print documents only when required. Document workflows are automated, which minimizes paper usage.

(ii) Employee Relations: The Company believes that its people are the driving force behind its success and the main competitive advantage that positions it ahead of competition. The Company is of the view that its future lies in a committed team of individuals who are convinced of their future at the organisation.

To this end, the Company remains committed to creating a healthy, safe and fulfilling work environment that supports personal growth, encourages individuality and instigates team spirit. The Company organizes numerous training programs covering soft skills and negotiation skills to personality development; encouraging all staff to participate actively.

(iii) Diversity : Allianz Nigeria recognizes the need to promote a diverse workforce as a means to attracting top-flight talent and enhancing its competitive advantage. It further recognizes that each employee brings to the workplace experiences and capabilities that are as unique as the individual.

The Company treats all employees fairly and does not discriminate on the basis of gender, race, colour, nationality, religious belief or any other distinctive attribute. Furthermore, we take steps to ensure that under represented groups continue to have access to available opportunities within the organisation and that they are upwardly mobile within the system at all managerial levels within the Company.

(iv) Occupational Health & Safety: The health and safety of employees, customers and other stakeholders is of paramount importance to the Company. The Company constantly seek to identify and reduce the potential for accidents or injuries in all its operations. There is ongoing training of health and safety officers in line with the Company's health and safety policy. There is also adequate communication of the health and safety policies across the group to ensure staff are conversant with its content.

(v) Supply Chain Management: The Company will continue to work in active partnership with its suppliers to help them manage their own social and environmental risks, particularly those firms which have more significant impacts than it does and those in countries, where the regulatory framework is sometimes not as stringent as our standards. The Company is also committed to treating its suppliers with respect, especially in areas such as contract terms and conditions and payment terms.

COMPLAINTS AND FEEDBACK

Allianz Nigeria Insurance plc is a customer focused Company which aims at delivering excellent customer service.

We continually strive to exceed our customers' expectations by ensuring that our customers are delighted at every opportunity we get to interact with them.

To achieve excellent customer service delivery in line with our core values, our staff are constantly trained and tested to be customer centric; not only to our external customers but internal customers as well.

When any of our clients wants to make a complaint, we make sure their views are respected, that they are kept informed as the complaint is dealt with, and have the opportunity to be involved in the resolution process.

We understand that feedback from customers helps positively in good decision making and it also ensures that better services are delivered to the customers at every customer touch point.

We endeavor to carry out effective monitoring of complaints to enable us identify any problems and resolve them before they escalate and cause widespread concern.

Feedback Channels/Customer Touch Points.

We receive complaints and feedbacks from our customers via the under listed channels:

- Contact Centre.
- Experience Centre.
- Website (Online Live Chat and Submissions); and
- Social Media Feedback Platform.

Customers' Opinion on Products, Services and Processes.

We regularly integrate customers' feedback into our services and processes in a bid to always improve our products, services and processes.

The feedback review is carried out using the NPS (Net Promoters Score) Survey Monitoring system while focusing on the two key areas listed below:

- Welcome Calls - the opinion of new clients are reviewed to enhance our processing structure; and
- Claim Calls - Feedbacks from clients with claim experience are reviewed to enhance our claim processes.

Complaints Handling and Resolution Structure.

We ensure that complaints are handled promptly and adequate feedback are given to the customers. The customer service unit is responsible for receiving customers' complaints, investigating the complaints, provide corrective measures and resolution of complaints raised.

Each complaint received from the customers are assigned a case number while an automated acknowledgement email is sent to the customer on receipt of the complaint.

In situations where the complaint can be resolved immediately, a feedback is given to the client otherwise the complaint is forwarded to the appropriate unit for resolution while the customer service personnel assigned to such complaint follow through until it is resolved.

Customers are given feedbacks through calls or emails until the issue raised is deemed by client to be fully resolved after which, the case is closed.

The complaints process is usually reviewed and customers' views on them are also put into consideration to ensure that such complaints does not become a trend or reoccur.

Regulatory Body

Where the complaint is not resolved within a stipulated time frame the complainant shall escalate same to NAICOM or the complaint bureau.

COMPLAINTS RECEIVED		
	2019	**2018**
COMPLAINTS RECEIVED	398	441

RECEIVED COMPLAINTS PER CUSTOMER INTERFACE		
	2019	**2018**
EMAILS	350	389
WALK-IN	6	9
PHONECALLS	28	32
WEBSITE	-	4
LIVE CHAT	14	7
SMS	-	-
VOICEMAIL	-	-

RESOLVED COMPLAINTS PER CUSTOMER INTERFACE		
	2019	**2018**
EMAILS	345	389
WALK-IN	28	32
PHONECALLS	6	9
WEBSITE	-	4
LIVE CHAT	14	7
SMS	-	-
VOICEMAIL	-	-

RESOLVED COMPLAINTS PER CUSTOMER INTERFACE		
	2019	**2018**
EMAILS	5	-
WALK-IN	-	-
PHONECALLS	-	-
WEBSITE	-	-
LIVE CHAT	-	-
SMS	-	-
VOICEMAIL	-	-

ENTERPRISE RISK MANAGEMENT

CULTURE AND PHILOSOPHY

Our risk management philosophy and culture represent our shared values, purpose and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond proactively. We regard every one of our employees as a risk manager and we all take individual and collective ownership of the risk management responsibilities. We weigh the risk and reward inherent in our daily transactions and pursue those that support value creation to all stakeholders. We have zero tolerance for infractions of laws and regulations.

OPERATIONAL RISK MANAGEMENT

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but exclude reputation and strategic risk. Operational risk exists in all products and business activities. Operational risk is considered a critical risk faced by the Company.

The company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stakeholders' value and sustaining industry leadership. Operational risks are identified by the assessment covering risks facing each business unit and risks inherent in processes, activities and products.

Allianz Nigeria manages its exposure to operational and other non-financial risks using the operational risk management model which involves the process of identification, assessment, response and control, reporting and monitoring of risks. Risk Champions at business unit and operational levels are responsible for identifying operational risks which arise in their area of the business.

Operational risk objectives includes the following:

- To provide clear and consistent direction in all operations of the Company.
- To provide a standardized framework and appropriate guidelines for creating and managing all operational risk exposures.
- To enable the Company identify and analyze events (both internal and external) that impact on its business.
- To put in place sound disaster recovery plan and actions for the Company.

Models for risk collation and analysis are deployed across the organisation to identify and assess risks. The operational risk models assist the company in implementing risk policies as it relates to the following:

LOSS INCIDENT REPORTING

Loss incidents are reported to Enterprise Risk Management team by all operational units within the company. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not.

RISK AND CONTROL SELF ASSESSMENTS (RCSA)

This is a qualitative risk identification tool deployed across the company. All departments are required to complete the Risk Self-Assessment process at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted in the company. These assessments enable risk profiling and risk mapping of prevalent operational risks company-wide. A detailed risk register classifying key risks identified and controls for implementation is also developed and maintained from this process.

INTEGRATED RISK AND CONTROL SYSTEM (IRCS)

This is a coordinated approach of assessing risk and control using a unified framework.

OBJECTIVES OF IRCS:

- Reduced functional redundancies between the 1st, 2nd and 3rd line of defence
- Reduced control over-laps/closure of control gaps using cost benefit approach as appropriate
- New and simplified approach to scope and assess risk and controls
- Transparent, consistent and integrated risk reporting to the Board
- A single repository of risk and control data accessible to all stakeholders (local, regional and group)
- One approach to conduct enterprise wide risk and control assessment

TOP RISK ASSESSMENT (TRA)

Top risks covers the most threatening risks Allianz Nigeria is facing financially and from a reputational damage perspective or due to qualitative judgment such as:

- The estimated economic impact exceeds 10% of the annual operating profit of the OE or AZ Group; or
- The reputational risk score is 3 or higher; or
- The risk is considered significant by senior management.

Qualitative judgment takes into account changes to legal/ regulatory environment, business model, products, political and economic environment, processes, systems or internal control system (internal and external factors). Top risks shall also cover emerging risks (forward looking approach)
Top Risk Assessment process includes:

- Analyze a potential list of top risks from research, internal/ external loss data, climate change etc.
- Workshop facilitated and organized by the risk function, discussion, documentation of top risk description, evaluations, changes and rationales
- Identification and agreement of actions
- Sign-off by risk owner, Risk Committee, Board
- Tracking of key risk indicators (KRIs) and mitigating actions on quarterly basis

KEY RISK INDICATORS (KRI)

These are quantitative parameters defined for the purpose of monitoring operational risk trends across the company. A comprehensive KRI dashboard is in place and it is supported by specific KRIs for key departments. Medium – High risk trends are reported in the monthly and quarterly operational risk status reports circulated to Management and key stakeholders.

HEALTH AND SAFETY PROCEDURES

The Company strives to entrench global best practices for ensuring the health and safety of all staff, customers and every visitor to the company's premises. A Health Safety & Environment policy which complies with international standard and approved by the Board is implemented across the company to ensure the environment where the company operates is safe for everyone. Health related incidents are recorded company-wide for identification of causal factors and implementation of appropriate mitigants to forestall recurrence. As a result, fire drills are conducted and monitored. Training and sensitization on operational risk is carried out on an ongoing basis across the company. There was no material operational risk incidence during the financial year.

(a) Operational risk

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risk that is deemed fit on an ongoing basis but excluding reputation and strategic risk. Operational risk exists in all products and business activities. Operational Risks is considered a critical risk faced by the Company.

The Company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stakeholders' value and sustaining industry leadership.

Operational risk objectives include the following:

- To provide clear and consistent direction in all operations of the Company;
- To provide a standardized framework and appropriate guidelines for creating and managing all operational risk exposures; and
- To enable the Company identify and analyse events (both internal and external) that impact on its business.

The basic principles that guide the operational risk activities include:

- Operational risks are identified by the assessments covering risks facing each business unit and risks inherent in processes, activities and products;
- Risk assessment incorporates a regular review of risks identified to monitor significant changes;
- Risk mitigation, including insurance, is considered where this is cost-effective;
- The Operational Risk Unit constantly identifies and assesses the operational risk inherent in all material products, activities, processes and systems. It also ensures that before new products, activities, processes and systems are introduced or undertaken, the operational risk inherent in them is identified clearly and subjected to adequate assessment procedures.

The techniques employed by the company in its measurements include the following:

(a) Risk Control Self Assessment (RCSA):

Key Risk Indicators (KRIs) and the Risk Register. These tools have been quite useful in the identification, measurement and analyses of operational risk in the Company. These are subject to review from time to time.

Training and sensitisation on operational risk is carried out on an ongoing basis across the company.

There was no significant operational risk incidence during the financial year.

(b) Strategic risk

Strategic risk examines the impact of design and implementation of business models and decisions, on earnings and capital as well as the responsiveness to industry changes. This responsibility is taken seriously by the Board and Executive management of the Company and deliberate steps are taken to ensure that the right models are employed and appropriately communicated to all decision makers in the Company. The execution, processes and constant reviews ensures that strategic objectives are achieved. This has essentially driven the Company's sound Insurance culture and performance record to date.

(c) Legal risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations by the inability of the organisation to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Company manages this risk by monitoring new legislation, creating awareness of legislation amongst employees, identifying significant legal risks as well as assessing the potential impact of these.

Legal risks management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreements and other contractual documents.

The Company also has a team of well experienced professionals who handle legal issues across the Company.

(d) Reputational risk

It is recognised that the Company's reputation may suffer adversely due to bad publicity, non-compliance with regulatory rules and legislation, which may lead to a

significant drop in new business and/or a significant increase in the number of lapses and/or withdrawals.
The Company promotes sound business ethics among its employees.

The Company also strives to maintain quality customer service procedures and business operations that enable compliance with regulatory rules and legislation in order to minimize the risk of a drop in the reputation of the Company.

The Company did not record any issue with major reputational effect in the financial year.

(e) Taxation risk

Taxation risk refers to the risk that new taxation laws will adversely affect the Company and/or the loss of non-compliance with tax laws.

The taxation risk is managed by monitoring applicable tax laws, maintaining operational policies that enable the Company to comply with taxation laws and, where required, seeking the advice of tax specialists.

This risk is well managed across the Company.

(f) Regulatory risk

The Company manages the regulatory risk which it is potentially exposed to by monitoring new regulatory rules and applicable laws, and the identification of significant regulatory risks. The Company strives to maintain appropriate procedures, processes and policies that enable it to comply with applicable regulation.

The Company has continued to maintain zero tolerance posture for any regulatory breaches in all its area of operations. The strengthening of Compliance during the financial year has further enhanced the process of management of regulatory risk across the Company.

(g) Persistency risk

Persistency risk relates to the risk that policyholders may withdraw their benefits and terminate their contracts prior to the contractual maturity date of the contract. Expenses such as commission and acquisition expenses are largely incurred at the outset of the contract. These upfront costs are expected to be recouped over the term of a contract from fees and charges from the contract. Therefore, if the contract is terminated before the contractual date, expenses might not have been fully recovered, resulting in losses being incurred.

Where a surrender benefit is payable, the benefit amount on withdrawal normally makes provision for recouping any outstanding expenses. However, losses may still occur if the expenses incurred in respect of the policy exceed the value of the policy, or where the withdrawal benefit does not fully allow for the recovery of all unrecouped expenses. This may either be due to a regulatory minimum surrender benefit applying, or because of product design.

(h) Expense risk

There is a risk that the Company may experience a loss due to actual expenses being higher than those assumed when pricing and valuing policies. This may be due to inefficiencies, higher than expected inflation, lower than expected volumes of new business or higher than expected terminations resulting in smaller in-force policies. To manage this risk, the Company performs expense investigations annually and sets pricing and valuation assumptions to be in-line with the actual expenses experience, with allowance for inflation.

The Company's exposure to unexpected increases in the inflation rate is expected to be minimal due to the short-term nature of the business and their ability to review premium rates at renewals (typically on an annual basis).

(i) Business volume risk

There is a risk the Company may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration. A significant portion of the new business acquisition costs are variable and relate directly to sales volumes.

(j) Capital adequacy risk

There is a risk that the capital held by the Company to back its insurance liabilities may prove to be inadequate on a regulatory solvency basis. This may then lead to intervention by the Regulator and may further lead to a fall in the reputation of the Company (see Reputational risk above for further details). At an extreme, the Regulator may require the Company not to write new businesses. This will have a further negative impact on the Company.

This risk is monitored and assessed by performing annual valuations on the life insurance liabilities performed by an independent valuation actuary, calculating the Outstanding Claims Reported (OCR) and Incurred But Not Reported (IBNR) contingency reserve, monitoring any regulatory rules applying to the assets and the adequacy of the assets to back the liabilities and adopting an investment strategy which is aimed at investing in admissible assets and maintaining adequate capital. Refer to Note 51 for computation on solvency margin.

In addition, sensitivity and scenario analysis are performed to assess the Company capital adequacy under various scenarios and to ensure that the Company will remain financially sound under some stressed economic conditions.

(k) Asset liability matching risk

Due to the short-term nature of the Company's insurance business, most of the liability cash flows will be of short-term nature. The asset liability matching risk lies in the risk that the cash inflows from the assets held will not match liability cash outflows in terms of timing and/or amounts. Therefore, the risk arises that the Company will be unable to meet policyholder obligations. In this case, the asset liability mismatch risk is similar to liquidity risk described under liquidity risk.

(l) Assumption risk

In determining the value of insurance liabilities, assumptions need to be made regarding future rates of mortality, morbidity, termination rates, expenses and investment performance. The uncertainty of these rates may result in actual experience being different from that assumed and hence actual cash flows being different from those projected, and, in the extreme, that the actual claims and benefits exceed the liabilities. The risk is mitigated to an extent through:

- The addition of margins, specifically where there is evidence of moderate or extreme variation in experience;
- The use of appropriate sources of data; and
- Regular actual versus expected investigations.

Due to the short-term nature of the Company's business, exposure to unexpected changes in trends in experience is mitigated by the fact that premium rates are reviewable at renewal.

(m) Underwriting risk

Underwriting is the process by which an insurer appraises a risk being presented by the proposer and decides whether or not to accept the risk and the consideration (premium) to receive. Weaknesses in the systems and controls surrounding the underwriting process can expose an insurer to the risk of unexpected losses which may threaten the capital adequacy of the insurer. The Company's underwriting process is subjected to internal audit and peer review process to ensure effectiveness.

In addition, there is a process for assessing brokers' procedures and systems to ensure that the quality of information provided to Allianz Nigeria Insurance plc is of a suitable standard; and in the case of reinsurers, audits of ceding companies to ensure that reinsurance assumed is in accordance with treaties.

The government through the Nigerian Local Content Act has empowered insurers to underwrite 70 per cent of risks in the country, which has also paved way for insurers to improve their operations. The factors that the Company uses to classify risks is considered highly objective and clearly related to the likely cost of providing coverage, practical to administer, consistent with applicable law, and designed to protect the long-term viability of the insurance program.

- **Underwriting Process Risk –** This is risk from exposure to financial losses related to the selection and acceptance of risks to be insured.

- **Mispricing Risk –** Risk that insurance premium will be too low to cover the Company's expenses related to underwriting, claim handling and administration.

- **Brokers' Underwriting Risk –** This is the risk that brokers may be inadequately trained to assess the risk and offer professional advice to the client.

(i) Underwriting risk appetite:

The following factors constitute the basis for the Company underwriting risk appetite:

- Risk not understood shall not be underwritten;
- We will not underwrite unquantifiable risks;
- Extreme caution shall be taken in underwriting risk with low safety standards or businesses with excessively high-risk profile;
- Businesses and opportunities that can create systemic risk exposure will be adequately evaluated;
- We shall exercise caution when underwriting discrete (one-off) risks, particularly where there is no requisite experience or know-how;
- We shall ensure compliance with NAICOM's guideline on K-Y-C.

Allianz Nigeria Insurance plc develops its own products through its research and product development team. We always ensure that our relationship managers interact with our customers in order to get feedback. These feedbacks guide us in developing products that meet their individual / corporate needs. The limits, standard and exposure are guided by prudent underwriting procedures and reinsurance agreements.

(ii) Underwriting Responsibilities:

The Underwriting unit has the following responsibilities:

- Ensure adherence to reinsurance strategy and delegated limits;
- Manage risk appetite by adhering to delegated authority standards;
- Ensure compliance with the underwriting plan, policies and manuals and implement correct sign-off process for variations;
- Manage underwriting risk exposure and ensure a high-quality policy standard;
- To put in place, records of all exposures in the different lines of insurance business;
- Demonstrate skills and capability in executing underwriting activities;
- Review the suitability of cover and contract terms, and ensure that all words used are correct, appropriate and authorized.

The overall strategy motive that form the basis for the Company's underwriting policies is to achieve growth in gross written premium/market share and also to price (underwrite) risks to ensure that the company makes a targeted return on equity.

(iii) Underwriting Risk Management and Control:

Risk Management and Control Department of Allianz Nigeria Insurance plc is responsible for the following:

- Ensure compliance with the regulatory requirements at it relates to underwriting;
- Coordinate issues, tracking activities and ensure action plans are developed for all identified gaps;
- Collaborate with the underwriting risk committee to develop risk appetite and tolerance limits;
- Identify and manage the company's underwriting risks;
- Review and approve reinsurance and retrocession arrangements as mandated by NAICOM.

(iv) Risk Pricing Processes

Good and prudent pricing is a key element of an insurance underwriting process. Stakeholders and decision takers in underwriting are made to know the profit implications of underwriting pricing decisions. It is important to know that appropriate pricing is necessary to maintain the quality of the insurance portfolio in terms of risk underwritten. Although all risks can be priced, but not all risks should be underwritten.

Risk Reporting And Monitoring

There is a regular reporting and monitoring process for each class of insurance business. This is to evaluate the level of performance of each of the insurance portfolio. The level of information reported ranges from the Statement of Profit or Loss and Other Comprehensive Income to reporting on risk segments. Some of the elements reported are listed:

- Gross Premium written;
- Types of risks written;
- Lines of Business written
- Policy volume

Also monitoring activities include:

- Peer review processes established within the underwriting department;
- Risk management and control review;
- Monthly underwriting Risk Committee meetings where result and performances are discussed

(n) Insurance risk

Insurance risk is the risk that future risk claims and expenses will exceed the value placed on insurance liabilities. It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. The timing is specifically influenced by future mortality, longevity, morbidity, persistency and expenses about which assumptions are made in order to place a value on the liabilities. Deviations from assumptions will result in actual cash flows differing from those projected in the policyholder liability calculations. As such, each assumption represents a source of uncertainty.

(i) Insurance premium rating

(a) Individual life products – Term Assurance, Endowments and Savings Plan

The price for an individual life product is adjusted for the following risk factors:

- Age;
- Gender;
- Smoker status;
- Medical conditions;
- Financial condition; and
- Hazardous pursuits.

The Company employs the following additional controls and measures to ensure that only acceptable risks are taken and risks are appropriately priced:

- Underwriting controls, with risk classification based on the above risk factors;·
- Regular review of premium rates; and
- Appropriate policy conditions, including any exclusion on the cover on the individual's life.

Premium rates are guaranteed for the year up to the renewal of a policy, typically, after 1 year.

(b) Deposit administration

Premium rating on deposit administration policies distinguishes between the ages and genders of prospective policyholders. Annual premiums, payable up-front, are repriced at renewal of the deposit administration policies.

(c) Group life products

Underwriting on group business is much less stringent than for individual business, as there is typically less scope for anti-selection. The main reason for this is that participation in the group schemes is normally compulsory, and members have limited choice in the level of the benefits.

Company policies are priced using standard mortality tables. The price for an individual scheme is adjusted for the following risk factors:

- Lifestyle;
- Salary structure;
- Gender structure; and
- Industry

For large schemes, a scheme's past experience is a crucial input in setting rates for the scheme. The larger the scheme the more weight is given to the scheme's past experience. Rates are guaranteed for one year and reviewable at the renewal of the policy.

(d) Short-term insurance products

Underwriting on short-term insurance products takes the form of the insurance applicant completing a proposal form. The following risk factors are used in the risk classification:

- Age and gender of the insured driver or operator;
- Value of the item(s) to be covered;
- Use of the item(s) to be insured, for example, premium rates distinguish business and personal use for vehicle cover;
- Physical condition of the item(s) to be insured;
- Safety and security features installed; and
- Past claims experience, for example, the premium rate payable on vehicle cover reflects the past claims experience on the vehicle and driver to be insured.

Where the value of the item(s) to be insured exceeds a pre-specified limit, the underwriting becomes more stringent. This is particularly the case for marine and aviation cover. In this case the Company makes use of specialist underwriting agents to assess the risks and set an appropriate premium for cover.

Premium rates are guaranteed for the year up to the renewal of a policy, typically, after 1 year.

(ii) Mortality and morbidity risks

The risk that actual experience in respect of the rates of mortality and morbidity may vary from what is assumed in pricing and valuation, depending on the terms of different products. The material classes of business most affected by these risks are discussed below.

(a) Individual life products

Term assurance, Endowment, Savings Plans

Products are sold directly to individuals providing a benefit on death. The main insurance risk relates to the possibility that rates of death may be higher than expected. This may be due to:

- Normal statistical variation due to the random nature of the insured events;
- Natural catastrophes such as floods, and unnatural catastrophes such as acts of terrorism;
- The impact of HIV/AIDS or other health epidemics like Ebola;
- Anti-selection such as when a policyholder with a pre-existing condition or disease purchases a product where a benefit will be paid on death;
- The effect of selective withdrawal; and
- Concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area.

For contracts with fixed and guaranteed benefits (such as the minimum death benefits available on savings plan policies) and fixed future premiums, there are no mitigating terms that reduce the risk accepted by Company. The Company therefore employs some underwriting controls to ensure that only acceptable risks are taken.

The following additional controls and measures are in place in order to ensure that the Company manages its exposure to mortality risk:

- Claims assessment processes to ensure only valid claims are paid;
- Reinsurance to limit liability on particularly large claims or substandard risks; and
- Concentration risk is reduced by diversification of business over a large number of independent lives, as well as by taking out catastrophe reinsurance.

(b) Group life products

Employee benefit products provide life cover to members of a group, such as employees of companies or members of trade unions. A surplus treaty reinsurance agreement is in place to ensure that the exposure to the mortality risk in its group life business is managed and limited to a specified limit.

(c) Deposit administration

Deposit administration contracts provide a guaranteed life annuity conversion at the maturity of the contract. The mortality risk in this case is that the policyholders may live longer than assumed in the pricing of the contract. This is known as the risk of longevity.

The Company manages this risk by allowing for improvements in mortality when pricing and valuing the contracts. The Company also performs more detailed actuarial experience investigations and adjusts assumptions in pricing for new contracts and valuation of existing contracts when necessary.

(o) Claims management risk

This is the risk that the insurer may be unable to manage the settlement process by which insurers fulfils their contractual obligation to policyholders. All insurers are required to have in place a claims management policy and procedure for ensuring that claims are handled fairly and promptly. In establishing and maintaining effective claims handling systems and procedures, Allianz Nigeria Insurance plc considers the following factors:

- Appropriate systems and controls shall be maintained to ensure that all liabilities or potential liabilities notified to the insurer are recorded promptly and accurately. Accordingly, the systems and controls in place should ensure that a proper record is established for each notified claim;
- Suitable controls shall be maintained to ensure that estimates for reported claims and additional estimates based on Guideline for Developing a Risk Management Framework for Insurers and Reinsurers in Nigeria statistical evidence are appropriately made on a consistent basis and are properly categorized;
- Regular reviews of the actual outcome of the estimates made shall be carried out to check for inconsistencies and to ensure that procedures remain appropriate. The reviews should include the use of statistical techniques to compare the estimates with the eventual cost of settling the claims, after deducting the amounts already paid at the time the estimates were made;
- A functional system shall be in place to ensure that claim files without activity are reviewed on a regular basis;
- Appropriate systems and procedures should be in place to assess the validity of notified claims by reference to the underlying contracts of insurance and reinsurance treaties;
- Suitable systems shall be adopted to accommodate the use of suitable experts such as loss adjusters, lawyers, actuaries, accountants etc. as and when appropriate, and to monitor their use; and
- Appropriate procedures shall be put in place to identify and handle large or unusual claims, including system to ensure that senior management are involved from the outset in the processing of claims that are significant because of their size or nature.

(p) Reinsurance risk

This is the risk of inadequate reinsurance cover which may be triggered by a situation such as the insolvency of a reinsurer, omission to cede risk to the treaty, wrong cession to the treaty, assumption of risks without reinsurance cover, acceptance of risks above automatic capacity when/where there is already market saturation and non-payment of reinsurance premium as at when due. Allianz Nigeria Insurance plc ensures that it maintains adequate reinsurance arrangements and treaties in respect of the classes or category of insurance business it is authorized to transact. The Company has put in place a documented policy stating:

- Systems for the selection of reinsurance brokers and other reinsurance advisers;
- Systems for selecting and monitoring reinsurance programmes;

- Clearly defined managerial responsibilities and controls;
- Presence of a well-resourced reinsurance department that prepares clear methodologies for determining all aspects of a reinsurance programme;
- Senior management that review an insurer's reinsurance management systems on a regular basis.

(q) Data risk

Data risk is the risk that data used in the policyholders' liabilities valuation calculations are inaccurate or incomplete and, therefore, are not a true and accurate view of the insurance contracts held by the Company. The data could be inaccurate or incomplete due to incorrect data or valuation extracts between the policy administration system and the actuarial valuation model and/or incorrect capturing of data on the policy administration system.

This risk is managed by the Company through regular data integrity testing in order to assess the appropriateness, accuracy and credibility of the various data sets as well as investigations into data exceptions reported.

Where insufficient internal data is available, the Company makes use of external sources to derive its pricing and valuation assumptions. Frequent monitoring of these external sources is performed, including actual versus expected investigations.

(r) Model risk

There is a risk that the Company may suffer a loss if the model used to calculate the insurance liabilities does not project expected cash flows under the insurance contracts accurately. The expected cash flow projections may be inaccurate either due to the model itself being incorrect, inappropriate to the policies being valued or inaccurate and/or the underlying assumptions used in the model being inappropriate.

The Company makes use of an independent valuation actuary to value its liabilities. The models being used to value the liabilities are, therefore, not internal to the Company but belong to an external third party. The model risk underlying the use of third party models are addressed by:

- Regular actual versus expected cash flow investigations to assess the appropriateness of the external models; and
- Detailed investigations performed annually to ensure the integrity of the data used in the valuation process.

(s) Sustainability Report

The Company is committed to sustainable development and the responsible stewardship of resources. This implies developing solutions that link economic success with social responsibility, which requires balancing short and long term goals and interests and integrating economic, environmental and social considerations into business decisions across the board.

(t) External Principles

(a) Sustainable operations

Sustainability of the environment is central to the Company, and its wider social and environmental impact is of concern. The Company goes beyond concerted efforts to minimise energy usage internally and dispose of waste responsibly, to also having in place lending policies that promote sustainable lending and ensure high environmental standards.

(b) Integrating environmental impact considerations into business decisions across the Company

Allianz Nigeria has established an environmental guideline, management system and governance model that integrates environmental impact considerations into lending decisions across the Company with initial focus on some significant sectors/industries. The Company's lending policies have been redesigned to ensure that facilities are not extended to industries that engage in illegal activities, pollute the environment, have no proper pollution control methods, are involved in manufacturing and selling arms, as well as those engaged in activities that involve harmful or exploitative forms of forced labour or child labour.

The Company has in place an Environmental and Social Management System (ESMS) where the Company does a social and environmental risk analysis for borrowers and takes measures to avoid, mitigate and minimise the risks identified. The ESMS of the Insurance identifies Environmental & Social (E&S) risks in the projects/companies the Insurance finances and encourages mitigatory action by these groups to minimize such risks at a very early stage of the credit evaluation.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING

The Company's Internal Control and Risk Management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. The Company's internal control framework is patterned after the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

COSO defines internal control as "a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives" in three categories--effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. The scope of internal control therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavors of all types at all levels of the Company.

The Internal Control and Risk Management systems comprise the following areas:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

CONTROL ENVIRONMENT

The Company has four Board Committees which includes (Establishment & Corporate Governance Committee, Investment & General Purpose Committee, Audit and Compliance Committee and Enterprise Risk Management Committee) that have oversight function on the Company's Risk Management Processes. The Committees are responsible for setting Risk Management policies that ensure material risks inherent in the Company's business are identified and mitigated or controlled. The Company also has an Audit and Compliance Committee which is made up of three shareholders' representatives, two Non-Executive Directors and one Independent director. The Audit and Compliance Committee is therefore independent. Its oversight functions include among others, ensuring that quality accounting policies, internal controls, independent and objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The Company's management committees are responsible for implementing Risk Management policies set out by the Board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. They ensure proper books of accounts are kept and accounting policies are in conformity with: International Financial Reporting Standards; Insurance Act 2003; Prudential Guidelines for licensed Insurance Companies; Circulars issued by the National Insurance Commission (NAICOM); the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria and the Financial Reporting Council of Nigeria Act No. 6, 2011.

RISK ASSESSMENT

The Board and Senior Management regularly assess the risks the Company is exposed to, including risks relating to financial reporting. Management Committees meet on a regular basis to assess the credit, market, interest rates, liquidity, legal and reputational risks facing the company. Senior Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process.

The Board also assesses the effectiveness of the Company's internal control over financial reporting on an ongoing basis and specifically at mid-year and year end. The Management letter issued by the external auditors which contains the auditors' observations on the control environment in the Company is discussed at the Audit and Compliance Committee meetings.

The Company's Senior Management has set up control structure to ensure control activities are defined at every business area. Examples of the Company's control activities include the following:

Top Management Reviews

- Internal Audit Reports eliciting control weaknesses are presented periodically to Management and Board Audit Committee.
- Preparation of financial statements on a monthly basis for Management review.
- Monthly and quarterly profitability review, where the Company's financial performance is reviewed and compared with set budgets.
- Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Company and the mitigants deployed.

ACTIVITY CONTROL

Control functions are embedded within each business area for self-checking of activities within the areas (for instance, transactions call over for timely detection of errors is carried out by all posting units).

PHYSICAL CONTROLS

There are policies guiding access to the Company's physical and financial assets, access control, use of overrides etc.

COMPLIANCE WITH LIMITS

The Company sets internal limits guiding its trading book activities, liquidity and interest rate gaps, credit concentration limits. The limits are monitored on a daily basis by an independent unit outside the business areas.

APPROVAL AND AUTHORISATION LIMITS

- There are segregation of duties; no officer can start and conclude transactions
- Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

VERIFICATIONS AND RECONCILIATIONS

All internal ledgers are regularly proofed and reconciled; exception reports are generated.

WHISTLE BLOWING

The Company has instituted a strong whistle blowing culture among staff and also created awareness among its stakeholders. The whistle blowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the Company.

INFORMATION AND COMMUNICATION/ MONITORING

The Company's Management understands the need for a timely, reliable and accurate information flow within the Company, for effective decision making and enhanced financial reporting. Every activity of the Company is codified in the Company's Standard Operating Procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity. The SOP further highlights requirement for reporting, the frequency of reporting as well as those within the organization to whom the report would be directed to.

The following are some of the generic internal reports used by Management for decision making and monitoring purposes:

- FINSTAT- Financial Statements Report
- MPR- Monthly Profitability Report
- APR- Account Profitability Report
- ECR- Expense Control Report
- FINNAP - Financial Accounting Application

REGULATORY REQUIREMENTS UNDER IFRS REGIME

The insurance sector in Nigeria adopted the international Financial Reporting Standards (IFRS) on January 01, 2012 as part of measures to improve reporting practices, transparency and disclosure in line with international best practice in the sector.

The National Insurance Commission has issued a roadmap for the adoption of IFRS 17 insurance contract for the insurance industry in Nigeria. This includes performance of gap analysis and impact assessment, design desired state and develop new architecture, implementation of new processes and systems, review and adoption of IFRS 17.

The Company adheres to this regulation in its totality as the Company's system and processes are designed to recognize only covers for which premium has been received. Where we have receivable within the provision of the guidelines in the case of Brokers, other Insurance Companies and Reinsurers, we keep such in our books in line with the prescribed duration of 30 days and ensure credit notes are received.

SHARE CAPITAL HISTORY

For the year ended 31 December 2019

The Company began operations in 1998 to transact insurance as a composite insurer. The company is principally engaged in the business of providing risk underwriting, claims settlement, investment and related financial services to its customers. The Company started with a share capital of ₦20 million in 1993 and has subsequently increased its capital to meet up economic and regulatory capital requirement. Allianz Nigeria Insurance plc was listed on the National Association of Securities Dealers (NASD) platform in October 2016.

Following approvals from the Company's Board of Directors and regulatory bodies, the name of the Company was changed from Ensure Insurance PLC to Allianz Nigeria Insurance plc on December 17, 2018.

The changes in the share capital of the Company since incorporation are summarised below;

Date	Authorised share increase	Cumulative	Issued share increase	Cumulative	Par value of each share
	₦	₦	₦	₦	
1993	20,000,000	20,000,000	20,000,000	20,000,000	=N=1.00
1998	70,000,000	90,000,000	70,000,000	90,000,000	=N=1.00
2002	160,000,000	250,000,000	160,000,000	250,000,000	=N=1.00
2003	100,000,000	350,000,000	100,000,000	350,000,000	=N=1.00
2006	4,650,000,000	5,000,000,000	70,000,000	420,000,000	=N=1.00
2007	-	5,000,000,000	3,337,548,638	3,757,548,638	=N=0.50
2008	5,000,000,000	10,000,000,000	-	3,757,548,638	=N=0.50
2018	-	10,000,000,000	4,061,608,000	7,819,156,638	=N=0.50
2019	-	10,000,000,000	2,150,268,000	9,969,424,638	=N=0.50

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

This Management Discussion and Analysis ("MD & A") is designed to provide the readers with an overview of the Company's profile, business strategies, performance update and its forward-looking statements.

The MD & A has been prepared as at 31 December 2019 and should be read in conjunction with the audited financial statements and the related notes to the audited financial statements.

COMPANY PROFILE

Established in 1993, Allianz Nigeria Insurance Plc (formerly known as Ensure Insurance Plc and Union Assurance Company Plc) engages in underwriting of Life and Non–Life businesses. Allianz Nigeria offers a broad spectrum of insurance and investment linked products. Our business is backed by notable reinsurers in the global markets: Allianz Re, Swiss Re, Munich Re, African Re and Continental Re.

In 2014, there was a change in the core investor of the Company. Greenoaks Global Holding Limited ("GGH") acquired majority stake (92.8%) from Union Bank of Nigeria PLC. GGH is an investment firm focused on acquiring and building leading insurance businesses in African and Asian frontier markets. The brand name was then changed from Union Assurance Company Plc to Ensure Insurance Plc.

On 5 June 2018, the Company received a Letter of No Objection from NAICOM for the acquisition of majority stake by Societe Fonciere Europeenne B.V (a wholly owned subsidiary of Allianz SE) from the Company's core shareholder, Greenoaks Global Holdings Limited. Upon the receipt of all requisite regulatory approvals, the Company officially became a member of the Allianz Group in July 2018. The Allianz Group is one of the leading integrated financial services providers worldwide.

Following approvals from the Company's Board of Directors and regulatory bodies, the name of the Company was changed from Ensure Insurance Plc to Allianz Nigeria Insurance Plc on December 17, 2018.

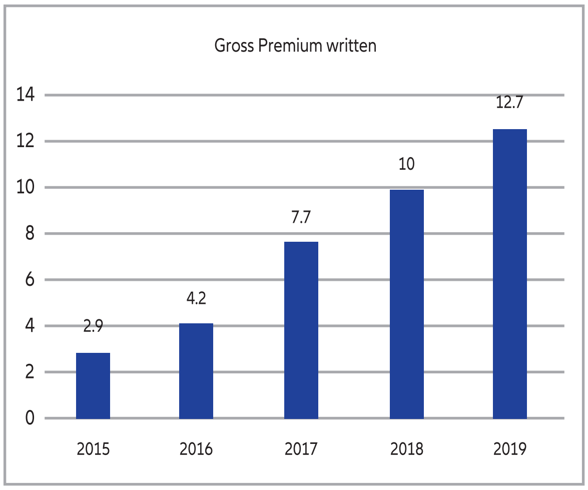
BUSINESS STRATEGIES

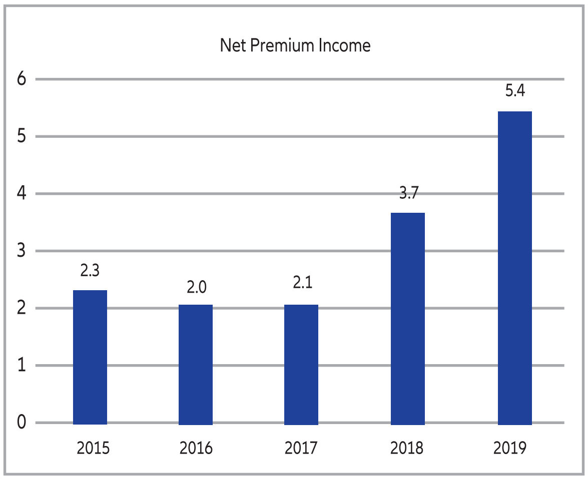
Our vision is to create the future with innovative solutions built on trust. In pursuit of our vision, we have developed key objectives which includes; to provide easy-to-access products and improve on the industry's challenges of distribution and service delivery, establish Allianz Nigeria as the most trusted insurance brand in Nigeria, become the largest retail distributor of insurance products in Nigeria within 10 years, transform the organization to be digital by default and deliver superior returns to our shareholders through consistent profitable underwriting & client services. All these would be achieved by ensuring we build a strong and coherent brand that integrates people, values and processes to deliver its promise and provide a commensurate customer-focused service.

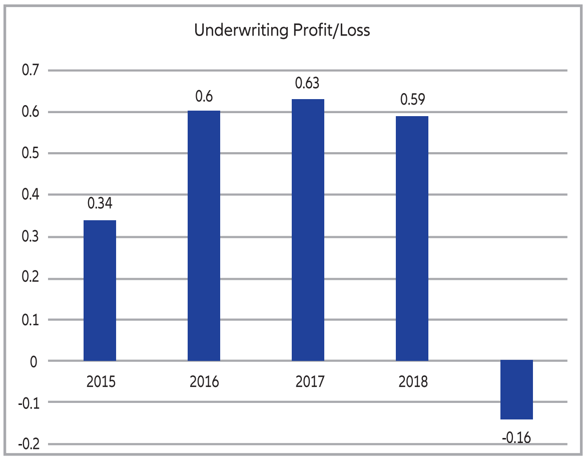
Performance

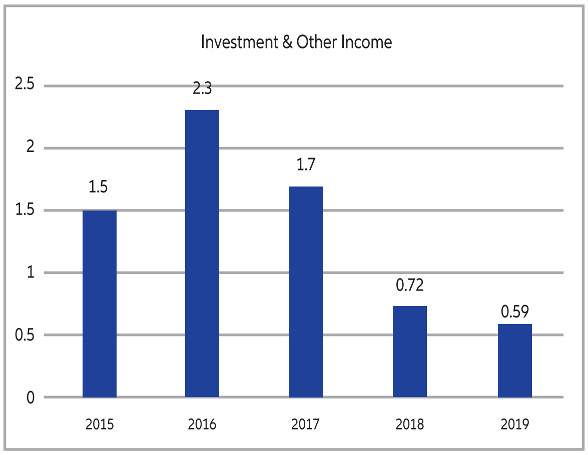
The Company recorded a 27% growth in gross written premium (2019: N 12.7 billion, 2018: N 10 billion)

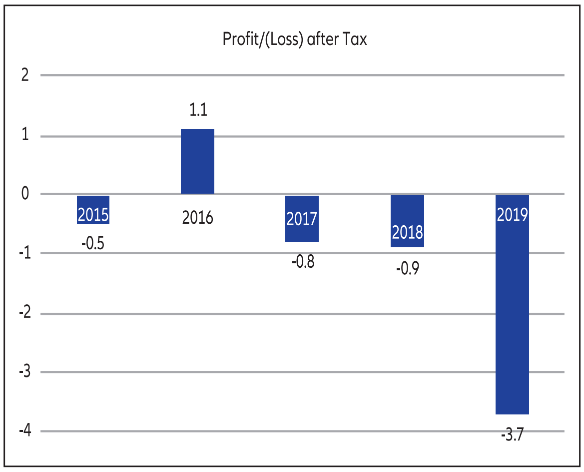
Amounts in billions of Naira

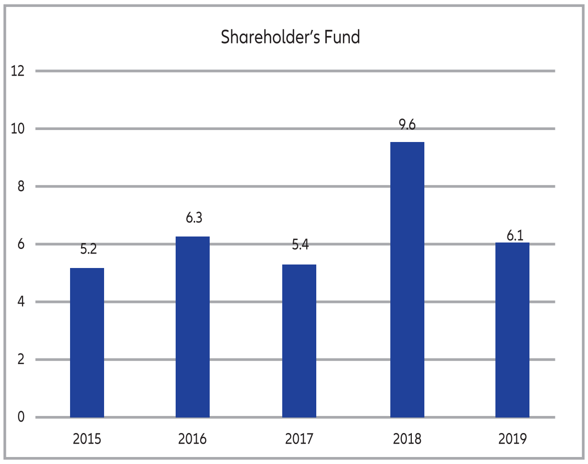












FORWARD LOOKING STATEMENTS

By their very nature, forward looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions and other forward-looking information included in the document statements will not be achieved.

We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include but are not limited to the market risk, delays from external dependencies, slow integration of enabling platforms, timely development and introduction of new products and services. Also, the impact of changes in the laws and regulations regulating financial services and enforcement thereof (including banking, insurance and securities); judicial judgements and legal proceedings, changes in tax laws, technological and regulatory changes will have a definite impact on our results.

We caution that the foregoing list of important factors are not exhaustive.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare Financial Statements that present fairly, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose with reasonable accuracy, the financial position and performance of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its Financial Statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, which are consistently applied.

The Directors accept responsibility for the preparation of the Financial statements which have been prepared using appropriate accounting policies supported by reasonable, prudent judgements and estimates that is in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011, the Insurance Act 2003 and the relevant National Insurance Commission (NAICOM) guidelines and circulars.

The Directors are of the opinion that the Financial Statements present fairly, in all material respects, the state of the financial affairs of the Company and its performance. 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 internal financial control.

The Directors have assessed the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Fola Adeola	Olasunkanmi Adekeye
FRC/2013/ICAN/00000002958	FRC/2016/CIIN/00000013813
Chairman	Managing Director/Chief Executive Officer
04 September 2020	04 September 2020

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 December 2019

To the members of Allianz Nigeria Insurance Plc (formerly known as Ensure Insurance Plc)

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, the members of the Audit Committee of Allianz Nigeria Insurance Plc. hereby report as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Company are in compliance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2019 were satisfactory and reinforce the Company's internal control systems.

We have deliberated with the external auditors who have confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Company's system of accounting and internal control.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern for at least twelve months from the date of this statement.

Chief Dickie Agumba Ulu
FRC/2015/IODN/00000011620
Chairman, Audit Committee
04 September 2020

Members of the Audit Committee are:

1	Chief. Dickie Agumba Ulu	- Independent Director/Chairman
2.	Mr. Bolaji Balogun	- Shareholder's representative
3.	Mr. Akeem Shadare	- Shareholder's representative
4.	Alhaji S.A.A Odenike	- Shareholder's representative
5.	Mr. Ayodele Akande	- Non-Executive Director
6.	Mr Anuj Agarwal	- Non-Executive Director

In attendance:

Abimbola Alabi - Secretary

pwc

Independent auditor's report

To the Members of Allianz Nigeria Insurance Plc

Report on the audit of the financial statements

Our opinion

In our opinion, Allianz Nigeria Insurance Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Allianz Nigeria Insurance Plc's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements and a summary of significant accounting policies.

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 financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Insurance contract liabilities – (refer to notes 3l, 4a and 16) The company classifies its insurance contract liabilities into non-life and life insurance contracts. The estimation of insurance contract liabilities involves a significant degree of judgement about future events made by management and its external actuary about a variety of uncertain future outcomes. Note 16 to the financial statements describes the elements that makes up the insurance contract liabilities balance. Below, we comment on the most judgemental aspects of these elements, which we consider to be key audit matters: *a) Individual life insurance contract liabilities – N2.1 billion* The individual life fund is estimated using the gross premium valuation approach, which includes the use of economic assumptions such as valuation interest rate, mortality rate, expense inflation and business assumptions such as expenses per policy *b) Outstanding claims – N6.2 billion* The reserve for outstanding claim is determined as the total amount of outstanding claims reported and loss adjustment expenses plus claims incurred but not reported (IBNR) at the reporting date. Management engaged the services of an independent consultant to determine the completeness of the claims schedule. IBNR reserves are made on non-life and group life policies. Management's expert has applied a combination of Chain Ladder (CL) and Bornhuetter-Ferguson (BF) methods to determine the IBNR reserve for its short-term contracts and the loss ratio for its group life business. This estimate relies on the quality of the underlying data and involves complex and subjective	Our audit procedures included. • understanding and evaluating the design and operating effectiveness of controls over the underwriting process, claims notification and payments process; • assessing the competence, independence and objectivity of management's external expert; • understanding management's process for calculating the reserves for its individual life business and for its non-life and group life businesses; • testing the accuracy, completeness and appropriateness of the underlying data used in the actuarial valuations by performing checks between the data recorded in the financial statements and actuarial data used by management experts; • performing substantive tests over claims paid during the year; • testing on a sample basis, correspondences and policy documents which were used in determining the provision for outstanding claims; and • checking the report of management's independent consultant on the completeness of the claims schedule. We obtained support from our actuarial experts to test the individual life insurance contract liabilities and the IBNR reserve for the non-life and group life businesses. For the individual life valuation, we: • assessed the reasonableness of the gross premium valuation approach used in determining the reserve for the life business; and • assessed the reasonableness of the actuary's assumption for valuation interest rate, mortality rate and expense inflation by comparing to independent external information. The expenses per policy assumption was compared to the company's historical performance. For the IBNR reserve in the non-life and group life businesses, we:

judgements about future events, both internal and external to the business, for which minor changes in assumptions could result in material impacts to the estimates. Assumptions applied to this estimate include the ultimate loss ratio, inflation rate, discount rate and future claims development experience.

- assessed the reasonableness of the combination of Chain Ladder/Bornhuetter-Ferguson (BF) methods and loss ratio approach for the valuation of non-life and group life businesses respectively;
- assessed the methodology used to set the ultimate loss ratio is consistent with generally accepted actuarial techniques;
- assessed the reasonableness of the inflation rate and discount rate used by the actuary by comparing to external information sources; and
- assessed the accuracy and sufficiency of the historical data in capturing the future claims development patterns.

We checked the adequacy of the presentation and disclosures of insurance contract liabilities in the financial statements by comparing with the requirements of the standard.

Other information

The directors are responsible for the other information. The other information comprises Directors and professional advisers, Directors' report, Corporate Governance report, Complaints and feedback, Sustainability report, Enterprise risk management, Internal control and risk management system in relation to the financial reporting, Regulatory requirements under IFRS regime, Share capital history, Management discussion and analysis, Statement of Directors' Responsibilities in relation to the preparation of the financial statements, Report of the Audit Committee, Value Added Statement, Five-year Financial Summary, Non-Life Revenue Account and Life Revenue Account (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Allianz Nigeria Insurance Plc 2019 Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Allianz Nigeria Insurance Plc 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and the Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's 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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Obioma Ubah

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

7 September 2020

Engagement Partner: Obioma Ubah
FRC/2013/ICAN/00000002002

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ALLIANZ NIGERIA INSURANCE PLC

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FINANCIAL STATEMENTS OF

ALLIANZ NIGERIA INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2019

1 COMPANY INFORMATION

Allianz Nigeria Insurance plc is a public limited liability company which was incorporated in Nigeria in 1993 and commenced operations on 2 October 1998 to transact insurance business as a composite insurer. The Company is principally engaged in the business of providing risk underwriting, claims settlement, investment and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers. The Company currently has its Head Office located at 307, Adeola Odeku Street, Victoria Island, Lagos State, Nigeria. These consolidated and segment information are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the company operates. The financial statements have been rounded to the nearest thousands.

Going Concern

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

2(a) Basis of accounting statement of compliance with International Financial Reporting Standards

The Financial Statements have been prepared in compliance with international Financial Reporting Standards as The Financial statements were authorised for issue by the Board of Directors on 5 March 2020.

(b) Basis of preparation, measurement and presentation currency

The Financial Statements have been prepared on a historical cost basis except for the following:

(i) Financial instruments at fair value through profit or loss are measured at fair value.
(ii) Available-for-sale investment securities are measured at fair value.
(iii) Investment properties are measured at fair value.
(iv) Insurance liabilities are based on actuarial valuations.

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is the Nigerian Naira. The Financial Statements are presented in thousands of Naira (₦'000) (the presentation currency), except where otherwise stated.

(c) New IFRS standards and interpretations not yet adopted

The following new or revised standards and amendments are effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted; however, the Company has elected not to early adopt these standards in preparing these financial statements as it plans to adopt the standards at their respective effective dates.

(i) FRS 17 - Insurance Contracts

IFRS 17 replaces IFRS 4 effective January 1, 2021. It addresses changes in valuation and accounting for insurance contracts. IFRS 17 aims to set high quality and globally accepted financial reporting standards based on clearly outlined principles according to the International Accounting Standards Board (IASB). It will make global insurance reporting aligned and consistent. It also aims to apply uniform accounting standards for all types of insurance contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting year (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a Company of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service year (i.e., coverage year)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service year
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive

income based on the concept of services provided during the year

- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the profit or loss, but are recognised directly on the statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for annual reporting years beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a Company of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company plans to adopt the new standard on the required effective date together with IFRS 9, based on the paragraph above. The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

(ii) IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting years beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Impact assessment

The Company will adopt IFRS 9 Financial Instruments from 1 January 2022. The estimated impact of the adoption of the standard on the Company's equity as at 1 January 2022 will be based on the following assessments below as the actual impact of adopting the standard at 1 January 2022 will be subject to change until the Company prepares and presents its first financial statements that include the date of initial application.

Classification and measurement

The Company currently categorizes the majority of its financial assets as available for sale with the fair value changes recognised in other comprehensive income. Under IFRS 9, the Company has designated these investments as measured at fair value through OCI. Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss and gains or losses will be reclassified to profit or loss on disposal.

Based on its assessment, the Company does not expect that the new classification requirements will have a material impact on its accounting for trade receivables, loans and other receivables, short term placements and other assets, investment in debt securities and investments in equity securities that are managed on a fair value basis.

The above intended classification may change due to the continuous assessment of the requirements of the standard and review of business practices until the first set of financial statements under IFRS 9 is issued.

Impairment

The Company expects that impairment losses are likely to increase for assets in the scope of IFRS 9 impairment model, although they are not expected to be highly volatile.
The approach to impairment assessment under IFRS 9 will be determined by the final classification adopted in 2022.

Summary of significant accounting policies effective during the period

IFRS 16 is a new standard introduced by IASB to replace existing standard IAS 17 - Leases. IFRS 16 is effective for annual years beginning on or after 1 January 2019. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual years beginning on or after 1 January 2019. Early application is permitted. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs

Impact of adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16: Leases on the Company's financial statements.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 19.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- electing not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics

Impact on the financial statements

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2019. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 16.19%.

The Company had no leases previously classified as finance leases.

Right of use assets as at 1 January 2019

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leases for office space.

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

(ii) Long-term interests in associates and joint ventures - Amendments to IAS 28

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. Entities must apply the amendments which is effective for annual years beginning on or after 1 January 2019. retrospectively, with certain exceptions. The amendment also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 - Investments in Associates and Joint Ventures. Early application of the amendment is permitted and must be disclosed. This amendment has no impact on the Company. The amendment is effective for annual reporting years beginning on or after 1 January 2019.

(iii) Prepayment Features with Negative Compensation – Amendments to IFRS 9

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small.

Most likely, the costs to terminate a 'plain vanilla' interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement. the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition.

These amendments is not expected to have any impact on the Company's financial statement as it does not have such financial instruments. The amendment is effective for annual reporting years beginning on or after 1 January 2019.

(iv) Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting year. When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting year. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting year. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting year, an entity is required to:

- Determine current service cost for the remainder of the year after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the year after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change.

The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income. This clarification provides that entities might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts. The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting year that begins on or after 1 January 2019. Early application is permitted and should be disclosed. As the amendments apply prospectively to plan amendments, curtailments or settlements that occur on or after the date of first application. The Company will likely not be affected by these amendments on transition.

(v) Annual Improvements to IFRS Standards 2015-2017 Cycle

Following is a summary of the amendments from the 2015-2017 annual improvements cycle issued in December 2017, all of which are not expected to have any material impact on the Company's financial statements:

- IFRS 3 Business Combinations

The amendments apply to previously held Interests in a joint operation

- The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.
- In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
- An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting year beginning on or after 1 January 2019. Earlier application is permitted.

- IFRS 11 Joint Arrangements

The amendment apply to previously held Interests in a joint operation

- A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.
- An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting year beginning on or after 1 January 2019. Earlier application is permitted.

- IAS 12 - Income Taxes

The amendment apply to income tax consequences of payments on financial instruments classified as equity.

- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

- An entity applies those amendments for annual reporting years beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative year.

- **IAS 23 - Borrowing Costs**

The amendment apply to borrowing costs eligible for capitalisation

- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting year in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting years beginning on or after 1 January 2019. Earlier application is permitted.

(e) Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

I Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year. See note 3(l) on accounting policy on insurance contract liabilities

ii. Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 3(m)(vi) on accounting policy for outstanding claims;

iii. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under note (23) and note 3(t) to cover fluctuations in securities and variation in statistical estimates;

iv. Section 22 (1a) requires the maintenance of a general reserve known as life fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation as set out under note 15(b). The valuation is done annually by the Company, using independent consulting actuaries;

v. Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act as set out under note 49.1;

vi. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid-up share capital with the Central Bank of Nigeria as set out under note 14;

vii. Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 53 for assets allocation that covers policy holders' funds.

The Financial Reporting Council of Nigeria Act No. 6, 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the Financial Reporting Council of Nigeria Act No. 6, 2011 and other Acts which are listed in section 59(1) of the Financial Reporting Council of Nigeria Act No. 6, 2011, the Financial Reporting Council of Nigeria Act No. 6, 2011 shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the Financial Reporting Council of Nigeria Act No. 6, 2011 has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

(i) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3(m)

(ii) on accounting policy for unexpired risk and unearned premium.

3 Significant accounting policies

(a) Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities, and on investments recorded at fair value through profit and loss, denominated in foreign currencies are recognised in the profit or loss. Such foreign exchange gains and losses are presented in the profit or loss within 'Other operating income'.

Changes in the fair value of monetary assets denominated in foreign currency are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in 'other comprehensive income'.

Translation differences on non-monetary assets held at fair value such as equities classified as available-for-sale financial assets are included in 'other comprehensive income'. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, 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 commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial position.

The Company has applied the temporary exemption from IFRS 9 and, therefore, continue to apply IAS 39 to its financial assets and liabilities in its reporting year starting on 1 January 2019.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

The Company has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting year starting on 1 January 2019.

(a) Financial assets

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

(i) Financial assets at fair value through profit or loss;
(ii) Held-to-maturity investments;
(iii) Available-for-sale investment securities
(iv) Loans and receivables

The Company's financial assets include cash and cash equivalents, trade and other receivables, loans and receivables, quoted and unquoted investment securities, debt securities and statutory deposits.

Financial assets are set off and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(b) Initial recognition

The Company initially recognises fixed deposits and securities on the transaction date. All other financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All financial assets are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Subsequent to initial recognition, financial assets are measured either at fair value or amortised cost.

(c) Subsequent measurement

(i) 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 re-measured at fair value, with gains and losses arising from changes in this value recognised in the profit or loss in the year 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 in the profit or loss.

(ii) 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 government bonds and are carried at amortised cost, using the effective interest rate method less any allowance for impairment.

(iii) Available-for-sale

Available-for-sale investments are non-derivative instruments that are not designated as another category of financial assets.

Available-for-sale financial assets are carried at fair value, with the exception of investments in unquoted 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 Statement of Profit or Loss and Other Comprehensive Income upon sale or de-recognition of the investment.

Interest income is recognised in profit or loss using the effective interest method. Dividends received on available-for-sale instruments are recognised in profit or loss when the Company's right to receive payment has been established.

Such investments included unlisted equities and treasury bills. Treasury bills represent short term instruments issued by the Central Bank of Nigeria.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Loans and receivables in the Statement of Financial position comprise staff loans and loans to policy holders.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment (if any). Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Interest on loans and receivables are included in profit or loss and reported as investment income. When the asset is impaired, they are carried on the Statement of Financial position as a deduction from the carrying amount of the loans and receivables and recognised in the statement of profit or loss as "impairment losses".

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are recognised when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables are reviewed at every reporting year for impairment (see note 3(d)(iii) for the accounting policy on impairment of trade receivables).

(v) Fair value measurement

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

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where an appropriate and reliable valuation technique cannot be achieved the instrument is carried at cost.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis during the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where an appropriate and reliable valuation technique cannot be achieved the instrument is carried at cost.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the change has occurred. The Company discloses fair value of all its financial instruments.

See Note 4 on critical accounting judgments and estimates and Note 52 on fair value methods and assumptions. Note 54 includes fair value balances of financial assets and liabilities.

(vi) De-recognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum

of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.
The Company enters into transactions whereby it transfers assets recognised on its Statement of Financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(d) Impairment of assets

(i) financial assets carried at amortised cost

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. Debt securities are 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. Observable data or evidence that the Company uses to determine if an impairment allowance is required on a debt securities include:

- Significant financial difficulty of the issuer or debtor;
- A break of contract, such as default or delinquency in payments;
- Becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization
- The disappearance off an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets of the Company.

For financial assets measured at amortised cost, the Company 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. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

Trade receivables arising from insurance contracts represent premium debtors with determinable payments that are not quoted in an active market and the Company has no intention to sell. Trade receivables are recognised when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 31 days, in conformity with the "No premium, No cover" policy. Trade receivables that are individually identified as impaired are assessed for specific impairment. All other trade receivables are assessed for collective impairment.

Receivables are stated net of impairment determined in line with financial assets carried at amortised cost.

(ii) Assets classified as available-for-sale

Available-for-sale debt securities are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a year of 9 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

All impairment losses are recognised through profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to the profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in the profit or loss is the difference between the acquisition cost and the current fair

value, less any previously recognised impairment loss.
Subsequent decreases in the amount relating to an impairment loss for a debt instrument classified as available for sale, that can be linked objectively to an event occurring after the impairment loss was recognised in the profit or loss, is reversed through the profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the profit or loss, but the increase in fair value is accounted for directly in equity.

(iii) Impairment of non-financial assets

The Company's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior years 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.

(e) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include: investment contract liabilities, borrowings, trade payables and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of profit or loss.

(f) Other receivables and prepayments

Other receivables are measured at amortised cost and stated after deductions of amount considered impaired. See 3(d)(i) for policy on impairment of assets. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit and loss account. Other receivables are primarily sundry debtors and accrued income.

Prepayments are carried at cost less accumulated impairment losses and are amortised on a straight line basis to the profit and loss account.

(g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

– the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

The Company primarily leases buildings for use as office space and car parks. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 1 year to 5 years. On renewal of a lease, the terms may be renegotiated. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.
From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by Allianz Nigeria Insurance under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects Allianz Nigeria Insurance exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Allianz Nigeria Insurance and makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

Impact on the financial statements

	As at 31 December 2018 ₦'000	Reclassification ₦'000	Remeasurement ₦'000	As at 1 January 2019 ₦'000
Assets				
Right of use assets	-	-	254,359	254,359
Prepayment	125,781	(125,781)	-	-
	125,781	**(125,781)**	**254,359**	**254,359**
Liabilities				
Lease Liabilities	-	-	128,578	128,578
	-	**-**	**128,578**	**128,578**

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than $5,000 when new, e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. the Company has no short term or low value leases as at the reporting date.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or Allianz Nigeria Insurance becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

Extension and termination options

Extension and termination options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the Company and some of the termination options held are exercisable only by the Company.

(h) Investment properties

Recognition and measurement

Investment property comprises investment in land and buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognised 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. The Company's investment property is subsequently measured at fair value, adjusted if necessary, for any difference in the nature, location or condition of the specific asset, 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.

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 separate from the property and equipment used for the purposes of the business. Valuations are conducted annually by an independent valuation specialist.

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit or loss in the year of de-recognition.

Transfers

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

(i) Intangible assets

Software

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible assets are attributable 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 are not included.

Cost incurred on owned developed software are capitalised over the period of development before deployment. Expenditure relating to research and education are expensed once incurred.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is four years subject to annual reassessment.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Intangible assets are reviewed at each reporting date for impairment (see note 3(d)(iii) for accounting policy on impairment of non financial assets).

(j) Property and equipment

(a) Recognition & measurement

All items of property and equipment are initially measured at cost, except for leasehold land and buildings, and subsequently at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of items of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised within other income in profit or loss.

When leasehold land is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the land and the net amount restated to the revalued amount. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income. The revaluation surplus on the leasehold land is transferred to retained earnings when the assets is derecognised.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the profit or loss, in which case it is recognised in profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit and loss.

(b) Subsequent costs

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

(c) Depreciation

Depreciation is calculated on property 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. Depreciation is not charged on property and equipment until they are available for 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:

Buildings	-	50 years
Office equipment	-	3 years to 5 years
Computer equipment	-	3 years to 5 years
Furniture and fittings	-	3 years to 5 years
Motor vehicles	-	4 years to 6 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. The estimated useful lives of property and equipment were adjusted in the year to reflect the present economic consumption of the assets.

(d) De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognised from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognised in the profit or loss in the year of de-recognition. Any revaluation reserve relating to an asset being sold is transferred to retained earnings.

(k) Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Company to be placed with the Central Bank of Nigeria in accordance with section 10 (3) of the Insurance Act of Nigeria. These deposits are stated at cost. Interest on statutory deposits is recognised as earned in other operating income.

(l) Insurance contract

(i) Types of insurance contracts

The Company classify insurance contract into non- life and life insurance contracts.

- ***Non life insurance contract***

  These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Company's customers 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 (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property 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. They are short term in nature.

- **Life insurance contract**
  These contracts insure events associated with human life (for example, death or survival) over a long duration.

(ii) Classification of insurance contracts

The Company enters into insurance contracts as its primary business activities. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary.

(m) Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 3(m). Insurance contract liabilities are determined as follows:

(i) Non-life insurance contract

Reserve for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

Reserve for outstanding claims

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

Liability adequacy test

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the profit or loss. Insurance contract liabilities are subject to liability adequacy testing on an annual basis. The method of valuation and assumptions used, the cash flows considered and the discounting and aggregation practices adopted have been set out as part of the note below.

Reserving Methodology and Assumptions

For non-life insurance risks, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the undiscounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub – divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

Discounted Inflation-adjusted Basic Chain Ladder method

Historical incremetal claims paid were grouped into 7 to 10 years cohorts by class of business – representing when they were paid after their accident year. These cohorts are called claim development years and the patterns for 7 to 10 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment years in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding.

Expected Loss Ratio method

This model assumes that the average delay in the payment of claims will continue into the future. Additionally, an estimate of the average ultimate loss ratio was assumed. The method was adopted for the classes of business where there was very limited data. For the four classes of business namely Aviation, Bond, Marine and Oil and Gas, there was very limited data. A Discounted Inflation-adjusted Basic Chain Ladder method was therefore inappropriate. The reserve was calculated as the expected average ultimate loss ratio for the assumed average delay year multiplied by earned premium for the assumed delay year minus current experience to the reporting date relating to the accident months that the delay affects.

Assumptions underlying the methods:

- The future claims follows a regression pattern from the historical data. Hence, Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development years.
- The run off year is eight (8) years and hence the method assumes no more claims will be paid subsequently.
- For the chain ladder, it is assumed that weighted past average inflation will remain unchanged into the future.
- The gross claim amount includes all related claim expenses else , a separate reserve would be held to cover claim expenses.
- The Unexpired premium reserve is calculated on the assumption that risk would occur evenly during the duration of the policy.

Discounting

No allowance has been made for discounting as these reserve are for short-term contracts, the effect of discounting is not expected to have a significant impact on the reserve.

Sensitivity analysis

Sensitivity analyses are performed to test the variability around the reserve that are calculated at the best estimate level. The sensitivity analysis is done to determine how the IBNR reserve amount would change if a 75th percentile is considered as opposed to the best estimate figures included in reserve reviews as at 31 December 2019. The 75th percentile is a generally accepted level of prudency. Refer to Note 16 for more details.

(ii) Life insurance contracts

(a) Life fund

This is made up of net liabilities on policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the statement of profit or loss.

(b) Reserving methodology and assumptions

Data segmentation

The data used for reserving is segmented into the 2 classes as follows:

- Individual life business
- Group life business

Valuation and assumptions

The basic chain ladder method is used for both the individual business and group business

- the valuation age is taken as Age Last Birthday at the valuation date;
- the year to maturity is taken as the full term of the policy less the expired term;
- full credit is given to premiums due between valuation date and the end of the premium paying term.

An unexpired premium reserve is included for Group Life business, after allowing for acquisition expenses at a ratio of 20% premium. The UPR is tested against an additional Unexpired Risk Reserve (AURR), using pooled industry claims data for the underlying assumptions. The resulting AURR was zero, giving comfort that the UPR is sufficient.

(iii) Commission income

Commission income is recognised on ceding business to the reinsurer, and are credited to the statement of profit or loss and other comprehensive income.

(iv) Underwriting expenses

Underwriting expenses comprise acquisition and maintenance expenses.

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition costs which are recognised on a time apportionment basis in respect of risk.

(m) Insurance contract (Recognition and measurement)

(i) Gross premium written

Gross premiums written 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 year.

Premiums on reinsurance inward are included in gross premium written and accounted for as if the reinsurance was direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting year as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of premium earned.

The gross premium earned represents premiums as earned from the date of attachment of risk, over the insurance year on a time apportionment basis.

(ii) Unearned premiums

Unearned premiums are proportion of premiums written in the year that relate to years of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, 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 year of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance assets and liabilities

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net potential losses on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct credit obligations to its policyholders.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred.

The Company had the right to set-off re-insurance payables against the amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

Reinsurance recoverable are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the statement of profit or loss and other comprehensive income.

(iv) Reinsurance expense

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

(v) Claims expenses

Claims and loss adjustment expenses are charged to statement of profit or loss as incurred based on the estimated liability for compensation owed to the contract holders or beneficiaries. They include direct and indirect claims settlement cost and arise from events that have occurred up to the reporting year, whether they have been reported or not.

(vi) Outstanding claims

The provision for outstanding claims, is estimated based on historic information on reported cases 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 year in which adjustments are made, and disclosed separately if material.

The measurement of outstanding claims have been detailed out under note 3(l) (Insurance contract liabilities).

Reinsurance recoverable are recognised when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the statement of profit or loss and other comprehensive income.

(vii) Salvages

Some non-life insurance contracts permit 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 clients property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expense.

(viii) Subrogation

Subrogation is the right for 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 recognised in other assets when the liability is settled and the Company has the right to receive future cash flow from the third party.

(ix) Receivables and payables related to insurance contracts

Insurance receivables and payables are recognised when due. These include amounts due to and from agents, brokers, insurance contract holders and claims expenses receivable from re-insurers. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises the impairment loss in the income statement. The Company determines the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated using the same method used for these financial assets.

(x) Deferred acquisition cost

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium to written premium.

(n) Investment contracts

Investment contracts are those contracts that transfer financial risks with no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Company enters into investment contracts with guaranteed returns and other businesses of savings nature. Those contracts are recognised as liabilities and are measured at amount payable at each reporting date. The Company does not have contracts with discretionary participating features.

The investment contracts are accounted for as financial instruments and measured at amortised cost.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Bank overdrafts are the Company's primary source of borrowed funds.

(p) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. The company has the right to set-off reinsurance payables against the amount due from reinsurers and brokers in line with the agreement between both parties. Trade payables includes reinsurance liabilities which are primarily premiums payable on reinsurance contracts entered into by the company and are recognised as at when incurred. Commissions payable to brokers also form part of trade payables.

(q) Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. Other payables includes settlements due to suppliers and contractors who provide goods and services to the Company.

(r) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at the rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(s) Taxation

Income tax comprises current and deferred tax currently payable. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(s(i)) Current income tax

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

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

The Company applies the provisions of the Companies Income Tax Act that mandate a minimum tax assessment, where a Company incurred a tax loss or where a Company's total profit results in no tax payable or tax payable which is less than the minimum tax, the Company would be liable to pay the minimum tax.

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.

(s(ii)) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, if the deferred tax arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax is realisable or the deferred income tax liability is payable.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.
Deferred tax related to fair value re-measurement of

available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged to other comprehensive income and subsequently recognised in the statement of profit or loss and other comprehensive income, together with the deferred gain or loss.

Deferred tax is not recognised for differences arising from investment property measured at fair value whose carrying amount will be recovered through use.

(t) Equity

(t(i)) Share capital & equity reserve

(a) Share capital

The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognised as deductions from equity net of any tax effects.

(b) Dividend on ordinary shares

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

Dividend distribution to the Company's shareholders is recognised as a liability in the Financial Statements in the year in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the Financial Statements.

(c) Retained earnings/(accumulated losses)

The net profits or losses from operations in current and prior years are accumulated in retained earnings less distributions to equity holders.

(d) Irredeemable convertible notes

The Company classifies capital instruments as financial liabilities or equity in accordance with the applicable IFRS. The Company's convertible notes are irredeemable by the holder. Accordingly they are presented within equity.

(t(ii)) Statutory contingency reserve

In compliance with Section 21(1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 per cent of net premium. While life business the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (which ever is greater) and accumulated until it reached the amount of minimum paid up capital.

(u) Asset revaluation reserve

Assets revaluation reserve represents the fair value differences on the revaluation of items of property and equipment as at the reporting date.

(v) Fair value reserve

Fair value reserve represents the fair value differences on available for sale financial assets carried at fair value as at the reporting date.

(w) Contingent liabilities

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

(x) Revenue recognition

Insurance contracts:

Revenue and expenses in respect of insurance contracts are summarised in Note 3(m).

IFRS 15 – Revenue from Contracts with Customers, published on May 28, 2014, amended on September 11, 2015 and on April 12, 2016, provides a principle-based approach for revenue recognition. The new model applies to all revenues arising from contracts with customers except those that are within the scope of other IFRS such as: insurance contracts, lease contracts and financial instruments.

Under IFRS 15, revenue is recognised when the Company satisfies a performance obligation by transferring a service to a customer. Revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The new insurance contracts standard explicitly addresses the unbundling of non-insurance goods and services. For revenue recognition purposes, the Company looks first to the unbundling guidance in other standards and therefore does not change the current guidance for unbundling goods and services within insurance contracts under IFRS 4.

However, under IFRS 4, the Company may voluntarily change their accounting policies to unbundle contracts with customers and recognise and measure them in accordance with the new revenue standard if this change makes the financial statements more relevant and no less reliable, or more reliable and no less relevant. Integrated service components, such as claims handling within a property/casualty contract or asset management services within a life insurance contract are separated. This service may theoretically occur over-time, with a time-based measure of progress, which is relevant as the service is provided continuously over the contract year. However, according to IFRS 15, revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Where revenue received by the Company are generally calculated based on an explicit contractual agreement and identified performance, transaction price is allocated to all promises in the arrangement. Multiple elements of services are documented, performance obligations are identified and revenue allocated where material. Variable considerations, which are subject to market volatility and are recognised only when uncertainty is resolved.

An insurance entity will apply the separation and/or measurement guidance in other applicable standards to determine whether all or part of a contract is within the scope of another standard, and then apply the guidance in the new revenue standard to any remaining components. An insurance entity will apply the separation and/or measurement guidance in the new revenue standard if the other standard does not include separation and/or measurement guidance.

Investment contracts partially within the scope of the new revenue standard .

An example of 'an arrangement partly in the scope of the new revenue standard' under IFRS is an investment contract that has a service component (see 'Asset management services provided by insurance entities' below).

Insurance entities evaluate the terms of the contract and their customary business practices to identify each performance obligation. The transaction price for the contract is allocated to each performance obligation and recognised when those obligations are satisfied.

Performance obligations include promises that are explicit or implied by customer business practices, published policies or specific statement. Insurance entities that previously did not allocate revenue to services, because they did not arise from an explicit contractual arrangement, will need to allocate the transaction price to all promises in the arrangement under the new standard.

Multiple elements of any services will need to be documented, performance obligations identified and revenue allocated where material.

If the entire contract qualifies as an insurance contract, the insurance contracts guidance should be applied.

(i) 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 and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within 'investment income' and 'finance costs' in the profit or loss 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 Company reduces the carrying amount to its impaired amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

(ii) Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established and is stated net of withholding tax. The right to receive dividend is established when the dividend has been duly declared.

(iii) Other operating income

Other operating income comprise income of a secondary nature in relation to the Company's activities, including gains on disposal of property and equipments, unrealised foreign exchange gain and other sundry income.

(y) Management and other operating expenses

Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis and comprise employee benefits, depreciation and other operating expenses.

(z) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the reporting 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 Company 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.

(ii) Post Employment Benefits

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Company pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay (through deduction from payroll) 8% to the same entity. Once the contributions have been paid, the Company 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 Company's obligations are recognised in the profit or loss account.

(aa) Hypothecation of assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 wherein the policyholders' assets and funds are not co-mingled with assets and funds that belong to shareholders and other funds.

In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

The assets hypothecated are shown in Note 53 to the Financial Statements.

(ab) Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The responsibility for the defining the business segment lies with the Managing Director, who is the Chief Operating Decision Maker (CODM) for the Company.

The Company's primary format for segment reporting is based on business segments: Life and Non-life (General).

(ac) Annuity

The Company operates deferred and immediate annuity plans with guaranteed interest to its annuitants. Annuity is a contract that ensures steady cashflow to annuitants for a defined year usually for the entire remaining life of the annuitant subject to a guaranteed year of 10 years.

The purchase amount on annuity contracts is recognised as premium written on day of attachment and the periodic cash payments made to annuitants are recognised as claims expense.

Reserve for annuity liabilities are recognised in the profit or loss as changes in insurance contract liabilities. The adequacy of the liabilities are reviewed annually by an independent actuary.

4 Critical accounting estimates and judgements

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

(a) IBNR claims liability made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

The IBNR reserves are determined using deterministic calculations which provide a "best estimate" of the reserve. The "best-estimate" is determined by applying a combination of the Basic Chain Ladder ("BCL") and the Bornhuetter Ferguson ("BF") methods to attritional paid claims triangles. The combination between a BCL and BF methods aims to reflect the reliability of information when estimating the IBNR. For earlier accident years, where the development is reasonably mature, a BCL approach was used which relied more heavily on the data to set the ultimate level of claims. For later accident periods where there still exists a large degree of uncertainty about the ultimate level of claims and the reported to date is a less reliable estimate of the ultimate loss, a BF method is used which makes use of an estimate of the ultimate loss ratio.

The results of the Inflation Adjusted Chain Ladder method and Bornhuetter-Ferguson are dependent upon the stability of the triangulated claims information used to derive the claims development patterns. The triangulations are examined for any anomalous movements that may have distorted the estimated patterns in order to smooth these out. This prevents distortion of the results by once-off extreme movements and therefore ensures a stable result from year to year.

The main assumption underlying these technique is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and 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, (for example 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. The carrying value at the reporting date of insurance contract liabilities (note 16) is ₦11,889.724,000 (Dec 2018: ₦8,226,705,000).

The Company's available-for-sale equity financial assets were assessed for impairment during the year, but no objective evidence of impairment was identified. See note 6(b)(iii).

(b) Fair value of financial instruments

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(c)(iii) of the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- **Level 1:** Quoted market price in an active market for an identical instrument.

- **Level 2:** Valuation techniques based on observable market inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.
The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

Where an appropriate and reliable valuation technique cannot be achieved, the instrument is carried at cost.
All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counter party risk), volatilities and correlations require management to make estimates.

Financial instruments measured at fair value

Below is the analysis of financial instruments measured at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
31 December 2019					
Available-for-sale financial assets	6(iii)	8,140,805	756,751	-	8,897,556
Financial assets at fair value through profit or loss	6(iv)	72,580	-	-	72,580
		8,213,385	**756,751**	**-**	**8,970,136**
31 December 2018					
Available-for-sale financial assets	6(iii)	6,505,211	830,785	-	7,335,997
Financial assets at fair value through profit or loss	6(iv)	2,660	-	-	2,660
		6,507,871	**830,785**	**-**	**7,338,657**

Determination of fair value for instruments measured at fair value

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy.
The Chief Financial Officer (CFO) validates fair value estimates by:
- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The CFO also challenges the model calibration on at least an annual basis or when significant events in the relevant markets occur. The CFO is responsible for ensuring that the final reported fair value figures are in compliance with IFRS and proposes adjustments when needed. When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the CFO is also responsible for:
- Verifying and challenging the approved list of providers
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

Valuation techniques and specific considerations for Level 3 inputs are further explained below:

Valuation methods and assumptions

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate the fair values:
- The fair value of financial assets such as cash and cash equivalents, treasury bills, reinsurance assets, loans and receivables as well as financial liabilities such as borrowings, investment contract liabilities and other payables are estimated by discounting future cash flows

using rates currently available for debt with similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for the significant unobservable inputs and determines their impact on the total fair value.

- Fair value of other financial assets at fair value through OCI is derived from quoted market prices in active markets.

Financial instruments not measured at fair value

The table below sets out the fair value of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

In thousands of Nigerian Naira	Note	Fair Value	Level 1	Level 2	Level 3	Carrying Amount
31 December 2019						
Assets						
Cash and cash equivalents	5	2,311,311	-	2,311,311	-	2,311,311
Loans and receivables	6(c)	9,166	-	-	9,166	9,166
Trade receivables	7	156,556	-	-	156,556	156,556
Recoverable from reinsurers on claims paid	8	1,865	-	-	1,865	1,865
Other receivables		69,489	-	-	69,489	69,489
Statutory deposits	14	500,000	-	500,000	-	500,000
		3,048,387	-	2,811,311	237,076	3,048,387
Liabilities						
Borrowings	15	-	-	-	-	-
Investment contract liabilities	17	1,204,087	-	-	1,204,087	1,204,087
Trade payables	18	370,724	-	-	370,724	370,724
Other creditors		627,264	-	-	627,264	627,264
		2,202,075	-	-	2,202,075	2,202,075

In thousands of Nigerian Naira	Note	Fair Value	Level 1	Level 2	Level 3	Carrying Amount
31 December 2018						
Assets						
Cash and cash equivalents	5	3,582,363	-	3,582,363	-	3,582,363
Debt securities-held to maturity		-	-	196,016	-	-
Available-for-sale financial assets	6(a)	495,000	-	-	495,000	495,000
Loans and receivables	6(c)	10,489	-	-	10,489	10,489
Trade receivables	7	69,838	-	-	69,838	69,838
Recoverable from reinsurers on claims paid	8	162,500	-	-	162,500	162,500
Other receivables		208,803	-	-	208,803	208,803
Statutory deposits	14	500,000	-	500,000	-	500,000
		5,028,993	-	4,082,363	946,175	5,028,538
Liabilities						
Borrowings	15	166,755	-	-	166,755	166,755
Investment contract liabilities	17	934,245	-	-	934,245	934,245
Trade payables	18	297,471	-	-	297,471	297,471
Other payables		242,268	-	-	242,268	242,268
		1,640,739	-	-	1,640,739	1,640,739

The fair value for these financial instruments is calculated by applying other valuation techniques for which all significant inputs are based on observable market data. There have been no significant transfers between Levels 1 and 2 in 2019 and 2018.

(a) Determination of fair value for instruments not measured at fair value

Management has assessed that the fair values of cash and cash equivalents, reinsurance assets, other receivables, statutory deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of loans and receivables was determined using the discounting cashflow method with prime lending rate of 16% (2018: 17%) as the discount factor.

(b) Impairment of trade receivables (premium debtors)

The Company assesses at the end of every reporting year whether there is any objective evidence that its premium receivable is impaired (See note 7).

The Company also determines whether impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated, or a trigger event is identified.

The following impairment triggers have been set by the Company:

(a) significant financial difficulty of the premium debtor;

(b) significant financial difficulty of the broker;

(c) a breach of agreements, such as payment defaults or delinquency in premium payments;

(d) it becoming probable that the premium debtor will enter bankruptcy or other financial reorganisation.

If any of the impairment triggers are identified, the Company specifically assesses the premium debt for impairment.

In line with the NAICOM guideline, trade receiveables outstanding after 30 days are considered impaired and allowance made for them (See note 7).

(c) Outstanding claims arising from insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The reserve made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deem the reserve as adequate.

(d) Determination of impairment of property and equipment, and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

(e) Recognition of deferred tax assets

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that in management's judgements it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The recoverability of deferred tax asset is assessed by management annually by considering the future profitability of the Company over a projected period of 5 years. Recognition of deferred tax asset is to the extent that management deems recoverable and can be utilised against future profits.

(f) Valuation of investment properties

Investment properties are measured at fair value. Fair value is determined by an independent valuer. The valuation is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. Comparable prices are adjusted for specific market factors such as nature, location and condition of the property (See note 11).

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 ₦'000	31 December 2018 ₦'000
-			
Assets			
Cash and cash equivalents	5	2,311,311	3,582,363
Financial assets	6	8,979,302	7,349,146
Trade receivables	7	156,556	69,838
Reinsurance assets	8	4,716,085	3,913,090
Deferred acquisition costs	9	440,554	257,278
Prepayments and other receivables	10	468,071	652,265
Investment properties	11	1,694,100	2,354,100
Intangible assets	12	411,172	12,611
Property and equipment	13	527,904	603,195
Statutory deposits	14	500,000	500,000
Deferred tax assets	21	396,801	527,821
Total assets		**20,601,856**	**19,821,707**
Liabilities			
Borrowings	15	-	166,755
Insurance contract liabilities	16	11,889,724	8,266,705
Investment contract liabilities	17	1,204,087	934,245
Trade payables	18	370,724	297,471
Accruals and other payables	19	915,044	407,013
Company income tax payable	20	83,729	138,681
Deferred tax liabilities	21	-	-
Total liabilities		**14,463,308**	**10,210,870**
Net assets		**6,138,548**	**9,610,837**
Equity			
Share capital	22	9,969,425	7,819,157
Share premium	23	3,594,648	780,047
Irredeemable convertible notes	22d	-	5,000,000
Statutory contingency reserve	24	1,766,058	1,498,813
Fair value reserve	25	509,543	203,831
Asset revaluation reserve	26	280,551	280,551
Accumulated losses	27	(9,981,677)	(5,971,562)
Shareholders' funds		**6,138,548**	**9,610,837**

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 04 September 2020 and signed on its behalf by:

Mr.Fola Adeola
FRC/2013/ICAN/00000002985
Chairman

Mr. Olasunkanmi Adekeye
FRC/2016/CIIN/00000013813
Managing Director

Mr. Uyi Osagie
FRC/2016/ICAN/00000015704
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	31 December 2019 ₦'000	31 December 2018 ₦'000
-			
Gross premium written	28	12,747,048	10,007,524
Gross premium income	29	11,271,088	9,750,309
Reinsurance premium expense	30	(5,815,912)	(6,034,259)
Net premium income		**5,455,176**	**3,716,050**
Fees and commission income	31	723,057	726,088
Net underwriting income		**6,178,233**	**4,442,138**
Changes in individual life reserve	16(bi)	(337,182)	90,499
Net claims expenses	32	(3,600,893)	(2,214,626)
Benefit payments	33	(474,866)	(507,165)
Underwriting expenses	34	(1,928,154)	(1,222,019)
Underwriting (loss)/profit		**(162,862)**	**588,827**
Management and administrative expenses	40	(4,090,461)	(2,761,070)
Impairment charges	(a)	(2,255)	-
Operating loss		**(4,255,578)**	**(2,172,243)**
Investment income	35(a)	1,193,433	308,865
(loss)/gain on investment contract liabilities	36	(32,270)	80,665
Net realised loss	37	(2,959)	(28,500)
Net fair value (loss)/gain	38	(646,458)	190,000
Other operating income	39	74,385	174,761
Loss before income tax expense		**(3,669,447)**	**(1,446,452)**
Income tax (charge) / write-back	42	(73,423)	557,901
Loss after income tax expense		**(3,742,870)**	**(888,551)**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax);			
Net gain on available-for-sale financial assets	25	305,712	172,782
Other comprehensive income for the year		305,712	172,782
Total comprehensive loss for the year		**(3,437,158)**	**(715,769)**
Loss per share - Basic	27(b)	(18.77)	(4.90)
Loss per share - Diluted	27(b)	(18.77)	(4.90)

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share Capital ₦'000	Share premium ₦'000	Irredeemable Convertible Notes ₦'000	Statutory contingency reserve ₦'000	Fair value reserve ₦'000	Asset revaluation reserve ₦'000	Accumulated losses ₦'000	Total ₦'000
Balance at 1 January 2019	**7,819,157**	**780,047**	**5,000,000**	**1,498,813**	**203,831**	**-**	**(5,971,562)**	**9,610,837**
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	-	-	(3,742,870)	(3,742,870)
Transfer from asset revaluation reserve (see note 25)	-	-	-	-	-	-	-	-
Transfer to statutory contingency reserve	-	-	-	267,245	-	-	(267,245)	-
	-	-	-	**267,245**	-	**-**	**(4,010,115)**	**(3,742,870)**
Other comprehensive income:								
Fair value gain on available-for-sale financial assets (net of tax) note 25	-	-	-	-	305,712	-	-	305,712
Total comprehensive income for the year	-	-	-	**267,245**	**305,712**	**-**	**(4,010,115)**	**(3,437,158)**
Transactions with owners in their capacity as owners:								
Refund of unutilised loan note to existing shareholder			(58,482)					(58,482)
Reversal of excess share issue provision	-	19,253	-	-	-	-	-	19,253
Issue of additional irredeemable convertible notes	2,150,268	2,795,348	-	-	-	-	-	4,945,616
Conversion of irredemable convertible notes (note 22(d))	-	-	(4,941,518)	-	-	-	-	(4,941,518)
	2,150,268	**2,814,601**	**(5,000,000)**	-	-	-	-	**(35,131)**
Balance as at 31 December 2019	**9,969,425**	**3,594,648**	**-**	**1,766,058**	**509,543**	**-**	**(9,981,677)**	**6,138,548**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share Capital ₦'000	Share premium ₦'000	Irredeemable Convertible Notes ₦'000	Statutory contingency reserve ₦'000	Fair value reserve ₦'000	Asset revaluation reserve ₦'000	Accumulated losses ₦'000	Total ₦'000
Balance as at 1 January 2018	3,757,549	864,902	4,061,608	1,282,717	31,049	280,551	(4,866,915)	5,411,461
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	-	-	(888,551)	(888,551)
Transfer to statutory contingency reserve	-	-	-	216,096	-	-	(216,096)	-
	-	-	-	216,096	-	-	(1,104,647)	(888,551)
Other comprehensive income:								
Fair value loss on available-for-sale financial assets (net of tax)	-	-	-	-	172,782	-	-	172,782
Total comprehensive income for the year:	-	-	-	**216,096**	**172,782**	-	**(1,104,647)**	**(715,769)**
Transactions with owners in their capacity as owners:								
Share issue expenses	-	(84,855)	-	-	-	-	-	(84,855)
Issue of additional irredeemable convertible notes	-	-	5,000,000	-	-	-	-	5,000,000
Conversion of irredemable convertible notes (note 22(c))	4,061,608		(4,061,608)	-	-	-	-	-
	4,061,608	**(84,855)**	**938,392**	-	-	-	-	4,915,145
Balance as at 31 December 2018	**7,819,157**	**780,047**	**5,000,000**	**1,498,813**	**203,831**	**280,551**	**(5,971,562)**	**9,610,837**

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 ₦'000	2018 ₦'000
Cash flows from operating activities:			
Premium received	7(e)	12,660,330	9,985,396
Commission received	31	820,019	756,728
Commission paid	18(a)	(1,634,210)	(1,099,855)
Maintenance cost	34(a)	(477,219)	(218,937)
Reinsurance premium paid	18(b)	(6,538,437)	(6,190,092)
Recoveries from reinsurance on claims paid		2,404,563	3,664,958
Payment of NAICOM fine		-	(1,499,000)
Claims paid	32	(4,331,018)	(5,230,088)
Benefit paid	16(d)	(474,956)	(507,165)
Payment to employees		(1,545,816)	(1,042,566)
Unallocated premiums received		(21,249)	-
Other operating cash payments		(1,363,994)	(1,870,054)
Other income received	39	64,821	76,830
Withdrawals from investment contract liabilities	17	(140,666)	(293,598)
Deposits received	17	355,896	126,663
Rent paid		(173,868)	(246,586)
Repayments to policyholders		(1,323)	(45,065)
Rent received	19(a)	22,250	22,250
Income tax paid	20	(128,375)	(41,241)
Net cash flows used in operating activities		**(503,252)**	**(3,651,422)**
Cash flows from investing activities:			
Proceeds from sale of property and equipment		-	8,248
Proceeds from principal maturity on held--to-maturity securities		-	202,505
Interest received on bonds		622,417	-
Interest received on cash and cash equivalent		126,513	178,666
Maturity of bonds & treasury bills		7,087,716	-
Purchase of equity		-	(2,660)
Purchase of treasury bills		(7,896,407)	(6,500,351)
Purchase of property and equipment		(155,699)	(574,023)
Purchase of intangible assets	12	(404,179)	(13,368)
Improvement of investment property	11b	(3,792)	-
Proceeds on the disposal of financial assets at fair value through profit or loss	6(iv)	2,324	-
Proceeds from the disposal of investment property		8,000	400,000
Dividends received	35 (a)	60,532	69,445
Net cash flows from investing activities		**(552,575)**	**(6,231,538)**
Cash flows from financing activities			
Increase in overdraft facility		(166,755)	32,410
Repayment of short term facility		-	(119,863)
Additional irredeemable convertible notes issued	22(d)	-	5,000,000
Refund of unutilised loan note to existing shareholder		(58,482)	-
Cash received from NCI on right issue		4,098	-
Net cash flows from financing activities		**(221,139)**	**4,912,547**
Net decrease in cash and cash equivalents		**(1,276,966)**	**(4,970,413)**
Cash and cash equivalents, beginning of the year		3,582,363	24,016
Release of escrow funds		-	8,603,507
Net foreign exchange differences in cash and cash equivalents		5,914	(74,747)
Cash and cash equivalents, end of the year	5	**2,311,311**	**3,582,363**

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

5 Cash and cash equivalents

Cash and cash equivalents represent bank accounts balances and short-term placements with maturity of less than 3 months and comprises;

	31 December 2019 ₦'000	31 December 2018 ₦'000
Cash in hand	1,470	652
Cash at bank - local currency	1,083,027	97,537
Cash at bank - foreign currency	1,219,338	575,413
Short-term placements	6,476	2,908,761
	2,311,311	**3,582,363**

Short-term placements are made for periods varying from one day to three months from origination date, depending on the immediate cash requirements of the Company. The average interest rate is 12% per annum (2018: 9.64%). The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	-	8,603,507
Withdrawals of accrued interest during the year	(55,701)	(55,701)
Withdrawals of principal during the year	(8,557,329)	(8,557,329)
Interest earned	36,102	36,102
Realised foreign exchange loss during the year	(26,579)	(26,579)
Unrealised foreign exchange gain during the year	-	-
Balance, end of the year	**-**	**-**

(ii) Other domiciliary account balance	31 December 2019 ₦'000	31 December 2018 ₦'000
	1,219,338	575,413
Balances in other domiciliary accounts	**1,219,338**	**575,413**

Included in other operating income in Note 39 is the realised foreign exchange loss on escrow recognised during the year.

(c) Reconciliation of cash flow statement to cash and cash equivalents

	31 December 2019 ₦'000	31 December 2018 ₦'000
Cash and cash equivalents	2,311,311	3,582,363
Funds in escrow account	-	-
Cash as per statement of cash flows	**2,311,311**	**3,582,363**

(d)

	31 December 2019 ₦'000	31 December 2018 ₦'000
Current	2,311,311	286,241
Non-current	-	3,296,122
	2,311,311	**3,582,363**

6 Financial assets

(i) The financial assets are summarised below by measurement category in the table below:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Available-for-sale (see note 6(a) below)	8,897,556	7,335,997
Fair value through profit or loss (see note 6(b) below)	72,580	2,660
Loans and receivables (see note 6(c) below)	9,166	10,489
	8,979,302	**7,349,146**

The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

(ii) Analysis of pledged and non-pledged assets

31 December 2019

	Pledged assets ₦'000	Non-pledged assets ₦'000	Total ₦'000	Fair value ₦'000
Available for sale	-	8,897,556	8,897,556	8,897,556
Financial assets at fair value through profit or loss	-	72,580	72,580	72,580
Loans and receivables	-	9,166	9,166	8,767
	-	**8,979,302**	**8,979,302**	**8,978,903**

	Pledged assets ₦'000	Non-pledged assets ₦'000	Total ₦'000	Fair value ₦'000
Available for sale	-	7,335,997	7,335,997	7,335,997
Financial assets at fair value through profit or loss	-	2,660	2,660	2,660
Loans and receivables	-	10,489	10,489	9,138
	-	**7,349,146**	**7,349,146**	**7,347,795**

(iii) The financial assets are summarized below by nature of investment in the table below:

31 December 2019	*At amortised cost* Loans and receivables ₦'000	Available for Sale ₦'000	*At fair value* Fair value through profit or loss ₦'000	Total ₦'000
	-	-	-	-
Bonds & Treasury bills (see note 6(a(i))	-	8,140,805	-	8,140,805
Quoted equity and mutual funds (see note 6(a & b))	-	756,751	72,580	829,331
Loans to policy holders and other receivables (see note 6(c)	9,166	-	-	9,166
	9,166	**8,897,556**	**72,580**	**8,979,302**

31 December 2018	*At amortised cost* Loans and receivables ₦'000	Available for Sale ₦'000	*At fair value* Fair value through profit or loss ₦'000	Total ₦'000
Bonds & Treasury bills (see note 6(a(i))	-	6,505,211	-	6,505,211
Quoted equity and mutual funds (see note 6(b) below)	-	830,786	2,660	833,446
Loans to policy holders and other receivables (see note 6(d) below)	10,489	-	-	10,489
	10,489	**7,335,997**	**2,660**	**7,349,146**

		31 December 2019 ₦'000	31 December 2018 ₦'000
(iv)	*Movement in financial assets is shown below:*		
	Balance, beginning of the year	7,349,146	829,608
	Settlement of loans and receivables	(1,323)	(40,443)
	Proceeds received on disposal of equity	(2,324)	-
	Net realised loss on financial assets	(959)	-
	Bonus shares received	-	-
	Accrued interest on bonds & treasury bills	1,009,357	42,200
	Interest received on bonds	(622,417)	(10,612)
	Maturity of bonds & treasury bills	(7,087,716)	(200,000)
	Purchase of treasury bills	7,896,407	6,466,259
	Redemption of MTN preference shares	(4,934)	-
	Fair value gain through profit or loss	7,334	2,660
	Fair value gain through other comprehensive income	436,732	259,474
	Balance, end of the year	**8,979,303**	**7,349,146**

(a) Available-for-sale financial assets

(i) Available for sale instruments represents treasury bills as well as interests in entities as at year-end and comprise the following:

		31 December 2019 ₦'000	31 December 2018 ₦'000
–	Bonds	5,478,400	-
–	Treasury bills	2,662,405	6,505,211
–	Listed	737,551	742,500
–	Unlisted	19,200	88,286
	Total available-for-sale financial assets	**8,897,556**	**7,335,997**

(ii) Available for sale instruments are analysed below:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Bonds &Treasury bills	8,140,805	6,505,211
Investment in UBN Property Limited	737,551	742,500
Investment in MTN Linked Fund	-	70,804
Investment in CEAT Fixed Income Fund (formerly BGL Sapphire Fund)	19,200	17,482
	8,897,556	**7,335,997**

	31 December 2019 ₦'000	31 December 2018 ₦'000
Current	-	-
Non Current	8,897,556	7,335,997
	8,897,556	**7,335,997**

(iii) Movement in available for sale

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of the year	7,335,997	576,171
Purchase of bonds & treasury bills	7,896,407	6,466,259
Redemption of bond & treasury bill	(7,087,716)	-
Interest accrued on bonds & treasury bills	386,940	34,093
Fair value gain through other comprehensive income (see note 25)	436,732	259,474
Reclassification of MTN Linked note to fair value through profit or loss	(70,804)	-
	8,897,556	**7,335,997**

	31 December 2019 ₦'000	31 December 2018 ₦'000
(b) Financial assets at fair value through profit or loss		
Equity securities		
– Listed	72,580	2,660
Total financial assets at fair value through profit or loss	**72,580**	**2,660**

The fair value of these quoted equity shares are determined by reference to published price quotations in an active market.

(I the sectoral distribution of equity investments was as follows;

	31 December 2019 ₦'000	31 December 2018 ₦'000
Banking	120	1,422
Telecommunication	72,460	-
Petroleum	-	1,238
	72,580	**2,660**
Current	72,580	2,660
	72,580	**2,660**

(ii) Below is an analysis of equity investments

	31 December 2019 ₦'000	31 December 2018 ₦'000
Cost	65,246	2,660
Revaluation gain	7,334	-
Fair value	72,580	2,660

(iii) Movement in fair value *gains/(losses) for held-for-trading*

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	2,660	-
Reclassification from available for sale	65,869	-
Fair value gain/(loss) through profit or loss	7,334	2,660
Disposals during the year	(3,283)	-
Balance, end of the year	72,580	2,660

(iv) The movement in financial assets measured at fair value through profit or loss

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of the year	2,660	-
Proceeds received on disposal of equity	(2,324)	-
Fair value gain/(loss) through profit or loss	7,334	2,660
Reclassification from available for sale	65,869	-
Net realised loss on disposal of financial assets	(959)	-
Balance, end of the year	72,580	2,660

	31 December 2019 ₦'000	31 December 2018 ₦'000
(c) Loans and receivables		
Loans to policy holders	9,166	10,489
	9,166	**10,489**
Current	9,166	10,489
Non Current	-	-
	9,166	**10,489**

(i) The movement in loan and receivables during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	10,489	50,932
Additional loans to policyholders during the year	550	5,625
Cash repayment	(1,873)	(5,823)
Offset against customers' policies	-	(44,867)
Ex-staff loans written off	-	(10,379)
Reversal of impairments no longer required	-	15,001
Balance, end of the year	**9,166**	**10,489**

Policyholder's' loans are secured against the paid up value of the policyholders' liabilities.

(ii) The movement in allowance for impairment during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	-	15,001
Write-offs of impaired loans during the year	-	(15,001)
Balance, end of the year	**-**	**-**

7 Trade receivables

	31 December 2019 ₦'000	31 December 2018 ₦'000
(a) Analysis of trade receivables:		
– Trade receivables (see note (b) below)	156,556	69,838
– Less allowance for impairment (see note (c) below)	-	-
	156,556	**69,838**
Current	156,556	69,838
Non Current	-	-
	156,556	**69,838**

(b) Counterparty categorisation of trade receivables:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Insurance companies	168,208	23,689
Brokers	(11,652)	46,149
	156,556	**69,838**

(c) The movement in allowance for impairment of trade receivables during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of year	-	1,453,589
Write-off of impairments during the year	-	(1,453,589)
Balance, end of year	**-**	**-**

(d) Below is the ageing analysis of trade receivables

	31 December 2019 ₦'000	31 December 2018 ₦'000
0-30 days	156,556	69,838
Above 30 days	-	-
	156,556	**69,838**

7 Trade receivables

(e) The movement in trade receivables during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of year	69,838	47,710
Gross premium written during the year (see note 28)	12,747,048	10,007,524
Premium received	(12,660,330)	(9,985,396)
Balance, end of year	**156,556**	**69,838**

8 Reinsurance assets

(a) Analysis of reinsurance assets:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Reinsurers' share of IBNR	1,056,441	1,124,647
Reinsurers' share of outstanding claims reserve	1,796,202	1,432,172
Total claims recoverables (see note c below)	2,852,643	2,556,819
Recoverables from reinsurers on claims paid (see note e below)	1,865	162,500
Reinsurers' share of unearned premium reserve (see note d below)	1,861,577	1,193,771
	4,716,085	**3,913,090**
Current	4,716,085	3,913,090
Non Current	-	-
	4,716,805	**3,913,090**

Analysis of reinsurance assets per business segment:

	Non-Life 31 December 2019 ₦'000	Life 31 December 2019 ₦'000	Total 31 December 2019 ₦'000
Reinsurers' share of IBNR	260,804	795,637	1,056,441
Reinsurers' share of outstanding claims recoverable	983,931	832,271	1,796,202
Total claims recoverable (see note below)	1,224,735	1,627,908	2,852,643
Recoverables from reinsurers' on claims paid see note e below	-	1,865	1,865
Reinsurers' share of unearned premium reserve (see note (d) below)	1,066,034	795,543	1,861,577
	2,290,769	**2,425,316**	**4,716,085**

Analysis of reinsurance assets per business segment:

	Non-Life 31 December 2018 ₦'000	Life 31 December 2018 ₦'000	Total 31 December 2018 ₦'000
Reinsurers' share of IBNR	396,030	728,617	1,124,647
Reinsurers' share of outstanding claims recoverable	1,093,443	338,729	1,432,172
Total claims recoverable (see note (c) below)	1,489,473	1,067,346	2,556,819
Recoverables from reinsurers' on claims paid	29,655	132,845	162,500
Reinsurers' share of unearned premium reserve (see note (d) below)	463,571	730,200	1,193,771
	1,982,699	**1,930,391**	**3,913,090**

(b) The Company conducted an impairment review of the reinsurance assets during the year and determined that there was no objective evidence of impairment. The carrying amounts disclosed above are in respect of the reinsurers' share of insurance contract liabilities and these carrying amounts reasonably approximate fair value at the reporting date.

(c) Reinsurance claims recoverable
The movement in reinsurance recoverable is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of year	2,556,819	2,638,210
Movement during the year (see note 32)	295,824	(81,391)
Balance, end of year	**2,852,643**	**2,556,819**

(d) Movement in reinsurers' share of unearned premium reserve
The movement in reinsurers' share of unearned premium reserve is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of year	1,193,771	1,110,721
Movement during the year (see note 30)	667,806	83,050
Balance, end of year	**1,861,577**	**1,193,771**

(e) Movement in recoverables from reinsurers' on claims paid

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance beginning of year	162,500	46,718
Recoverables on claims paid (see note 32)	2,243,928	3,780,740
Net treaty premium due	(776,206)	(478,229)
Cash received from reinsurers	(1,628,357)	(3,186,729)
Balance, end of year	**1,865**	**162,500**

9 Deferred acquisition costs

(a) Deferred acquisition expenses represent commissions on unearned premium relating to the unexpired risks for the year and comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Non-life business		
Oil & Gas	110,836	42,192
Fire	59,451	43,032
General accident	41,742	16,373
Motor	30,555	24,618
Aviation	15,209	14,172
Engineering	39,846	25,112
Marine Cargo	9,381	10,652
Marine Hull	19,953	7,461
Workmen	941	588
	327,914	**184,200**
Life business		
Group life	112,640	73,078
	440,554	**257,278**
Current	440,554	257,278
Non Current	-	-
	440,554	**257,278**

b) Movement in deferred acquisition costs

	Non-life ₦'000	Life ₦'000	Total ₦'000
At 1 January 2018	117,238	58,837	176,075
Commission expense (see note 34(a)(ii))	727,485	356,800	1,084,285
Amortisation to profit or loss (see note 34(a)	(660,523)	(342,559)	(1,003,082)
At 31 December 2018	**184,200**	**73,078**	**257,278**
Commission expense (see note 34(a)(ii))	1,123,814	510,396	1,634,210
Amortisation to profit or loss (see note 34(a)	(980,100)	(470,834)	(1,450,934)
At 31 December 2019	**327,914**	**112,640**	**440,554**

10 Prepayments and other receivables

		31 December 2019 ₦'000	31 December 2018 ₦'000
(a)	Prepayments*	111,874	243,462
	Other receivables**	71,744	208,803
	Pledged placement with Union Bank***	120,000	200,000
	Right of use asset****	166,708	-
		470,326	652,265
	Impairment charge on other receivables (see note (b) below)	(2,255)	-
		468,071	**652,265**
	Current	468,071	652,265
	Non Current	-	-
		468,071	**652,265**

*As of 2019, Prepayments include prepaid rent expenses of ₦125 million in respect of commercial leases for office premises. Leases and sub-leases are currently recognised under right of use asset.

**Other receivables comprise receivables on withholding tax, rent, sundry debtors and work-in-progress.

***The Company's placement of ₦120 million with Union Bank Plc was used as a collateral to secure the overdraft credit facility. See note 15 below (Dec 2018:₦200 million).

****Right of use asset comprises of all commercial leases and sub leases for office premises. We made use of the modified transition approach. Comparative figures for the year ended December 31, 2019 are not restated to reflect the adoption of IFRS 16 but instead continue to reflect recognition under IAS 17 leases.

(b) Movement in allowance for impairment of other receivables during the year

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	-	493,454
Impairment during the year (see note 41(a))	2,255	-
Write-off of impairments during the year (see note 41(b))	-	(493,454)
Closing balance at the end of the year	**2,255**	**-**

11 Investment properties

Movement in investment properties are shown below:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	2,354,100	2,594,100
Investment properties improvement	3,792	-
Disposal of Investment property	(10,000)	(430,000)
Fair value gain on investment properties (see note 38)	(653,792)	190,000
	1,694,100	**2,354,100**
Current	-	-
Non Current	1,694,100	2,354,100
	1,694,100	**2,354,100**

a The analysis of investment properties is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Plot 294A Cadastral Zone, B04 Jabi Abuja	190,000	190,000
Plot 38 Cadastral Zone, 07-05 Kubwa Abuja	90,000	100,000
Block B, Plot 25, Dideolu Estate, VI, Lagos (see note (b) below)	-	-
95 Broad Street Marina, Lagos	1,150,000	1,800,000
98 New Lagos Road, Benin City	125,000	125,000
Tejuosho shops (note a)(i) below	139,100	139,100
	1,694,100	**2,354,100**

b Movement in fair value of investment properties

31 December 2019

Property details	Balance as at 1 January 2019 N'000	Addition (Disposal) ₦'000	Balance as at Fair value gain/(loss) ₦'000	31 December 2019 ₦'000
Plot 294A Cadastral Zone, B04 Jabi Abuja	190,000	-	-	190,000
Plot 38 Cadastral Zone, 07-05 Kubwa Abuja	100,000	(10,000)	-	90,000
95 Broad Street Marina, Lagos	1,800,000	3,792	(653,792)	1,150,000
98 New Lagos Road, Benin City	125,000	-	-	125,000
Tejuosho shops	139,100	-	-	139,100
	2,354,100	**(6,208)**	**(653,792)**	**1,694,100**

In the last quarter of the year, the Company's unit of property in Kubwa, Abuja, valued at ₦10million was disposed at ₦8,000,000.

Property details	Balance as at 1 January 2019 ₦'000	Addition (Disposal) ₦'000	Fair value gain/(loss) ₦'000	Balance as at 31 December 2018 ₦'000
Plot 294A Cadastral Zone, B04 Jabi Abuja	200,000	-	(10,000)	190,000
Plot 38 Cadastral Zone, 07-05 Kubwa Abuja	100,000	-	-	100,000
Block B, Plot 25, Dideolu Estate, Victoria Island	430,000	(430,000)	-	-
95 Broad Street Marina, Lagos	1,600,000	-	200,000	1,800,000
98 New Lagos Road, Benin City	125,000	-	-	125,000
Tejuosho shops	139,100	-	-	139,100
	2,594,100	**(430,000)**	**190,000**	**2,354,100**

c **Details of the Valuer**

The investment properties excluding Broad Street property were independently valued by Benson Omoruyi & Co. (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at Suite Bc/37A Maryland Business Plaza, Lagos State, is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers with FRC No. FRC/2013/NIESV/00000003307.

Investment property in Broad Street was valued by Emeka Okoronkwo & Associates, (an estate Surveyors and Valuers) located at plot 321a, Akin Ogunlewe Street, Victoria Island, Lagos.

LOCATION OF INVESTMENT PROPERTIES	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
Plot 294A Cadastral Zone, B04 Jabi, Abuja	The market comparison approach was used after a thorough analysis of recent transactions of sale of comparable land in the neighbourhood to arrive at the value of the land. The Company's title document is under processing.	- Area of 2,500 square metres - Valued at ₦80,000 per square metre - Rate of development in the area: The area is infrastructured with good access roads and drainage systems. The neighbourhood is supplied with electricity and water from public mains. - Quality: The land is firm and appears well drained. - Sensitivity: A 10% increase or decrease in the value per square metre will result in an increase or decrease in total value by ₦20million
Plot 38 Cadastral Zone, 07-05 Kubwa, Abuja	The market approach or direct market comparison was adopted by analysing recent sales of similar properties in the property market in the neighbourhood. The Company's title document is under processing.	- Area of 4,826.1 square metres - Valued at ₦20,721 per square metre - Rate of development in the area: The area is a developing neighbourhood. Electricity is connected to the neighbourhood from public mains. - Quality: The property is new and it is in good decorative and repair state. - Sensitivity: A 10% increase or decrease in the value per square metre will result in an increase or decrease in total value by N10million.
98 New Lagos Road, Benin City	The cost approach was used for value of building which was added to the value of the land obtained through direct market comparison using evidences of recent market transaction. The Company has bonafide title documents.	- Area of 904.46 square metres - Valued at ₦138,204 per square metre - Rate of development in the area - it is easily accessible from all parts of the city, as many other network of roads are connected to it. New developments are predominantly commercial to take advantage of the strategic location of the road. - Quality of the building - the property is in good decorative state. No noticeable crack was observed in the building structure. - Sensitivity: A 10% increase or decrease in the value per square metre will result in an increase or decrease in the total value by ₦12.5million.

LOCATION OF INVESTMENT PROPERTIES	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
95 Broad Street, Marina, Lagos	The cost approach was used for value of building which was added to the value of the land obtained through direct market comparison using evidences of recent market transactions. The Company has bonafide title documents.	- Area of 2660 square metres - Valued at ₦582,707 per square metre - Rate of development in the area - it is easily accessible from all parts of the city, as many other network of roads are connected to it. New developments are predominantly commercial to take advantage of the strategic location of the road. - Quality of the building - The building is a modern high rise with good architectural standard. - Sensitivity: A 10% increase or decrease in the value per square metre will result in an increase or decrease in total value by ₦155million.
Tejuosho Shops: Tejuosho Ultramodern Shopping Complex, Yaba, Lagos State	The market approach or direct market comparison was adopted by analysing recent sales of similar properties in the property market in the neighbourhood. The Company's title document is under processing.	- Area of 171 square metres - Valued at ₦813,450 per square metre - Located on the busy commercial axis of Yaba, with easy access from all areas of the state. - Good road network which is tarred and motorable - Close to notable places such as the University of Lagos, Yaba College of Technology and the Yaba Neuropsychiatric Hospital as well as residential estates in the area - Quality of the building: The property is constructed with concrete block walls reinforced with concrete columns and finished in paint. All the shops have steel roller shutters, ceramic floor tiles and provision of electrical sockets and prepaid metres. - The Company has 13 shops located on the 4th floor of the Complex with varying sizes, ranging from 9 to 18 square metres. - Sensitivity: A 10% increase or decrease in the value per square metre will result in an increase or decrease in the total value by ₦13.91million

d Investment Properties carried at fair value

Investment properties are fair valued as determined by an independent valuer. The valuation is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. Investment properties are categorised as level 3 assets based on the methodology adopted in determining the fair value.

In thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total
31 December 2019				
Investment properties	-	-	1,694,100	1,694,100
31 December 2018				
Investment properties	-	-	2,354,100	2,354,100

12 Intangible assets

	31 December 2019 ₦'000	31 December 2018 ₦'000
Software		
Cost		
Balance, beginning of year	399,093	385,725
Additions	404,179	13,368
Balance, end of year	**803,272**	**399,093**
Accumulated amortisation		
Balance, beginning of year	386,482	385,725
Amortisation charge	5,618	757
Balance, end of year	**392,100**	**386,482**
Net book value	**411,172**	**12,611**

13 Property and equipment

Property and equipment As at 31 December 2019 (a)	Office Equipment ₦'000	Motor Vehicles ₦'000	Furniture & Fittings ₦'000	Computer Equipment ₦'000	Total ₦'000
Cost					
Balance, beginning of year	**198,978**	**579,716**	**413,313**	**249,855**	**1,441,862**
Additions	31,642	23,974	48,463	51,620	155,699
Disposals	-	-	-	-	-
Balance, end of year	**230,620**	**603,690**	**461,776**	**301,475**	**1,597,561**
Accumulated depreciation					
Balance, beginning of year	**172,373**	**203,213**	**266,801**	**196,280**	**838,667**
Charge for the year	20,311	121,520	50,182	38,977	230,990
Disposals	-	-	-	-	-
Balance, end of year	**192,684**	**324,733**	**316,983**	**235,257**	**1,069,657**
Net book value:					
At 31 December 2019	**37,936**	**278,957**	**144,793**	**66,218**	**527,904**
At 31 December 2018	**26,605**	**376,503**	**146,512**	**53,575**	**603,195**

13 Property and equipment As at 31 December 2018 (b)	Office Equipment ₦'000	Motor Vehicles ₦'000	Furniture & Fittings ₦'000	Computer Equipment ₦'000	Total ₦'000
Cost					
Balance, beginning of year	**185,764**	**233,482**	**273,288**	**205,602**	**898,136**
Additions	13,214	371,047	140,025	49,737	574,023
Disposals	-	(24,813)	-	(5,484)	(30,297)
Balance, end of year	**198,978**	**579,716**	**413,313**	**249,855**	**1,441,862**
Accumulated depreciation					
Balance, beginning of year	**141,369**	**153,553**	**234,214**	**167,898**	**697,034**
Charge for the year	31,004	74,473	32,587	33,866	171,930
Disposals	-	(24,813)	-	(5,484)	(30,297)
Balance, end of year	**172,373**	**203,213**	**266,801**	**196,280**	**838,667**
Net book value:					
At 31 December 2018	**26,605**	**376,503**	**146,512**	**53,575**	**603,195**
At 31 December 2017	**44,586**	**79,929**	**39,074**	**37,704**	**201,102**

14 Statutory deposits

This represents the Company's interest bearing deposit with the Central Bank of Nigeria in compliance with Section 10(3) of the Insurance Act 2003. The deposits are not available for use by the Company in the normal course of day to day business.

	31 December 2019 ₦'000	31 December 2018 ₦'000
Statutory deposits	500,000	500,000
	500,000	**500,000**
Current	-	-
Non Current	500,000	500,000
	500,000	**500,000**

15 Borrowings

	31 December 2019 ₦'000	31 December 2018 ₦'000
Bank overdraft	-	166,755
Other short term facilities	-	-
	-	**166,755**

All borrowings are stated at amortised cost. It is assumed that the carrying value of these borrowings approximate fair value. Bank overdrafts reported under borrowings are not an integral part of the Company's cash management and thus, not included as a component of cash and cash equivalents.

The Company has a revolving overdraft facility from Union Bank Plc. The overdraft facility has a maximum limit of ₦180 million with a tenor of 12 months and 15.5% interest rate per annum. The purpose of the facility is to support operational activities. The credit line is fully backed by collateral, with a placement of ₦200 million with Union Bank of Nigeria.

16 Insurance contract liabilities

Insurance contract liabilities comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Unearned premium:		
Unearned premium - Non- life business (See note (a)(i) below)	2,259,518	1,198,044
Unearned premium - Group life business (See note (a)(ii) below)	1,266,668	852,181
	3,526,186	**2,050,225**
Individual life insurance contract liabilities (see note (b) below)	**2,140,844**	**1,803,661**
Outstanding claims:		
Outstanding claim -Life business (see note (c) below)	2,781,683	1,656,717
Outstanding claim -Non-life business (see note (c)(lelow)	3,441,011	2,756,102
	6,222,694	**4,412,819**
Total insurance contract liabilities	**11,889,724**	**8,266,705**
Current	10,360,807	6,737,788
Non Current	1,528,917	1,528,917
	11,889,724	**8,266,705**

Insurance contract liabilities represents the liabilities due to policyholders which include outstanding claims payable arising from incidents occurring as at reporting date as well as estimated unexpired risks as at the reporting date. The net liability for insurance contracts as at 31 December 2019 is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognises the deficiency in profit or loss for the year.

Sensitivity analysis of valuation inputs
Valuation input

	Individual risk ₦'000	Annuity ₦'000
Valuation interest rate:		
- 1% increase	3,254	40
- 1% decrease	(3,406)	(45)
Expenses:		
- 10% increase	3,346	43
- 10% decrease	(3,307)	(42)
Expense inflation:		
- 1% increase	3,355	43
- 1% decrease	(3,309)	(42)
Mortality:		
- 5% increase	3,330	43
- 5% decrease	(3,324)	(43)
Longevity:		
- 5% increase	3,327	43
- 5% decrease	(3,326)	(42)

(a) Unearned premium- Non life business comprises:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Oil and gas	585,866	318,501
Motor	454,133	250,604
Fire	356,483	221,966
Aviation	77,778	81,991
General accident	415,353	90,406
Engineering	198,873	135,739
Marine	173,032	98,837
	2,259,518	**1,198,044**

(i) The movement in non-life business unearned premium during the year is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	1,198,044	793,159
Movement in unearned premium (see note 28(a))	1,061,474	405,601
Balance, end of year	**2,259,518**	**1,198,044**

(ii) The movement in group life business unearned premium during the year is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	852,181	1,000,566
Movement in unearned premium (see note 28(b))	414,487	(148,385)
Balance, end of year	**1,266,668**	**852,181**

(b) Life insurance contract liabilities comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Individual life reserve	2,098,187	1,766,978
Annuity contract reserve	42,657	36,683
	2,140,844	**1,803,661**

(i) The movement in individual life reserve is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	1,803,661	1,905,715
Transfer of annuity portfolio to other underwriters	-	(11,555)
Changes in individual life reserve	337,183	(90,499)
Balance, end of year	**2,140,844**	**1,803,661**

	Number of Annuity	Annual Annuity
31 December 2018	19	5,589,414
New entrants	-	-
Exit	-	-
Deaths	-	-
31 December 2019	**19**	**5,589,414**

The company has revisited its decision on discontinuing the sale of the annuity line of business and currently having internal discussions on the modalities of designing new annuity products to meet the needs of the market. The pay out to the annuitants on the run-off annuity product will continue pending when the Company transfers or extinguish the liability.

Valuation methodology

We have valued each annuity policy using a monthly discounted cashflow method. The reserve are set equal to the present value of future annuity payments and attending expenses. We have recognised the 10-year annuity guaranteed minimum payment year in our calculations of the Company future annuity payment obligations.

Valuation interest rate

We adopted the net valuation interest rates of 14.27% pa for all long term businesses excluding Annuity (14.87%). These rates are to be applied as single long term rates of return. As at 31 December 2019, the average yield on 20 year FGN bonds was 15.37%.

Type of Business	Long Term Business excluding Annuities	Annuities
Average yield on 20-year FGN Bonds	15.37%	15.37%
Less Prudent Margin	-0.25%	-0.25%
Less Reinvestment Risk margin 0.00% -0.25%	0.00%	0.25%
Gross Valuation interest rate	15.12%	15.37%
Less tax (6%)	-0.91%	0.00%
Net Valuation interest rate	14.21%	15.37%
Rates to adopt	14.21%	14.87%

The proposed valuation interest rates for the individual risk products are as follows:

Type of Business	Current Valuation	Previous valuation
Risk products (excluding Annuity)	14.21%	13.00%
Risk reserve for deposit-based policies	14.21%	13.00%
Pensions Annuity	14.87%	13.00%

Mortality assumptions

The proposed mortality table for the current valuation remains at the UK's Mortality of Assured Lives 1967-70 (A6770) without adjustment for individual risk business.

Individual insurance plans comprise of Endowment Assurance, Educational Endowment, Anticipated Endowments, Term Assurances including Mortgage Protection, Allianz Education Protection and Credit Life. For all individual business the gross premium method of valuation was adopted. Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments including an allowance for rider benefits. Future cashflows were discounted back to the valuation date at the valuation rate of interest. At the valuation date, the Company had underwritten 19 Pension Regulated Annuity (PRA) policies with annual annuity payment of ₦6,829,478 p.a.

(c) Outstanding claims- Life

Outstanding claims relating to life contract comprises:

	Gross Claims Outstanding 31 December 2019 ₦'000	Provision for IBNR 31 December 2019 ₦'000	Gross claims Total 31 December 2019 ₦'000
Group life	1,353,809	1,391,585	2,555,481
Death claims payable - Individual Life	23,135	-	23,135
Benefits payable - Individual Life	13,154	-	13,154
	1,390,098	**1,391,585**	**2,781,683**

	Gross Claims Outstanding 31 December 2019 ₦'000	Provision for IBNR 31 December 2019 ₦'000	Gross claims Total 31 December 2019 ₦'000
Group life	620,064	1,002,596	1,622,660
Death claims payable - Individual Life	20,813	-	20,813
Benefits payable - Individual Life	13,244	-	13,244
	654,121	**1,002,596**	**1,656,717**

The provision for Incurred But Not Reported (IBNR) was computed on the Group life insurance liabilities separately.

	Gross Claims Outstanding 31 December 2019 ₦'000	Provision for IBNR 31 December 2019 ₦'000	Gross claims Total 31 December 2019 ₦'000
(i) Outstanding claims- Non-life			
Outstanding claims relating to general business comprise:			
Motor	279,696	92,463	372,159
Fire	691,692	199,351	891,043
General accident	415,241	145,379	560,620
Marine	110,510	52,847	163,357
Aviation	103,524	61,024	164,548
Engineering	256,192	89,007	345,199
Oil and Gas	736,364	207,721	944,085
	2,593,220	**847,791**	**3,441,011**

	Gross Claims Outstanding 31 December 2019 ₦'000	Provision for IBNR 31 December 2019 ₦'000	Gross claims Total 31 December 2019 ₦'000
Motor	89,732	38,765	128,497
Fire	471,064	22,969	494,033
General accident	307,062	2,384	309,446
Marine	273,893	127,153	401,046
Aviation	84,802	210,648	295,450
Engineering	151,103	64,368	215,471
Oil and Gas	633,157	279,002	912,159
	2,010,813	**745,289**	**2,756,102**

(ii) The movement in outstanding claims during the year is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Provision for case claims	2,593,220	2,010,813
Provision for incurred but not reported	847,791	745,289
Total provision for outstanding claims as at year end	3,441,011	2,756,102
Opening provision for outstanding claims as at beginning of the year	(2,756,102)	(1,879,797)
Increase in provision for outstanding claims	**648,909**	**876,305**

(ii) The ageing analysis for outstanding claims for the life business is as follows:

Outstanding claims per claimant	0 - 90days ₦'000	91 - 180days ₦'000	181-365days ₦'000	Above 365days ₦'000	Total ₦'000
1-250,000	1,177	1,021	3,183	23,379	28,760
250,001 - 500,000	2,148	947	3,977	37,585	44,656
500,001 -1,500,000	7,923	6,040	6,698	80,882	101,542
1,500,001 -2,500,000	-	-	4,130	34,370	38,500
2,500,001 -5,000,000	3,965	3,378	-	21,394	28,738
5,000,001 and above	439,854	394,101	227,803	72,990	1,134,748
	455,067	**405,486**	**245,790**	**270,600**	**1,376,944**

Outstanding claims

(number of claimants)	0 - 90days ₦'000	91 - 180days ₦'000	181-365 days ₦'000	Above 365days ₦'000	Total ₦'000
1-250,000	7	14	27	166	214
250,001 - 500,000	7	3	11	97	118
500,001 -1, 500,000	10	8	10	99	127
1,500,001 -2, 500,000	-	-	2	17	19
2,500,001 -5,000,000	1	1	-	7	9
5,000,001 and above	9	7	5	6	27
	34	**33**	**55**	**392**	**514**

The ageing analysis for outstanding claims for the non-life business is as follows:

Outstanding claims per claimant	0 - 90days ₦'000	91 - 180days ₦'000	181-365days ₦'000	Above 365days ₦'000	Total ₦'000
1-250,000	51,473	36,560	39,924	143,493	271,450
250,001 - 500,000	42,020	15,628	18,550	49,842	126,039
500,001 -1, 500,000	49,264	29,819	29,454	129,152	237,689
1,500,001 -2, 500,000	21,591	12,833	20,070	37,933	92,427
2,500,001 -5,000,000	23,716	43,110	30,336	96,271	193,434
5,000,001 and above	715,761	89,399	41,352	825,669	1,672,181
	903,826	**227,349**	**179,685**	**1,282,360**	**2,593,220**

Outstanding claims (number of claimants)	0 - 90days	91 - 180days	181-365 days	Above 365days	Total
1-250,000	629	347	637	1,982	3,595
250,001 - 500,000	108	39	45	127	319
500,001 -1, 500,000	57	31	35	131	254
1,500,001 -2, 500,000	12	7	10	20	49
2,500,001 -5,000,000	6	13	9	25	53
5,000,001 and above	11	5	3	29	48
	823	**442**	**739**	**2,314**	**4,318**

Outstanding claims arise from claims awaiting support documents like death certificate, discharge vouchers, clarification from lead insurers, adjusters reports, etc.

(d) Movement in benefits payable

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year (note 16c)	13,244	26,324
Additions during the year	474,866	507,165
Benefits paid	(474,956)	(520,245)
Balance, end of the year	**13,154**	**13,244**

17 Investment contract liabilities

	31 December 2019 ₦'000	31 December 2018 ₦'000
Investment contract liabilities	1,204,087	934,245
	1,204,087	**934,245**

The movement in liability for deposit administration during the year is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	934,245	1,055,087
Deposits received	355,896	126,663
Guaranteed interest (see note 36)	54,612	46,093
	1,344,753	**1,227,843**
Less: withdrawals	(140,666)	(293,598)
Balance, end of year	**1,204,087**	**934,245**
Current	238,460	238,460
Non Current	965,627	695,785
	1,204,087	**934,245**

18 Trade payables

Trade payables represent liabilities to agents, brokers, co-insurers and re-insurers on insurance contracts as at year end.

	31 December 2019 ₦'000	31 December 2018 ₦'000
Trade payables	370,724	297,471
	370,724	**297,471**

The breakdown of trade payables is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Unallocated premium	71,937	93,186
Due to reinsurers (see note 18(b))	619	55,338
Deferred commission income (see note 18c)	242,945	145,983
Commission payable (see note 18(a)	-	-
Due to insurance companies	55,223	2,964
	370,724	**297,471**
Current	370,724	297,474
Non Current	-	-
	370,724	**297,471**

(a) Movement in commission payable

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance as at the beginning of the year	-	15,570
Commission expense (see note 34(a)(ii))	1,634,210	1,084,285
Commission paid	(1,634,210)	(1,099,855)
Balance as at the end of the year	-	-

(b) Movement in due to reinsurers

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance as at the beginning of the year	55,338	128,121
Reinsurance premium cost (see note 30)	6,483,718	6,117,309
Reinsurance premium paid	(6,538,437)	(6,190,092)
Balance as at the end of the year	**619**	**55,338**

(c) Movement in deferred commission income

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance as at the beginning of the year	145,983	115,343
Movement during the year (see note below)	96,962	30,640
Balance as at the end of the year	**242,945**	**145,983**

(i) Breakdown of movement during the year is as follows:

	Non-life ₦'000	Life ₦'000	Total ₦'000
At 1 January 2018	47,309	68,034	115,343
Additions	73,842	(12,563)	61,279
Released to profit or loss	(37,428)	6,789	(30,639)
At 31 December 2018	83,723	62,260	145,983
Additions	138,218	55,706	193,924
Released to profit or loss	(69,109)	(27,853)	(96,962)
At 31 December 2019	**152,832**	**90,113**	**242,945**

19 Accruals and other payables

Accruals and other payables are made up of:

	31 December 2019 ₦'000	31 December 2018 ₦'000
WHT payable	79,253	50,298
NITDA payables	2,410	2,410
Provision for audit fees	19,500	10,000
Other accrued expenses*	255,460	134,701
Unpresented cheques	29,564	29,564
VAT payable	6,407	3,434
Other payables**	446,075	156,562
Rent received in advance***	12,820	20,044
Lease liabilities	63,555	-
	915,044	**407,013**
Current	915,044	407,013
Non Current	-	-
	915,044	**407,013**

* Other accrued expenses comprise provision for consultancy, legal and professional services as well as general office administration.

** Other payables include provisions made on clearing of investment property as well as other outstanding obligations.

*** Rent received in advance include rent received from the Company's tenants based on lease agreements signed in respect of the investment properties, and the amounts cover between 3 - 6 months. The sum of ₦10.37million (2018: ₦22.25 million) was received as rent in the year and ₦17.59million (2018:₦18.5million) was unwound into rental income.

(a) Movement in rent received in advance

	31 December 2019 ₦'000	31 December 2018 ₦'000
Opening balance	20,044	13,036
Additional rent received in the year	22,250	22,250
Rent amortised in the year	(29,474)	(15,242)
	12,820	**20,044**

20 Company income tax payable

The movement on current income tax payable during the year is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	138,681	163,082
Charge for the year:		
- General business	40,976	12,885
- Life business	32,447	41,818
Payments during the year	(128,375)	(41,241)
Withholding tax credit notes	-	(39,772)
Prior year under-provision	-	1,909
Balance, end of year	**83,729**	**138,681**

21 Deferred tax (assets)/liabilities

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Deferred tax assets and liabilities are attributable to the following:

Deferred tax (assets)/ liabilities:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Investment properties	50,500	50,500
Unrealised exchange gain	-	-
Trade receivables - impairment	-	-
Prepayment and other receivables	-	-
Property and equipment	(120,605)	(120,605)
Unrelieved losses	(544,408)	(544,408)
Fair value gain on AFS financial assets	217,712	86,692
Net deferred tax (assets)/ liabilities	**(396,801)**	**(527,821)**
Deferred tax asset not recognised	-	-
Net Deferred tax (assets)	**(396,801)**	**(527,821)**

Deferred tax expense

	31 December 2019 ₦'000	31 December 2018 ₦'000
Investment properties	(47,531)	(47,531)
Unrealised exchange gain	1,332,664	1,332,664
Trade receivables - impairment	(436,076)	(436,076)
Prepayment and other receivables	(148,037)	(148,037)
Property and equipment	(89,947)	(89,947)
Unrelieved losses	(161,939)	(161,939)
Fair value gain on AFS financial assets	(217,712)	(86,692)
Total deferred tax income	**231,422**	**362,442**
Deferred tax not recognised	165,379	165,379
Deferred tax expense	**396,801**	**527,821**

Recognition of Deferred tax (income)/expense

	31 December 2019 ₦'000	31 December 2018 ₦'000
Through Other Comprehensive Income (OCI)	(131,020)	(86,692)
Through Profit or Loss	-	614,513
	(131,020)	**527,821**

The Company has net deferred tax (assets)/liabilities of (₦657,301,000) and ₦260,500,000 in the Non-life and Life businesses respectively.

The Company has unrelieved loss of ₦2,817,554,270 from its Non-Life business segment. The Company has elected to recognise the deferred tax asset stemming from unrelieved loss based on Management's recoverability assessment of the deferred tax asset.

(ii) The movement on net deferred tax assets account during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	527,821	-
Reversal of deferred tax on available for sale financial assets	(131,020)	(86,692)
Write back to profit or loss account for the year (see note 42)	-	614,513
Balance, end of year	**396,801**	**527,821**

22 Share capital

	31 December 2019 ₦'000	31 December 2018 ₦'000
Share capital comprises:		
(a) Authorised:		
20,000,000,000 ordinary shares of 50k each:	10,000,000	10,000,000
Non-life business 12,000,000,000 ordinary shares of 50k each	6,000,000	6,000,000
Life business 8,000,000,000 ordinary shares of 50k each	4,000,000	4,000,000

(b) Issued and fully paid:

	31 December 2019 ₦'000	31 December 2018 ₦'000
19,938,849,351 ordinary shares of 50k each:	9,969,425	7,819,157
Non-life 13,781,471,657 ordinary shares of 50k each	6,890,736	5,493,062
Life business 6,157,377,694 ordinary shares of 50k each	3,078,689	2,326,095

(c) Breakdown of movement during the year is as follows:

	Non-life ₦'000	Life ₦'000	Total ₦'000
At 1 January 2018	5,493,062	2,326,095	7,819,157
Issuance of additional ordinary shares	-	-	-
At 1 January 2019	5,493,062	2,326,095	7,819,157
Conversion of irredeemable convertible notes to ordinary shares via the right issue	1,395,892	752,594	2,148,486
Additional ordinary shares issued via the right issue	1,782	-	1,782
At 31 December 2019	**6,890,736**	**3,078,689**	**9,969,425**

On 16, April 2019, a total of 4,300,536,075 units of the Company's shares were allotted to existing shareholders via a right issue at ₦1.15kobo per share for which the offer commenced on 9, January 2019 and closed on 23, January 2019. The net proceed of 4,896,528,080.89 (inclusive of interest portion of the monies deposited) was received.

(d) Irredeemable convertible notes

	31 December 2019 ₦'000	31 December 2018 ₦'000
Non-life business	-	3,500,000
Life business	-	1,500,000
	-	5,000,000
Movement during the year was as follows:		
Balance, beginning of the year	5,000,000	4,061,608
Conversion of irredeemable convertible notes to ordinary shares (see note (22 c)	(2,148,486)	(4,061,608)
Conversion of irredeemable convertible notes to ordinary shares (see note (23 a)	(2,793,032)	-
Refund of unutilised loan note to existing shareholder	(58,482)	5,000,000
Balance, end of the year	**-**	**5,000,000**

During the year, the irredeemable convertible notes were liquidated and converted to ordinary shares based on fulfilment of the terms and conditions stipulated in the Irredeemable Convertible Shareholder Loan agreement. See Note 22(c) for details. The unutilised portion of the existing loan was refunded to the existing shareholder.

23 Share premium

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not available for distribution. Share premium comprises:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Non-life business	2,169,211	332,982
Life business	1,425,437	447,065
	3,594,648	**780,047**

(a) Movement in share premium

Balance, beginning of year	780,047	864,902
Share issue expenses (I)	-	(84,855)
Reversal of excess share issue provision	19,253	-
Share premium on conversion of irredeemable convertible notes to ordinary shares via the right issue	2,793,032	-
Share on additional ordinary shares issued via the right issue (see note (d) below)	2,316	-
Balance, end of year	**3,594,648**	**780,047**

The Company offered 4,300,536,075 ordinary shares of ₦0.50 each on the basis of 11 new ordinary shares for every 40 existing shares held, at ₦1.15 per share.

24 Statutory contingency reserve

In compliance with Section 21(1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 per cent of net premium. For the life business the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (which ever is greater) and this shall accumulate until it reaches the amount of minimum paid up capital.

The movement in the contingency reserve account during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	1,498,813	1,282,717
Transfer during the year	267,245	216,096
Balance, end of year	**1,766,058**	**1,498,813**

Transfer to statutory contingency reserve is done at the end of each financial year.

24.1 Business segment analysis

	31 December 2019 Non-Life	31 December 2019 Life	31 December 2019 Total
Balance, beginning of year	1,251,012	247,801	1,498,813
Transfer during the year	209,661	57,584	267,245
	-	-	-
Balance, end of year	**1,460,673**	**305,385**	**1,766,058**

25 Fair value reserve

Fair value reserve includes the net accumulated change in the fair value of available-for-sale assets.
The movement in the fair value reserve during the year is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	203,831	31,049
Fair value gain on available-for-sale investment securities (Note 6 (b)(iii))	436,732	259,474
Tax charge attributable to fair value gain on available for sale financial assets (see note 21)	(131,020)	(86,692)
Net gain on available-for-sale financial assets	305,712	172,783
Balance, end of year	**509,543**	**203,831**

26 Asset revaluation reserve

Asset revaluation reserve is the accumulation of revaluation gains on land and building revalued by the Company.

(a) Movement in asset revaluation reserve

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of year	280,551	280,551
Reclassification of retain earnings	-	-
Balance, end of year	**280,551**	**280,551**

There was no movement in asset revauation reserve during the year.

27 Accumulated losses

(a) Accumulated losses are accumulated losses attributable to shareholders.

	31 December 2019 ₦'000	31 December 2018 ₦'000
Balance, beginning of the year	(5,971,562)	(4,866,915)
Loss for the year	(3,742,870)	(888,551)
Transfer to statutory contingency reserve	(267,245)	(216,096)
Balance, end of the year	**(9,981,677)**	**(5,971,562)**

(b) Loss per share

	31 December 2019 ₦'000	31 December 2018 ₦'000
Loss attributable to the Company's equity holders	(3,742,870)	(888,551)
Weighted average number of ordinary shares in issue	19,938,849	18,146,960
Basic loss per share	(18.77)	(4.90)
Weighted average number of ordinary and dilutive shares in issue	19,938,849	18,146,960
Diluted loss per share	(18.77)	(4.90)

Basic earnings per share amounts are calculated by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted earnings per share is calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential of the irredeemable convertible notes into ordinary shares. The Company intends to raise ₦11.9 billion in 2020 to meet up with the revised minimum capital requirement issued by the regulator to commence in 31 December 2020.

28 Gross premium written

Gross premium written comprises:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Non-life business (a)	6,988,683	5,801,077
Life and annuity business (b)	5,758,365	4,206,447
Gross premium written	**12,747,048**	**10,007,524**

(a) Non-life business

The analysis of gross premium written and gross premium income is as follows:

	Gross Premium Written 31 December 2019 ₦'000	Movement in Unearned premium 31 December 2019 ₦'000	Gross premium income 31 December 2019 ₦'000
Aviation	567,365	4,213	571,578
Oil and gas	2,377,916	(255,126)	2,122,790
Fire	987,792	(134,519)	853,276
Motor	1,031,038	(203,528)	827,510
General Accident	999,709	(320,270)	679,439
Engineering	478,463	(73,374)	405,089
Marine Hull	383,098	(100,074)	283,024
Workmens compensation	26,437	(4,677)	21,760
Marine Cargo	136,865	25,879	162,744
	6,988,683	**(1,061,474)**	**5,927,209**

	Gross Premium Written 31 December 2018 ₦'000	Movement in Unearned premium 31 December 2018 ₦'000	Gross premium income 31 December 2018 ₦'000
Aviation	1,613,717	13,087	1,626,804
Oil and gas	1,610,662	(149,504)	1,461,158
Fire	744,692	(53,310)	691,382
Motor	808,125	(62,592)	745,533
General Accident	379,558	(14,822)	364,736
Engineering	336,451	(59,980)	276,471
Marine Hull	171,084	9,899	180,983
Workmens compensation	17,905	(1)	17,904
Marine Cargo	-	-	-
	5,801,077	**(405,601)**	**5,395,476**

(b) Life and Annuity business

The analysis of the gross premium income is as follows:

	Gross Premium Written 31 December 2019 ₦'000	Movement in Unearned premium 31 December 2019 ₦'000	Gross premium income 31 December 2019 ₦'000
Individual life	332,581	-	332,581
Group life	5,425,784	(414,487)	5,011,297
	5,758,365	**(414,487)**	**5,343,878**

	Gross Premium Written 31 December 2018 ₦'000	Movement in Unearned premium 31 December 2018 ₦'000	Gross premium income 31 December 2018 ₦'000
Individual life	313,989	-	313,989
Group life	3,892,458	148,385	4,040,843
Annuity contract	-	-	-
	4,206,447	**148,385**	**4,354,832**

29 Gross premium income

The Gross premium income is analyzed as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Gross premium written	12,747,048	10,007,524
Decrease in unearned premium - Non -life (See note 28(a))	(1,061,474)	(405,601)
Decrease in unearned premium - Group Life (See note 28(b))	(414,487)	148,385
	11,271,088	**9,750,309**

30 Reinsurance premium expenses

	31 December 2019 ₦'000	31 December 2018 ₦'000
Reinsurance cost comprises:		
Reinsurance premium cost	6,483,718	6,117,309
Changes in prepaid reinsurance expenses (note 8(d))	(667,806)	(83,050)
	5,815,912	**6,034,259**

31 Fees and commission income

Fees and commission income comprises:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Direct commission	278,486	212,337
Reinsurance commission	541,533	544,391
Commission received	820,019	756,728
Changes in deferred commission income (Note 18 (c))	(96,962)	(30,640)
	723,057	**726,088**

32 Net claims expenses

	31 December 2019 ₦'000	31 December 2018 ₦'000
Claims paid	4,331,018	5,230,088
Changes in outstanding claims: Group life business	1,122,734	(193,825)
Changes in outstanding claims and benefits: Individual life business	2,322	1,408
Changes in outstanding claims: Non-life business	684,909	876,305
Total claims	6,140,983	5,913,976
Changes in claims recoverable (see note 8 (e))	(2,243,928)	(3,780,740)
Movement in reinsurance claims recoverables	(296,162)	81,391
Net claims expenses	**3,600,893**	**2,214,626**

33 Benefit payments

	31 December 2019 ₦'000	31 December 2018 ₦'000
Payments on individual life	469,311	482,472
Payments on annuity	5,555	24,693
	474,866	**507,165**

Benefit payments comprise payments on maturity of policies, annuity payments and surrenders.

34 Underwriting expenses

(a) Underwriting expenses comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Acquisition cost (see (I) below)	1,450,935	1,003,082
Maintenance cost	477,218	218,937
	1,928,154	**1,222,019**

(i) Business segment analysis of acquisition cost

	31 December 2019 ₦'000	31 December 2018 ₦'000
Non life	980,101	660,523
Life	470,834	342,559
	1,450,935	**1,003,082**

(ii) Analysis of acquisition cost

	31 December 2019 ₦'000	31 December 2018 ₦'000
Commission expenses	1,634,210	1,084,285
Movement in deferred acquisition cost	(183,275)	(81,203)
Acquisition cost	**1,450,935**	**1,003,082**

35 Investment income

(a) Investment income comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Dividend income	60,532	69,445
Interest income on cash and cash equivalents	104,167	178,666
Interest income on HTM instruments	548,038	8,107
Interest income on treasury bills	461,319	34,092
Rental income from investment property	19,377	18,555
	1,193,433	**308,865**

(b) Attributable to:

	31 December 2019 ₦'000	31 December 2018 ₦'000
- Shareholders	1,938	1,855
- Policyholders	1,191,495	307,010
	1,193,433	**308,865**

36 (Loss)/gain on investment contract liabilities

	31 December 2019 ₦'000	31 December 2018 ₦'000
Interest income on investment contracts	22,342	126,758
Guaranteed interest (see note 17)	(54,612)	(46,093)
	(32,270)	**80,665**

The investment contract benefits represent interest guaranteed to investment contract holders as documented in the policy document. The interest is calculated based on the fund balance using a guaranteed interest rate which is reviewed from time to time.

37 Net realised loss

	31 December 2019 ₦'000	31 December 2018 ₦'000
Realised loss on:		
- Equity (see note 6 (iv))	(959)	-
- Currency	-	(1,500)
- Investment properties	(2,000)	30,000
	(2,959)	**28,500**

38 Net fair value gain / loss

	31 December 2019 ₦'000	31 December 2018 ₦'000
Fair value gain on quoted equities (note 6c(iii))	7,334	-
	7,334	-
Net fair value gain / (loss)on investment properties (note 11)	(653,792)	190,000
	(646,458)	**190,000**

39 Other operating income

	31 December 2019 ₦'000	31 December 2018 ₦'000
Unrealised net foreign exchange (loss)/ gain	5,914	(74,749)
Interest income from statutory deposits	64,821	76,830
(Loss)/Gain from disposal of property and equipment	-	8,248
Sundry income (see note (a) below)	3,652	164,432
	74,387	**174,761**

(a) Sundry Income:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Policy processing fees	12,470	3,588
Other income	(8,818)	160,844
	3,652	**164,432**

Other income comprises excess stamp duty refunds, service fees as well as provisions no longer required.

40 Management and administrative expenses

Management expenses comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Staff costs (see note (I) below)	968,031	808,158
Other staff related costs	577,785	234,408
Administration	196,830	281,252
Office and branch expenses	101,423	202,167
Depreciation on property and equipment (note 13)	230,989	171,931
Travel and entertainment	148,668	123,556
Professional fees (see note ii below)	413,181	415,088
Information and technology costs	144,339	82,029
Finance costs and bank charges	68,559	80,940
Marketing and advertising costs	721,874	76,814
Vehicle running expenses	51,380	54,360
Training	53,868	53,848
Board of Directors expenses	66,845	50,790
Regulatory fees	80,467	53,297
Repair and maintenance	57,218	33,881
Auditors remuneration	30,000	20,000
Insurance cost	29,412	17,794
Amortization of intangible assets (note 12)	5,618	757
Depreciation right of use	143,974	-
	4,090,461	**2,761,070**

(i) Staff costs comprise:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Wages and salaries	935,551	773,947
Contributory plan	32,480	34,211
	968,031	**808,158**

41 Impairments

(a) Impairment charge/ (reversal)

	31 December 2019 ₦'000	31 December 2018 ₦'000
Impairment charge/(reversal) on other receivables (see note 10(b))	2,255	-
Impairment reversal on AFS investment securities (see note 6(b)(iii))	-	-
	2,255	**-**

(b) Impairment charge/ (reversal)

	31 December 2019 ₦'000	31 December 2018 ₦'000
- Other receivables (see note 10(b))	2,255	-
-Trade receivables	-	1,453,589
- Other receivables	-	493,454
- Loans and receivables	-	15,001
	2,255	**1,962,044**

42 Income tax (charge)/write-back

	31 December 2019 ₦'000	31 December 2018 ₦'000
Minimum tax (see note 20) - Life	32,447	12,885
Education tax	-	-
Capital gains tax	-	-
	32,447	**12,885**
Minimum tax (see note 20) - Non-life	-	41,817
Education tax	40,976	-
Prior period unrecognised credit notes	-	-
Prior year under-provision	-	1,909
	40,976	**43,726**
Deferred tax (write-back)/expense:		
- Non-life(see note 21)	-	(843,374)
- Life (see note 21)	-	228,861
	-	(614,513)
	73,423	**(557,901)**

42. (a) Income tax (charge)/write-back

Current income tax reconciliation	31 December 2019 ₦'000	31 December 2018 ₦'000
Loss before income tax	(3,669,447)	(1,446,452)
Income tax using the domestic corporation tax rate of 30%	(1,100,834)	(433,936)
Tax effect of:		
Non-deduction expenses	3,130,143	1,984,314
Tax exempt income	(2,029,309)	(1,550,379)
Minimum tax	32,447	54,702
Education tax	40,976	-
Capital gain tax rate difference	-	-
Prior period unrecognised credit notes	-	-
Prior year under-provision	-	1,909
Timming difference	-	(614,513)
	73,423	**(557,902)**

Non deductible expenses and tax exempted income are recurring in nature and are identified to compute assessable income for tax computation based on the Company Income Tax Act (CITA CAP C21 LFN 2004).

43 Commitments and contingencies

The Company did not enter into any commitments that need to be disclosed during the year.

44 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one party controls both. The definition includes parents, associates, joint ventures and the Company's pension schemes, as well as key management personnel.

(ai) Parent company

Société Foncière Européenne B.V. (a wholly-owned subsidiary of Allianz SE), a member of the Allianz Group, is the parent company of Allianz Nigeria Insurance Plc.

(aii) Joint control by one entity

Detailed below are the Company's related party controlled by one entity and the transactions the Company entered into with the related entities during the year;

Name of related party	Relationship	Nature of transaction
Allianz Ghana	Related company	Professional services
Allianz Africa services	Related company	Professional services
Allianz Technology	Related company	Professional services
Allianz Africa financial services	Related company	Professional services
Allianz SE	Related company	Professional services
Allianz Paris	Related company	Professional services

The Company's transactions and balances arising from dealings with related parties are:

(b)

	31 December 2019 ₦'000	31 December 2018 ₦'000
Allianz Ghana	27,180	-
Alianz Africa services	26,873	-
Allianz technology	316,305	-
Allianz Africa financial services	139,597	-
Allianz Société Européenne	757	-
Allianz Paris	30,513	-

(b) Transactions with key management personnel

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

Detailed below are the Company's related parties and the transactions the Company entered into with its related parties during the year.

Name of related party	Relationship	Nature of transactions with related party
• Société Foncière Européenne B.V. (a wholly-owned subsidiary of Allianz SE) • Key management personnel	• Ultimate Parent Company • Executive & Non-Executive Directors and close family members	• Irredeemable convertible notes • Insurance Contracts

(c) The Company's transactions and balances arising from dealings with related parties are as follows:

Irredeemable convertible notes

	31 December 2019 ₦'000	31 December 2018 ₦'000
Societe Fonciere Europeenne B.V. (a wholly-owned subsidiary of Allianz SE)	-	5,000,000
Greenoaks Global Holdings Limited, United Kingdom.	-	-

(d) Premiums written

	31 December 2019 ₦'000	31 December 2018 ₦'000
Key Management personnel	1,322	1,296

(e) Short term benefits and post-employment benefits - key management personnel

	31 December 2019 ₦'000	31 December 2018 ₦'000
Short term benefits	58,685	58,685
Post-employment benefits: Pension	2,047	2,047

(f) Staff and directors' information

(i) The average number of full time employees employed by the Company during the year was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Management staff	13	12
Other staff	139	114
	152	**126**

(ii) Staff and directors' costs:
Employee costs, including executive directors during the year comprises:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Wages and salaries	935,551	773,947
Pension costs	32,480	34,211
	968,031	**808,158**

(iii) Directors' remuneration including other benefits was as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Directors' fees	43,683	33,500
Sitting allowance	9,561	6,800
Other expenses	13,602	10,490
	66,845	**50,790**

(iv) The directors' remuneration shown above includes:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Chairman	29,563	21,500
Highest paid director	**29,563**	**21,500**

(v) The emoluments of all other directors fell within the following range:

	31 December 2019 ₦'000	31 December 2018 ₦'000
₦500,000 - ₦1,400,000	-	-
₦1,400,001 - ₦1,500,000	-	-
Above ₦1,500,000	3	3
	3	**3**

The disclosure above relates only to non executive directors

45 Contravention of laws and regulations

The Company did not incur any penalty in the year under review.

46 Contingent liabilities, litigation and claims

The Company in its ordinary course of business was involved in thirteen (13) cases.

The Company was sued as Defendant by various individuals and organizations in 11 (Eleven) cases, while the Company is Counter-claimant in 2 (Two) out of the 11 (Eleven) cases instituted against it.

The total monetary claim against the Company in the 11 (Eleven) cases instituted against it by various individuals and organizations is approximately ₦350,327,655 (2018: ₦437,527,126).

The Directors of the Company are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the Company and are not aware of any other pending and/or threatened claim or litigation.

47 Events after reporting date

Management assessment of the Company's ability to continue as a going concern involves making a judgement, at a particular point in time, about inherently uncertain future outcome of events or conditions.
The recent outbreak of corona virus (COVID-19) which started mid-December 2019 in China and declared as a global pandemic by the World Health Organisation is capable of affecting the ability of the Company to realise its projected revenues and impairment assessment in the near future.

The financial impact of this disruption on the Company business cannot be reasonably estimated as at this time.
However looking at the revenue of the company within Seven months into the year, the gross written premium generated equalled the total revenue generated for the year 2019. Also, the investible asset of the Company is 50% of the total asset while cash is 3% of the total asset.

The company has also carried out liquidity test and concluded that the Company will remain solvent and able to operate sustainably into the future. The company is not aware of any legal proceedings that can threaten the operation or the existence of the company. Management does not expect the effects of the COVID-19 pandemic to cause the company to cease operations.

Other than the above, there were no other events subsequent to the date of the financial statements, which require adjustment or disclosure in these financial statements.

48 Donations

Donations were made during the year under review as follows:

Establishment	Project	31 December 2019 ₦'000	31 December 2018 ₦'000
Learners and Trainers Institute	Refurbishment of Ajibulu Primary School, Oshodi	233	500
International Missions Opportunity Nigeria	Corporate social responsibility initiative	-	1,000
Nigeria Insurers' Association	Industry rebranding project	-	4,470
Professional Insurance Ladies Association	Book launch for "The Pillar"	-	200
Community project		2,542	-
Global Initiative for Peace	Donation	250	-
Chartered Institute of Insurance	Donation	100	-
Gwarimpa Community	Sinking of borehole	3,398	-
South East community	Sinking of borehole	1,550	-
		8,073	**6,170**

49 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Company is organised on a nationwide basis into two operating segments. These segments include:
- Non-life (General) business
- Life business

Management identifies its reportable operating segments by product line consistent with the reports used by the strategic steering committee.

These segments and their respective operations are as follows:

- Non-life (General) business: Protection of customers' assets (both for personal and commercial business). All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premiums, investment income, net realised gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss

- Life business: Protection of the customers against the risk of premature death, disability, critical illness and other accidents. All contracts in this segment offer fixed and guaranteed benefits over the contractual term. Revenue from this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

The segment information provided to the Strategic Steering Committee for the reportable segments for the year ended 31 December 2019 is as follows:

The segment information provided by Management for the reporting segments as at 31 December 2019

Assets	Notes	Non-life ₦'000	Life ₦'000	Elimination Adjustments ₦'000	Company ₦'000
Cash and cash equivalents	5	2,301,496	9,815	-	2,311,311
Financial assets	6	4,815,592	4,163,710	-	8,979,302
Trade receivables	7	156,556	-	-	156,556
Reinsurance assets	8	2,290,769	2,425,316	-	4,716,085
Deferred acquisition costs	9	327,914	112,640	-	440,554
Other receivables and prepayments	10	6,204,335	11,012,213	(16,748,139)	468,071
Right of use assets	-	-	-	-	-
Investment properties	11	1,155,000	539,100	-	1,694,100
Intangible assets	12	333,097	78,075	-	411,172
Property and equipment	13	524,878	3,026	-	527,904
Deferred tax assets	21	657,301	-	(260,500)	396,801
Statutory deposits	14	300,000	200,000	-	500,000
Total assets		**19,066,938**	**18,543,895**	**(17,008,639)**	**20,601,856**
Liabilities					
Borrowings	15	-	-	-	-
Insurance contract liabilities	16	5,700,529	6,189,195	-	11,889,724
Investment contract liabilities	17	-	1,204,087	-	1,204,087
Trade payables	18	161,814	208,910	-	370,724
Accruals and other payables	19	9,929,204	7,734,317	(16,748,477)	915,044
Current income tax payable	20	34,661	49,068	-	83,729
Lease Liabilities		-	-	-	-
Deferred tax liabilities	21	134,916	125,584	(260,500)	-
Total liabilities		**15,961,124**	**15,511,161**	**(17,008,977)**	**14,463,308**
Net assets		**3,105,814**	**3,032,734**	**-**	**6,138,548**
Capital and reserves					
Share capital		6,890,736	3,078,689	-	9,969,425
Share premium	23	2,169,211	1,425,437	-	3,594,648
Irredeemable convertible notes	22(d)	-	-	-	-
Statutory contingency reserve	24	1,460,673	305,385	-	1,766,058
Fair value reserve	25	316,350	193,193	-	509,543
Asset revaluation reserve	26	-	280,551	-	280,551
Accumulated losses	27	(7,731,156)	(2,250,521)	-	(9,981,677)
Shareholders' funds		**3,105,814**	**3,032,734**	**-**	**6,138,548**

The segment information provided by Management for the reporting segments as at 31 December 2018

Assets	Notes	Non-life ₦'000	Life ₦'000	Elimination Adjustments ₦'000	Company ₦'000
Cash and cash equivalents	5	2,790,289	792,074	-	3,582,363
Investment securities	6	7,318,115	31,031	-	7,349,146
Trade receivables	7	54,261	15,577	-	69,838
Reinsurance assets	8	1,982,699	1,930,391	-	3,913,090
Deferred acquisition costs	9	184,200	73,078	-	257,278
Other receivables and prepayments	10	1,976,286	6,656,639	(7,980,660)	652,265
Investment properties	11	-	2,354,100	-	2,354,100
Property and equipment	13	598,701	4,494	-	603,195
Deferred tax assets	21	657,301	-	(129,480)	527,821
Statutory deposits	14	300,000	200,000	-	500,000
Total assets		**15,874,463**	**12,057,384**	**(8,110,140)**	**19,821,707**
Liabilities					
Borrowings	15	-	166,755	-	166,755
Insurance contract liabilities	16	3,954,146	4,312,559	-	8,266,705
Investment contract liabilities	17	-	934,245	-	934,245
Trade payables	18	114,929	182,542	-	297,471
Accruals and other payables	19	5,405,766	2,981,907	(7,980,660)	407,013
Current income tax payable	20	122,060	16,621	-	138,681
Deferred tax liabilities	21	84,464	45,016	(129,480)	-
Total liabilities		**9,681,365**	**8,639,645**	**(8,110,140)**	**10,210,870**
Net assets		**6,193,098**	**3,417,739**	**-**	**9,610,837**
Capital and reserves					
Share capital	22	5,493,062	2,326,095	-	7,819,157
Share premium	23	332,982	447,065	-	780,047
Irredeemable convertible notes	22c	3,500,000	1,500,000	-	5,000,000
Statutory contingency reserve	24	1,251,012	247,801	-	1,498,813
Fair value reserve	25	198,628	5,203	-	203,831
Asset revaluation reserve	26	-	280,551	-	280,551
Accumulated losses	27	(4,582,586)	(1,388,976)	-	(5,971,562)
Shareholders' funds		**6,193,098**	**3,417,739**	**-**	**9,610,837**

The segment information provided by the Management for the reporting segments for the year ended 31 December 2019.

Assets	Notes	Non-life ₦'000	Life ₦'000	Company ₦'000
Gross premium written	28	6,988,683	5,758,365	12,747,048
Gross premium income	29	5,927,210	5,343,878	11,271,088
Reinsurance premium expense	30	(2,784,321)	(3,031,591)	(5,815,912)
Net premium income		**3,142,889**	**2,312,287**	**5,455,176**
Fees and commission income	31	396,812	326,245	723,057
Net underwriting income		**3,539,701**	**2,638,532**	**6,178,233**
Changes in individual life reserve		-	(337,182)	(337,182)
Net claims expenses	32	(2,242,163)	(1,358,730)	(3,600,893)
Benefit payments	33	-	(474,866)	(474,866)
Underwriting expenses	34	(1,306,041)	(622,113)	(1,928,154)
Underwriting profit / (loss)		**(8,503)**	**(154,359)**	**(162,862)**
Management and administrative expenses	40	(3,107,706)	(982,755)	(4,090,461)
Impairment charges	(a)	(2,255)	-	(2,255)
Operating loss		**(3,118,464)**	**(1,137,114)**	**(4,255,578)**
Investment income	35(a)	826,015	367,418	1,193,433
Gain on investment contract liabilities	36	-	(32,270)	(32,270)
Net realised (loss)/gain on investment securities	37	(959)	(2,000)	(2,959)
Net fair value gain	38	(641,456)	(5,000)	(646,456)
Other operating income	39	36,932	37,453	74,385
Loss before income tax		(2,897,932)	(771,513)	(3,669,445)
Loss before income tax from reportable segment		(2,897,932)	(771,513)	(3,669,445)
Income tax write-back	42	(40,976)	(32,447)	(73,423)
Loss after tax		**(2,938,908)**	**(803,960)**	**(3,742,868)**

*There are no elimination adjustments.

The segment information provided by Management for the reporting segments for the year ended 31 December 2018.

Assets	Notes	Non-life ₦'000	Life ₦'000	Company ₦'000
Gross premium written	28	5,801,077	4,206,447	10,007,524
Gross premium income	29	5,395,477	4,354,832	9,750,309
Reinsurance premium expense	30	(2,875,914)	(3,158,345)	(6,034,259)
Net premium income		**2,519,563**	**1,196,487**	**3,716,050**
Fees and commission income	31	414,808	311,280	726,088
Net underwriting income		**2,934,371**	**1,507,767**	**4,442,138**
Changes in individual life reserve		-	90,499	90,499
Net claims expenses	32	(1,381,014)	(833,612)	(2,214,626)
Benefit payments	33	-	(507,165)	(507,165)
Underwriting expenses	34	(844,936)	(377,083)	(1,222,019)
Underwriting profit / (loss)		**708,421**	**(119,594)**	**588,827**
Management and administrative expenses	40	(2,530,326)	(230,744)	(2,761,070)
Impairment charges		-	-	-
Operating loss		**(1,821,905)**	**(350,338)**	**(2,172,243)**
Investment income (policyholders' funds)	35(a)	300,756	8,109	308,865
Investment income (shareholders' funds)		-	80,665	80,665
Guaranteed interest on investment contract liabilities		-	(28,500)	(28,500)
Net realised (loss) / gains on financial assets		-	190,000	190,000
Net fair value gain	38	113,943	60,818	174,761
Other operating income	39	-	-	-
Loss before income tax		(1,407,206)	(39,246)	(1,446,452)
Loss before income tax from reportable segment		(1,407,206)	(39,246)	(1,446,452)
Income tax expense	42	787,477	(229,576)	557,901
Loss after tax		**(619,729)**	**(268,822)**	**(888,551)**

*There are no elimination adjustments.

50 Financial Risk Management Framework

50.1 Enterprise Risk Review

The Company's business operations are largely diversified and spread across different geographical locations. This makes it imperative for the Company to ensure proper identification, measurement, aggregation and effective management of risks and efficient utilisation of capital to derive an optimal risk and return ratio.

Risks associated with the business of the Company include operational risks, credit risk, liquidity risk, underwriting risk, regulatory risk, market risk (which includes currency risk, interest rate risk and other price risks) as well as other risks such as capital management risk and reputation risk

50.1.1 Risk Management Philosophy/Strategy

Allianz Nigeria considers effective risk management system as non-negotiable. As such, best risk management practices are employed in all of its dealings ranging from strategy development and implementation to its daily operations.

In this regard, the Company's risk management philosophy is aimed at ensuring a moderate and guarded attitude to all forms of risk and overall shareholder's value. The Company is of the opinion that its enterprise risk management will proffer superior capabilities to identify, manage and mitigate its full spectrum of risks. In addition, efforts are geared towards:

- Continuous development of a holistic and integrated approach to risk management i.e. bringing all risks together under one or a limited number of oversight functions.
- Incessant building of a shared perspective on risks which is grounded in consensus.
- Governance by well defined policies which are clearly communicated across the Company.
- Maintenance of an optimal balance between risk and revenue consideration.

50.1.2 Risk appetite

Risk appetite is often described as the level of risk the organization is prepared to tolerate while it pursues its set objectives. It is a core consideration in an enterprise risk management approach. Risk appetite is the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. The Company's risk appetite is reviewed by the Board of Directors on an annual basis. The Company recognises that its long-term sustainability is dependent upon the protection of its reputation, preservation of value and relationship with stakeholders. To this end, there is zero tolerance to risk acceptance which will materially impair its reputation and value. In addition, much emphasis is placed on treating customers with utmost integrity.

The Company employs a range of quantitative indicators to monitor the risk profile. Specific limits have been set in line with the Company's risk appetite.

50.1.3 Key risk appetite parameters

The Company's Risk Appetite shall be defined using the following parameters:

Category	Risk Appetite Parameters
Market Risk	- Concentration limits - Stop-loss limit and trading limit - Daily position limits
Underwriting Risk	- 100% underwriting guidelines compliance - Tracking of all insurance premiums and paid claims within 90 days payment term - Quarterly review of portfolio - All contracts to be issued within Company limits - 100% re-insurance accuracy, zero tolerance for contract errors - Monitoring re-insurances' placements (treaty and facultative) - Monitoring re-insurer's treaty - Monthly monitoring of reporting process and reconciliation - Review of all claims - 100% reporting of all claims and complaints on weekly basis
Credit Risk	- Defined re-insurers and co-insurers ratings i.e. dealing only with re-insurance and co-insurance companies that are investment grade (BB) and upwards; - Approved payment plan - Aggregate bad debt limit for re-insurers, co-insurers, brokers and clients.
Reputational Risk	- Unqualified reports from external auditors - Zero tolerance for any statement, by our directors or employees that may impact negatively on the Company's reputation. - Zero appetite for association with disputable individual brokers, co-insurers, re-insurers and other organizations - Zero appetite for unethical, illegal or unprofessional conduct by our directors, employees and agents.
Operational Risk	- Zero tolerance for fraud - Percentage of earnings reduction or losses due to operational deficiencies and inefficiencies. - Aggregate limit for expected losses due to fraud and operational inefficiencies.
Regulatory Risk	- Zero tolerance for infractions and non-compliance with regulatory and statutory requirements.
Liquidity Risk	- Defined liquidity ratios
Capital Management	- The Company's Board requires that the Company maintains sufficient capital to adequately meet its liabilities in extreme adverse scenarios, on an ongoing basis.

50.1.4 Risk management approach

In being proactive towards risk occurence and management, the Company has so far developed long-lasting policies and procedures which would suffice every broad risk classification innate in our business. These policies would ensure conformity and consistency in the manner in which we deal with the different risk types the Company is faced with. The Company operates a Three-Line-Of-Defense model in its risk management approach. Primary responsibility for application of the Risk Management Framework lies with business management (First line of defense). Support for and challenge on the risk management activities (including the identification, measurement, monitoring, management and reporting of risk) are performed by specialist, independent risk function (Second line of defense) acting as the critical friend to the first line of defense. The design of Risk Management Framework (RMF) is also primarily the responsibility of second line of defense. Independent and objective assurance on the robustness of the RMF and the appropriateness and effectiveness of internal control is provided by the Company's internal audit function (Third line of defense).

The ideal risk management strategy for organizations is to empower all staff to proactively identify, control, monitor and regularly report risk issues to management. These steps help in setting out risk management and control standards for the Company's operations. In response to dynamism of the market and customer needs, we regularly monitor the appropriateness of our risk policies to ensure that they remain up-to-date.

The key features of the Company's risk management policy are:

- The Board of Directors provides overall risk management direction and oversight.
- The Company's risk appetite is approved by the Board of Directors.
- Risk management is embedded in the Company as an intrinsic process and is a core competency of all its employees.
- The Company manages its credit, market, operational and liquidity risks in a coordinated manner within the organisation.
- The Company's risk management function is independent of the business units.
- The Company's internal audit function reports to the Board Audit Committee and provides independent validation of the business units' compliance with risk policies and procedures and the adequacy and effectiveness of the risk management framework on an enterprise-wide basis.
- The Company continually modifies and enhances its risk management policies and systems to reflect changes in markets, products and international best practices. Training, individual responsibility and accountability, together with a disciplined and cautious culture of control, lie at the heart of the Company's management of risk.
- The Board of Directors is committed to managing compliance with a robust compliance framework to enforce compliance with applicable laws, rules and standards issued by the industry regulators and other law enforcement agencies, market conventions, codes of practices promoted by industry associations and internal policies.

The compliance function, under the leadership of the Chief Compliance Officer of the Company has put in place a robust compliance framework, which includes:

- Comprehensive compliance manual, the manual details the roles and responsibilities of all stakeholders in the compliance process;
- Review and analysis of all relevant laws and regulations, which are adopted into policy statements to ensure business is conducted professionally;
- Review of the Company's Anti Money Laundering Policy in accordance with changes in the Money Laundering Prohibition Act 2011 and Anti Terrorism Act 2011;
- Incorporation of new guidelines in the Company's Know Your Customer (KYC) policies in line with the increasing global trend as outlined in the National Insurance Commission (NAICOM) Know Your Customer (KYC) policy
.

The Company's culture emphasizes high standard of ethical behavior at all levels of the Company. Therefore the Company's Board of Directors promotes sound organisation.

50.1.5 Methodology for risk rating

The risk management strategy is to develop an integrated approach to risk assessments, measurement, monitoring and control that captures all risks in all aspects of the Company's activities.

All activities in the Company have been profiled and the key risk drivers and threats in them identified. Mitigation and control techniques are then determined in tackling each of these threats. These techniques are implemented as risk policies and procedures that drive the strategic direction and risk appetite as specified by the Board. Techniques employed in meeting these objectives culminate in the following roles for the risk control functions of the Company:

- Develop and implement procedures and practices that translate the Board's goals, objectives, and risk tolerances into operating standards that are well understood by staff.
- Establish lines of authority and responsibility for managing individual risk elements in line with the Board's overall direction.
- Risk identification, measurement, monitoring and control procedures.
- Establish effective internal controls that cover each risk management process.
- Ensure that the Company's risk management processes are properly documented.
- Create adequate awareness to make risk management a part of the corporate culture of the Company.
- Ensure that risk remains within the boundaries established by the Board.
- Ensure that business lines comply with risk parameters and prudent limits established by the Board.

The NAICOM Guidelines on Risk Management prescribes quantitative and qualitative criteria for the identification of significant activities and sets a threshold of contributions for determining significant activities in Insurance and its subsidiaries. This practice is essentially to drive the risk control focus of financial institutions.

The Company applies a mix of qualitative and quantitative techniques in the determination of its significant activities under the prescribed broad headings. The criteria used in estimating the materiality of each activity is essentially based on the following:

- The strategic importance of the activity and sector.
- The contribution of the activity/sector to the total assets of the Insurance company.
- The net income of the sector.
- The risk inherent in the activity and sector.

Risk Management structures and processes are continually reviewed to ensure, their adequacy and appropriateness for the Company's risk and opportunities profile as well as bringing them up to date with changes in strategy, business environment, evolving thoughts and trends in risk management.

50.2 Financial Risk Management

Allianz Nigeria Insurance Plc is exposed to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

50.2.1 Credit Risk

Credit risk is defined as the likelihood that a customer or counterparty is unable to meet the contracted financial obligations resulting in a default situation and/or financial loss. Credit exposures arise principally in credit-related risk that is embedded in premium credits and investments. It is the risk of default of counterparty to fulfil its on and/or off-balance sheet contractual obligations. Exposure to this risk results from financial transactions with a counterparty including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor.

50.2.2 Credit risk management

As the Company is not in the business of granting loans like banks, credit risks in terms of customer default on loans repayment is not applicable. However, in terms of premium payment, investments in counterparties, as well as funds granted to policyholders with existing investment plans, considerable risks exist that brokers and large corporate organisations who are allowed extended payment year may default and this is closely allied to cash flow risks. The Company is also exposed to credit risk from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company is exposed to risk relating to its debt holdings in its investment portfolio, outstanding premiums from customers and the reliance on reinsurers to make payment when certain loss conditions are met.

With respect to other debt instruments, the Company takes the following into consideration in the management of the associated credit risk:

- External ratings of such instruments/ institutions by rating agencies like Fitch; Standard & Poor's; Agusto & Co. etc.
- Internal and external research and market intelligence reports
- Regulatory agencies reports

The Company's Enterprise Risk Management policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposure and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in risk assessment.

Net exposure limits are set out for each counterparty, geographical and industry segment (that is, limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

Reinsurance is placed with counterparties that have good credit ratings and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of credit worthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

In addition to the above, we have put in place a conservative limits structure which is monitored from time to time in order to limit our risk exposures on these securities. The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.

The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

In evaluating credit risk (impairment), the Company determines impairment on loans that are not specifically impaired using a model in line with the requirements of IFRS as follows:

Impairment = EAD X PD X LGD

The parameters are defined as follows:

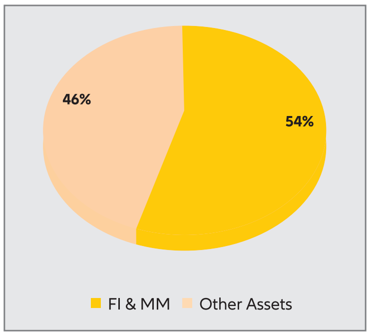
- Probability of Default (PD): Thie is the probability that a counterparty will default on an existing commitment, usually over a 12-month period

- Loss Given Default (LGD): This is the portion or receivable determined to be irrecoverable. Our methods considers prior period experience, other qualitative factors as well as future economic projections.
- Exposure At Default (EAD): This represents the amount that is due or outstanding at the time of default.

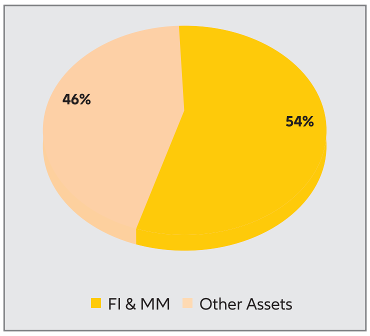
The Company's investment portfolio is exposed to credit risk through its Fixed Income and Money Market instruments. The contribution of the Fixed Income & Money Market instruments to the Company's assets is as follows:

Contribution of Fixed Income and Money Market Instruments to Company's Total Investment

December 2019



December 2018



Money Market Securities

	31 December	31 December
Credit rating	**2019**	**2018**
	₦'000	**₦'000**
A	-	560
B	-	2,234,973
BBB	6,476	673,228
Total	**6,476**	**2,908,761**

Source: Global Credit Rating list as at 31 December 2019

50.2.4 Fixed Income Securities

in thousands of Naira	Placement limit	Credit rating	Total Placement 31 December 2019 ₦'000	Total Placement 31 December 2018 ₦'000
Bonds &Treasury bills (see note 6(a(i))	Unlimited	A	8,140,805	6,505,211

**Source: Global Credit Rating list as at 31 December 2019*

The counter-party exposure as at the end of the year is represented below:

31 December 2019

	Notes	Financial Institutions ₦'000	Public Sector ₦'000	Others ₦'000	Total ₦'000
Cash and cash equivalents (less cash in hand)	5	2,309,841	-	-	,309,841
Investment securities:					
- Available-for-sale investment securities (less listed equities)*	6(b)	756,751	8,140,805	-	8,897,556
- Loans & receivables	6(d)	-	-	9,166	9,166
Trade receivables	7	-	-	156,556	156,556
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	-	-	1,865	1,865
Other receivables (less prepayments)	10(c)	120,000	-	71,744	191,744
Statutory deposits	14	-	500,000	-	500,000
		3,186,592	**8,640,805**	**239,331**	**12,066,728**

31 December 2018

	Notes	Financial Institutions ₦'000	Public Sector ₦'000	Others ₦'000	Total ₦'000
Cash and cash equivalents (less cash in hand)	5	3,581,711	-	-	3,581,711
Investment securities:					
- Held-to-maturity financial instruments	6(a)	-	-	-	-
- Available-for-sale investment securities (less listed equities)*	6(b)	17,482	6,505,211	70,804	6,593,497
- Loans & receivables	6(d)	-	10,489	-	10,489
Trade receivables	7	-	-	69,838.00	69,838
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	-	-	162,500	162,500
Other receivables (less prepayments)	10(c)	200,000.00	-	208,803	408,803
Statutory deposits	14	-	500,000	-	500,000
		3,799,193	**7,015,700**	**511,945**	**11,326,838**

* Investment securities at fair value through profit or loss and available for sale financial assets do not include the balance of equity securities as equity securities are not exposed to credit risk.

50.2.4 Credit exposure by geographical concentration

31 December 2019

	Note	Nigeria ₦'000	Rest of Africa ₦'000	Outside Africa ₦'000	Total ₦'000
Cash and cash equivalents (less cash in hand)	5	2,309,841	-	-	2,309,841
Investment securities:					
- Available-for-sale investment securities (less listed equities)*	6(b)	8,897,556	-	-	8,897,556
- Loans & receivables	6(d)	9,166	-	-	9,166
Trade receivables	7	156,556	-	-	156,556
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	1,865	-	-	1,865
Other receivables (less prepayments)	10(c)	191,744	-	-	191,744
Statutory deposits	14	500,000	-	-	500,000
		12,066,728	**-**	**-**	**12,066,728**

31 December 2018

	Note	Nigeria ₦'000	Rest of Africa ₦'000	Outside Africa ₦'000	Total ₦'000
Cash and cash equivalents (less cash in hand)	5	3,581,711	-	-	3,581,711
Investment securities:					
- Available-for-sale investment securities (less listed equities)*	6(a)	6,593,497	-	-	6,593,497
- Loans & receivables	6(d)	10,489	-	-	10,489
Trade receivables	7	69,838	-	-	69,838
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	162,500	-	-	162,500
Other receivables (less prepayments)	10(c)	408,803	-	-	408,803
Statutory deposits	14	500,000	-	-	500,000
		11,326,838	**-**	**-**	**11,326,838**

50.2.5 Credit limit exposure and ratings

Reinsurance

Reinsurance is placed with only reinsurers with a minimum credit rating of BB. Management monitors the credit-worthiness of all reinsurers by reviewing their annual financial statements and through continuous communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

An analysis of the Company's exposure per reinsurer credit rating (forward looking statement of the reinsurer credit rating as determined by rating agency) as at 31 December 2019 is as follows:

	31 December 2019 ₦'000	31 December 2018 ₦'000
AA	117,065	6,588
A	7,585	6,414
A+	377,124	15,321
AA-	(87,336)	30,254
A-	(260,458)	53,448
BBB+	10,770	4,089
B+	91,573	46,386

50.2.5 Credit limit exposure and ratings - continued

Global Corporate Rating (GCR)'s Rating Symbols and Definitions Summary:

AA AA-	Very high credit quality. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.
A+ A A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB+	Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.
BB	Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall quality may move up or down frequently within this category.
B+ B	Possessing substantial risk that obligations may not be paid when due. Judged to be speculative to a high degree.

The exposure excludes reinsurance on Incurred But Not Reported (IBNR).

Aside credit risk exposure from our investment policies, Allianz Nigeria is also exposed to this risk from its core business – outstanding premiums from clients. The Company categorizes its exposure to this risk based on business types (Direct and Brokered business) and periodically reviews outstanding receivables to ensure credit worthiness. Credit risk exposure to Direct Business is low as the Company evaluates the capacity of the debtors before inception of insurance policies. The Company's overall exposure to credit risk arising from both Direct and Brokered Business is relatively low due to the implementation of the 'No premium No Cover' (NPNC) rule where the Brokers business which typically has a higher risk is backed by credit notes issued to the insurance company as evidence of receipt of premiums which should be paid within 30days. This position is in line with NAICOM's premium remittance directive; which became effective since 1 January 2013.

Stringent measures have been placed by the Regulator to guide against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company's credit risk exposure to brokered business is very low as the Company requires brokers to provide credit note which is due 30 days from receipt before incepting insurance cover on behalf of their client.

Management of credit risk from outstanding premium

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers.

Formulating credit policies with strategic business units, underwriters, brokers, covering brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.

Identification of credit risk drivers within the Company in order to coordinate and monitor the probability of default that could have an unfortunate impact.

A specialised and focused credit control team handles the management and collection of problem credit facilities.

50.2.5 Write-off policy

The Company writes off premium debt balances when the Company's credit control unit determines that the premium debt is uncollectable and had been declared delinquent and subsequently classified as lost. This determination is made after considering information such as the continuous deterioration in the customer's financial position, such that the customer can no longer pay the obligation, or expiration of the insurance contract. Board approval is required for such write-off. The credit control unit continues with its recovery efforts and any premium debt subsequently recovered is treated as other income.

50.2.6 Credit quality

The credit quality of the Company's financial assets that are neither past due nor impaired is summarized below:

31 December 2019 *in thousands of Naira*	AA/A+ ₦'000	A ₦'000	BBB+/BB/B+ ₦'000	Unrated ₦'000
Cash and cash equivalents (less cash in hand)	-	-	6,476	2,303,365
Investment securities:				
- Available-for-sale investment securities (less listed equities)*	-	-	8,140,805	-
- Loans & receivables	-	-	-	9,166
Trade receivables	-	-	-	156,556
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	-	-	-	1,865
Other receivables (less prepayments)	-	-	120,000	71,744
	-	**-**	**8,267,281**	**2,542,696**

31 December 2018	AA/A+ ₦'000	A ₦'000	BBB+/BB/B+ ₦'000	Unrated ₦'000
Cash and cash equivalents (less cash in hand)	-	560	2,908,201	672,950
Investment securities:				
- Held-to-maturity financial instruments	-	-	-	-
- Available-for-sale investment securities (less listed equities)*	-	-	6,593,497	-
- Loans & receivables	-	-	-	10,489
Trade receivables	-	-	-	69,838
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	-	-	-	162,500
Other receivables (less prepayments)	-	-	200,000	208,803
	-	**560**	**9,701,698**	**1,124,580**

50.2.7 Ageing analysis

The ageing analysis of the Company's financial assets that are neither past due nor impaired is summarized below:

in thousands of Naira

31 December 2019	0-3 Months	3-6 Months	6-12 Months
Trade receivables	156,556	-	-
Re-insurance assets	1,865	-	-
	158,421	**-**	**-**

31 December 2018	0-3 Months	3-6 Months	6-12 Months
Trade receivables	69,838	-	-
Re-insurance assets	162,500	-	-
	232,338	**-**	**-**

50.2.8 Analysis of individually impaired assets

The analysis of the Company's financial assets that are individually impaired is summarized below:

in thousands of Naira

31 December 2019	Trade receivables	Other receivables
Gross amount	-	-
Impairment	-	-
	-	-

in thousands of Naira

31 December 2018	Trade receivables	Other receivables
Gross amount	-	-
Impairment	-	-
	-	-

50.2.9 IFRS 9 impact assessment

(a) Expected impacts of IFRS 9 adoption on the classification and measurement of financial assets as at 31 December 2019 and 1 January 2020

Financial assets 31 December 2019	IAS 39 classification	IFRS 9 classification & measurement	Carrying amount ₦'000
Cash and cash equivalents	Loans and receivables	Amortised cost	2,311,311
Investment securities:			
- Fair value through profit or loss	FVTPL	FVTPL	72,580
- Available-for-sale			
Treasury bills	Available-for-sale	FVTOCI	8,140,805
Quoted equities available for sale	Available-for-sale	FVTOCI	737,551
Mutual funds	Available-for-sale	FVTOCI	19,200
Loans and other receivables	Loans and receivables	Amortised cost	9,166
Trade receivables	Loans and receivables	Amortised cost	156,556
Other receivables (less prepayments)	Loans and receivables	Amortised cost	191,744
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	Loans and receivables	Amortised cost	1,865
Statutory deposits	Loans and receivables	Amortised cost	500,000

The measurement basis of all financial assets are expected to remain unchanged even after IFRS 9 adoption. Thus, there will be no change in the gross carrying amounts of the financial assets upon the adoption of IFRS 9.

There is no reclassification of financial instruments or change in measurement in the Company's books, except for a change in nomenclature between IAS 39 and IFRS 9.

(b) Expected impact of IFRS 9 on shareholders' funds with corresponding impact on net income

We are in the process of building the Expected Credit Loss (ECL) model, thus we do not have the estimates for the impairment charge to the statement of profit or loss and other comprehensive income at this time.

50.2.10 Market risk

The Company undertakes activities which give rise to a considerable level of market risks exposures (i.e. the risk that the fair value of future cash flows of our trading and investment positions or other financial instruments will fluctuate because of changes in market prices). Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatilities. The objective of market risk management activities is to continually manage and control market risk exposure within acceptable parameters, while optimizing the return on risks taken.

50.2.11 Management of market risk

The Company has an independent Risk Management unit which assesses, monitors, manages and reports on market risk taking activities across the Company. We have continued to enhance our Market Risk Management Framework. The operations of the Unit is guided by the mission of "inculcating enduring market risk management values and culture, with a view to reducing the risk of losses associated with market risk-taking activities and optimizing risk-reward trade-off."

The Company's market risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Company and ensure that:

1. The individuals who take or manage risk clearly understand it.
2. The Company's risk exposure is within established limits.
3. Risk taking decisions are in line with business strategy and objectives set by the Board of Directors.
4. The expected payoffs compensate for the risks taken.
5. Sufficient capital, as a buffer, is available to take risk.

The Company proactively manages its Market risk exposures within the acceptable levels.

Allianz Nigeria Insurance plc currently does not offer very complex derivative products. However, we are already building capacity (both systems and training/knowledge base) to enable us handle these products as and when introduced.

50.3 Equity price risk

The Company is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE) and other non-quoted investments. Equity securities quoted on the NSE is exposed to movement based on the general movement of the All Share Index and movement in prices of specific securities held by the Company.

The Company's management of equity price risk is guided by stop loss limit analysis, stock to total loss limit analysis and investment quality and limit analysis.

50.3.1 Investment quality and limit analysis

The Board Investment Committee establishes and approves a list of eligible listed and unlisted stocks aligned with investment approval/dealer limits. These approval limits are illustrated using an approval hierarchy that establishes different levels of authority necessary to approve investment decisions of different naira amounts. The approval limit system:

- sets out lower limits for Chief Financial Officer (CFO) and, or provides the CFO with the authority to assign limits to subordinates;

- requires that investment decisions above this personal discretionary limit requires approval by the Board of Directors.

Stop loss limit analysis

The eligible stocks are further categorized based on market capitalizations, liquidities and market volatilities of the economic sector. These categorisations are assigned stop loss limits and maximum holding days for trading as a measure of the amount of loss the Company is willing to accept, periodic reviews and reassessments are undertaken on the performance of the stocks. The stop loss limits on classes of stocks as approved by Board Investment Committee are depicted below:

Sectors	Banking	All other sectors
Stop loss limit	30%	35%

50.3.2 Stock to Total Limit Analysis

Considering the volatility of stocks (typically quoted stocks), the Company monitors the contribution of individual stock to the total stocks holding in a portfolio. The objective of the analysis is to evaluate the Company's concentration on individual stock and ultimately exposure to market volatility if the price of any of the stocks should drastically drop.

As at 31 December 2019, the Company exposure to market risk via equity price risk has significantly reduced as the total portfolio was ₦72,580,000 (2018: ₦2,660,000).
The sectorial distribution of equity investments was as follows:

31 December 2019

	Cost ₦'000	Market Value ₦'000	Sectorial Proportion %	Loss Limit Benchmark %	Weighted Ave. Loss Limit %	Gain/(Loss) %	Sectorial Weighted Ave. Gain/(Loss) %
Banking	1,422	120	0%	30%	0%	-92%	0%
Telecommunication	70,804	72,460	100%	35%	35%	2%	2%
	72,226	**72,580**					

The Company manages its exposure to equity price risk through adherence to stop loss limits and investments in eligible stocks as approved by the Board. Potential losses as seen in the schedules above, were within the Company's stated risk appetite. The Company's further reduced its exposure to equity price risk with relatively low investment in quoted equities. Quoted equities accounts for 1% (2018: 0%) of the entire investment portfolio as at 31 December 2019.

Equity price risk sensitivity

2019	Decreased by 1%	Decreased by 4%
Impact on profit	(726)	(2,903)
Tax charge of 30%	(218)	(871)

50.3.3 Interest rate risk

The Company is moderately exposed to interest-rate risk through its conservative investment approach with high investment in Fixed Income and Money Market instruments. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets as a result of rises or falls in interest rates.

A significant portion of the Company's assets relate to its capital rather than liabilities; the value of its interest rate based assets exceeds its interest rate based liabilities. As a result, generally, the Company's investment income will move with interest rates over the medium to long-term with short-term interest rate fluctuations resulting in income in the statement of profit or loss and other comprehensive income.

The Company is exposed to a moderate level of interest rate risk-especially on the investment contracts (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates). Similar to the last financial year, interest rate was fairly volatile. These changes could have a negative impact on the Net Interest Income, if not properly managed. The Company, however, has a significant portion of its liabilities in non-rate sensitive liabilities. This greatly assists it in managing its exposure to interest rate risks.

Sensitivity analysis are carried out from time to time to evaluate the impact of rate changes on the net interest income (ranging from 100 basis point to 500 basis points). The assessed impact has not been significant on capital or earnings of the Company.

The exposure to interest rate risk primarily results from timing differences as well as differences in guaranteed interest on interest-bearing liabilities, the fluctuation in interest earned on interest-earning financial assets as well as interest on bank overdraft facility. The Company currently maintains a 4% guaranteed interest on interest-bearing liabilities and from time to time, the Company ensures that assets designated under policy holders' fund maintain a minimum of 5% interest rate gap between interest-earning assets and liabilities.

The sensitivity analysis is to test the impact of fluctuation in interest rates on interest-earning assets that would impact on the profit before income tax of the Company. A summary of the Company's interest rate gap position using 200 basis points' sensitivity analysis is given in the table below:

31 December 2019 Total interest earning assets	Note	1-3 Months ₦'000	3-12 Months ₦'000	12 Months & Above ₦'000	Total ₦'000
Short term placements	5	6,476	-	-	6,476
Cash at bank	5	2,303,365	-	-	2,303,365
Loans and receivables	6(d)	9,166	-	-	9,166
Statutory deposits	14	-	-	500,000	500,000
		2,319,007	**-**	**500,000**	**2,819,007**
Total interest bearing liabilities					
Borrowings	15	-	-	-	-
Investment contract liabilities	17	136,623	101,837	965,627	1,204,087
		136,623	**101,837**	**965,627**	**1,204,087**
Gap		**2,182,384**	**(101,837)**	**(465,627)**	**1,614,920**
Increase by 2%		43,648	(2,037)	(9,313)	32,298
Increase by 4%		87,295	(4,073)	(18,625)	64,597
Decrease by 2%		(43,648)	2,037	9,313	(32,298)
Decrease by 4%		(87,295)	4,073	18,625	(64,597)

31 December 2018	Note	1-3 Months ₦'000	3-12 Months ₦'000	12 Months & Above ₦'000	Total ₦'000
Short term placements	5	2,908,761	-	-	2,908,761
Cash at bank	5	672,950	-	-	672,950
Loans & receivables	6(d)	10,489	-	-	10,489
Statutory deposits	14	-	-	500,000	500,000
Total interest earning assets		**3,592,200**	**-**	**500,000**	**4,092,200**
Borrowings	15	-	166,755	-	166,755
Investment contract liabilities	17	136,623	101,837	695,785	934,245
		136,623	**268,592**	**695,785**	**1,101,000**
Gap		**3,455,577**	**(101,837)**	**(195,785)**	**2,991,200**
Increase by 2%		169,349	(6,891)	(1,024)	161,434
Increase by 4%		338,698	(13,783)	(2,048)	322,867
Decrease by 2%		(169,349)	6,891	1,024	(161,434)
Decrease by 4%		(338,698)	13,783	2,048	(322,867)

50.3.4 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Allianz Nigeria Insurance plc is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Company is exposed to foreign currency denominated in dollars with investment in dollar-denominated fixed deposits and bank balances in other foreign currencies.

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise largely with respect to US Dollar.

The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. The main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

The Company limits its foreign exchange exposure to 69% of total investment portfolio in accordance with its investment policy. Foreign currency changes are monitored by the Board Investment Committee and holdings are adjusted when offside the investment policy. The Company further manages its exposure to foreign risk exchange using sensitivity analysis to assess potential changes in the value of foreign exchange positions and the impact of such changes on the Company's investment income. At the end of the year, the foreign currency investments held in the portfolio were on unquoted equity and cash and cash equivalents.

There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

The table below summarises the Company's financial assets and liabilities by major currencies:

31 December 2019
In thousands of Naira

Assets	Note	Total ₦'000	Naira ₦'000	US Dollars ₦'000	Euro ₦'000	Pound Sterling ₦'000
Cash and cash equivalents	5	2,311,311	1,090,503	1,216,222	1,761	2,825
Investment securities:						
- Financial assets at fair value through profit or loss	6(b)	72,580	72,580	-	-	-
- Available-for-sale financial assets	6(a)	8,897,556	8,897,556	-	-	-
- Loans and receivables	6(c)	9,166	9,166	-	-	-
Trade receivables	7	156,556	156,556	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	1,865	1,865	-	-	-
Other receivables (less prepayments)	10(c)	189,489	189,489	-	-	-
Statutory deposits	14	500,000	500,000	-	-	-
Total		**12,138,523**	**10,917,715**	**1,216,222**	**1,761**	**2,825**
Liabilities						
Borrowings	15	-	-	-	-	-
Investment contract liabilities	17	1,204,087	1,204,087	-	-	-
Trade payables	18	370,724	37,072	333,652	-	-
Other payables		627,264	627,264	-	-	-
Total		**2,202,075**	**1,868,423**	**333,652**	**-**	**-**

31 December 2018
In thousands of Naira

Assets	Note	Total ₦'000	Naira ₦'000	US Dollars ₦'000	Euro ₦'000	Pound Sterling ₦'000
Cash and cash equivalents	5	3,582,363	3,006,298	574,504	1,359	202
Investment securities:						
- Financial assets at fair value through profit or loss	6(b)	2,660	2,660	-	-	-
- Available-for-sale financial assets	6(a)	7,335,997	7,265,193	70,804	-	-
- Loans and receivables	6(c)	10,489	10,489	-	-	-
Trade receivables	7	69,838	69,838	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	162,500	162,500	-	-	-
Other receivables (less prepayments)		408,803	408,803	-	-	-
Statutory deposits	14	500,000	500,000	-	-	-
Total		**12,072,650**	**11,425,781**	**645,308**	**1,359**	**202**
Liabilities						
Borrowings	15	166,755	166,755	-	-	-
Investment contract liabilities	17	934,245	934,245	-	-	-
Trade payables	18	297,471	29,747	267,724	-	-
Other payables		242,268	242,268	-	-	-
Total		**1,640,739**	**1,373,015**	**267,724**	**-**	**-**

The following table details the effect of foreign exchange risk on the profit or loss as at 31 December 2019.

Foreign exchange sensitivity
31 December 2019

Financial assets exposed to foreign exchange risk	US Dollars ₦'000	Euro ₦'000	Pound Sterling ₦'000
Effect on profit or loss			
Increase by 1%	8,826	18	28
Decrease by 1%	(8,826)	(18)	(28)

31 December 2018

Financial assets exposed to foreign exchange risk	US Dollars ₦'000	Euro ₦'000	Pound Sterling ₦'000
Effect on profit or loss			
Increase by 1%	3,776	14	2
Decrease by 1%	(3,776)	(14)	(2)

50.4 Liquidity risk

Liquidity risk is the potential loss arising from the Company's inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other risks such as insurance claims risk, credit, market and operational risks.

The Company mitigates this risk by monitoring cash activities and expected outflows. The Company's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Company has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Company has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

The Company's investment policy requires minimum limit of 60% of the Company's investment portfolio be held in cash and short-term investments; this highlights availability of liquid marketable securities sufficient to meet its liabilities as at when due. Short term investments include treasury bills and term deposits with an original maturity of less than one year.

50.4.1 Liquidity risk management process

The Company has a sound and robust liquidity risk management framework that ensures that sufficient liquidity, including a cushion of unencumbered and high quality liquid assets are maintained at all times, to enable the Company withstand a range of stress events, including those that might involve claim loss or significant impairment of funding sources.

The Company's liquidity risk exposure is monitored and managed by the Asset and Liability Management team on a regular basis. This process includes:

- Projecting cash flows and considering the level of liquid assets necessary in relation thereto;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements;
- Maintaining a diverse range of funding sources with adequate back-up facilities;
- Managing the concentration and profile of debt maturities;
- Maintaining liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises while minimizing any adverse long-term implications for the business;
- Regular conduct of stress testing, coupled with testing of contingency funding plans from time to time.

The maximum cumulative outflow has remained positive all through the short tenor maturity buckets. Assessments are carried out on contractual and behavioural bases. These reveal very sound and robust liquidity position of the Company.

The Company maintains adequate liquid assets and marketable securities sufficient to manage any liquidity stress situation.

50.4.2 Below is a summary of the contractual repricing or maturity dates (whichever is earlier) of financial assets matched with financial liabilities.

31 December 2019 In thousands of Naira	Note	Carrying Amount	Gross Nominal Amount	0-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 Years
Financial Assets								
Cash and cash equivalents	5	2,311,311	2,311,311	2,311,311	-	-	-	-
Investment securities:								
- Financial assets at fair value through profit or loss	6(b)	72,580	72,580	-	-	72,580	-	-
- Available-for-sale financial assets	6(a)	8,897,556	7,295,590	4,994,152	-	3,074,073	-	829,331
- Loans and receivables	6(c)	9,166	9,166	9,166	-	-	-	-
Trade receivables	7	156,556	156,556	156,556	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	1,865	1,865	1,865	-	-	-	-
Other receivables (less prepayments)	10(c)	328,803	328,803	104,402	104,402	120,000	-	-
Statutory deposits	14	500,000	500,000	-	-	-	-	500,000
		12,277,837	**10,675,871**	**7,577,452**	**104,402**	**3,266,653**	**-**	**1,329,331**
Financial Liabilities								
Borrowings	15	-	-	-	-	-	-	-
Investment contract liabilities	17	1,204,087	1,204,087	136,623	66,641	65,962	512,993	421,868
Trade payables	18	370,724	370,724	-	370,724	-	-	-
Other payables		627,264	627,264	-	627,264	-	-	-
		2,202,075	**2,202,075**	**136,623**	**1,064,629**	**65,962**	**512,993**	**421,868**
Excess of assets over liabilities		**10,075,762**	**8,473,796**	**7,440,829**	**(960,228)**	**3,200,691**	**(512,993)**	**907,463**

31 December 2018	Note	Carrying Amount	Gross Nominal Amount	0-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 Years
Financial Assets								
Cash and cash equivalents	5	3,582,363	3,582,363	3,582,363	-	-	-	-
Investment securities:								
- Financial assets at fair value through profit or loss	6(a)	2,660	2,660	-	-	2,660	-	-
- Available-for-sale financial assets	6(a)	7,335,997	7,299,705	4,994,152	-	1,508,399	-	833,446
- Loans and receivables	6(c)	10,489	10,489	10,489	-	-	-	-
Trade receivables	7	69,838	69,838	69,838	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	8	162,500	162,500	162,500	-	-	-	-
Other receivables (less prepayments)	10(c)	408,803	408,803	104,402	104,402	200,000	-	-
Statutory deposits	14	500,000	500,000	-	-	-	-	500,000
		12,072,650	**12,036,358**	**8,923,744**	**104,402**	**1,711,059**	**-**	**1,333,446**
Financial Liabilities								
Borrowings	15	166,755	167,149	167,149	-	-	-	-
Investment contract liabilities	17	934,245	934,245	136,623	66,641	65,962	512,993	152,026
Trade payables	18	297,471	297,471	-	297,471	-	-	-
Other payables		242,268	242,268	-	242,268	-	-	-
		1,640,739	**1,641,133**	**303,772**	**606,380**	**65,962**	**512,993**	**152,026**
Excess of assets over liabilities		**10,431,911**	**10,395,225**	**8,619,972**	**(501,978)**	**1,645,097**	**(512,993)**	**1,181,420**

50.5 Insurance risk

Insurance risk is the risk that future risk claims and expenses will exceed the value placed on insurance liabilities. It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. The timing is specifically influenced by future mortality, longevity, morbidity, persistency and expenses about which assumptions are made in order to place a value on the liabilities. Deviations from assumptions will result in actual cash flows differing from those projected in the policyholder liability calculations. As such, each assumption represents a source of uncertainty.

50.5.1 Insurance premium rating

(a) Individual life products

Term Assurance, Endowments and Savings Plan

The price for an individual life product is adjusted for the following risk factors:

- Age;
- Gender;
- Smoker status;
- Medical conditions;
- Financial condition; and
- Hazardous pursuits.

The Company employs the following additional controls and measures to ensure that only acceptable risks are accepted and risks are appropriately priced:

- Underwriting controls, with risk classification based on the above risk factors;
- Regular review of premium rates; and
- Appropriate policy conditions, including any exclusion on the cover on the individual's life.

Premium rates are guaranteed for the year up to the renewal of a policy, typically, after 1 year.

(b) Deposit administration

Premium rating on deposit administration policies distinguishes between the ages and genders of prospective policyholders. Annual premiums, payable up-front, are repriced at renewal of the deposit administration policies.

(c) Group life products

Underwriting on group business is much less stringent than for individual business, as there is typically less scope for anti-selection. The main reason for this is that participation in the group schemes is normally compulsory, and members have limited choice in the level of the benefits.

Company policies are priced using standard mortality tables. The price for an individual scheme is adjusted for the following risk factors:

- Lifestyle;
- Salary structure;
- Gender structure; and
- Industry.

For large schemes, a scheme's past experience is a crucial input in setting rates for the scheme. The larger the scheme the more weight is given to the scheme's past experience. Rates are guaranteed for one year and reviewable at the renewal of the policy.

(d) Short-term insurance products

Underwriting on short-term insurance products takes the form of the insurance applicant completing a proposal form. The following risk factors are used in the risk classification:

- Age and gender of the insured driver or operator;
- Value of the item(s) to be covered;
- Use of the item(s) to be insured, for example, premium rates distinguish business and personal use for vehicle cover;
- Physical condition of the item(s) to be insured;
- Safety and security features installed; and
- Past claims experience, for example, the premium rate payable on vehicle cover reflects the past claims experience on the vehicle and driver to be insured.

Where the value of the item(s) to be insured exceeds a pre-specified limit, the underwriting becomes more stringent. This is particularly the case for marine and aviation cover. In this case the Company makes use of specialist underwriting agents to assess the risks and set an appropriate premium for cover. Premium rates are guaranteed for the year up to the renewal of a policy, typically, after 1 year.

50.5.2 Mortality and morbidity risks

The risk that actual experience in respect of the rates of mortality and morbidity may vary from what is assumed in pricing and valuation, depending on the terms of different products. The material classes of business most affected by these risks are discussed below.

(a) Individual life products

Term assurance, Endowment, Savings Plans

Products are sold directly to individuals providing a benefit on death. The main insurance risk relates to the possibility that rates of death may be higher than expected. This may be due to:

- Normal statistical variation due to the random nature of the insured events;
- Natural catastrophes such as floods, and unnatural catastrophes such as acts of terrorism;
- The impact of HIV/AIDS or other health epidemics like Ebola;
- Anti-selection such as when a policyholder with a pre-existing condition or disease purchases a product where a benefit will be paid on death;
- The effect of selective withdrawal; and
- Concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area.

For contracts with fixed and guaranteed benefits (such as the minimum death benefits available on savings plan policies) and fixed future premiums, there are no mitigating terms that reduce the risk accepted by Company. The Company therefore employs some underwriting controls to ensure that only acceptable risks are accepted.

The following additional controls and measures are in place in order to ensure that the Company manages its exposure to mortality risk:

- Claims assessment processes to ensure only valid claims are paid;
- Reinsurance to limit liability on particularly large claims or substandard risks; and
- Concentration risk is reduced by diversification of business over a large number of independent lives, as well as by taking out catastrophe reinsurance.

(b) Group life products

Employee benefit products provide life cover to members of a group, such as employees of companies or members of trade unions.

A surplus treaty reinsurance agreement is in place to ensure that the exposure to the mortality risk in its group life business is managed and limited to a specified limit.

(c) Deposit administration

Deposit administration contracts provide a guaranteed life annuity conversion at the maturity of the contract. The mortality risk in this case is that the policyholders may live longer than assumed in the pricing of the contract. This is known as the risk of longevity.

The Company manages this risk by allowing for improvements in mortality when pricing and valuing the contracts. The Company also performs more detailed actuarial experience investigations and adjusts assumptions in pricing for new contracts and valuation of existing contracts when necessary.

50.5.3 Claims management risk

This is the risk that the insurer may be unable to manage the settlement process by which insurers fulfils their contractual obligation to policyholders. All insurers are required to have in place a claims management policy and procedure for ensuring that claims are handled fairly and promptly. In establishing and maintaining effective claims handling systems and procedures, Allianz Nigeria Insurance plc considers the following factors:

- Appropriate systems and controls shall be maintained to ensure that all liabilities or potential liabilities notified to the insurer are recorded promptly and accurately. Accordingly, the systems and controls in place should ensure that a proper record is established for each notified claim;

  Suitable controls shall be maintained to ensure that estimates for reported claims and additional estimates based on Guideline For Developing a Risk Management Framework For Insurers and Reinsurers in Nigeria statistical evidence are appropriately made on a consistent basis and are properly categorized;

- Regular reviews of the actual outcome of the estimates made shall be carried out to check for inconsistencies and to ensure that procedures remain appropriate. The reviews should include the use of statistical techniques to compare the estimates with the eventual cost of settling the claims, after deducting the amounts already paid at the time the estimates were made;

- A functional systems shall be in place to ensure that claim files without activity are reviewed on a regular basis;

- Appropriate systems and procedures should be in place to assess the validity of notified claims by reference to the underlying contracts of insurance and reinsurance treaties;

- Suitable systems shall be adopted to accommodate the use of suitable experts such as loss adjusters, lawyers, actuaries, accountants etc. as and when appropriate, and to monitor their use; and

- Appropriate procedures shall be put in place to identify and handle large or unusual claims, including system to ensure that senior management are involved from the outset in the processing of claims that are significant because of their size or nature.

50.5.4 Claims experience risk

In terms of the short-term insurance contracts held by the Company, the claims experience risk for these policies is that the number of claims and/or the monetary claim amounts are worse than that assumed in the pricing basis.

The Company manages this risk by charging premiums which are appropriate to the risks under the insurance contracts.

Under the short-term insurance products, the Company also holds a concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area. This risk is reduced by diversifying over a large number of uncorrelated risks, as well as taking out catastrophe reinsurance.

50.5.5 Outstanding claims

This represents the estimated ultimate cost of settling all claims arising from incidents occurring as at the date of the statement of financial position including Incurred But Not Reported Claims Provision (IBNR). Provision for outstanding claims of ₦3.135 billion (2018: ₦2.756 billion) for general business and ₦2.592 billion (2018: ₦1.656 billion) for life business was determined based on actuarial valuation carried out by third party actuaries.

(a) Reserving Methods and Assumptions

The provision for outstanding claims, including IBNR, was determined for each line of business on both gross and net of reinsurance basis. An accident year cohort was used to group claims to study the settlement pattern. In some cases, only the year of accidents or settlement was given and hence made it impossible to identify the exact year when the accident occurred or settlement was made. However, where such cases arose, we have assumed that the accident occurred or settlement was made in the same year.

The following approaches were used in carrying out the calculations:

(i) The Basic Chain Ladder Method (BCL)

The Basic Chain Ladder method forms the basis to the reserving methods explained below. Historical incremental claims paid were grouped into accident year cohorts by class of business - representing when they were paid after their accient year e.g. year 2007 e.t.c. These cohorts are called loss development triangles. The incremental paid claims are cumulated to the valuation date and projected to their expected ultimate claim estimate. The gross claim reserve is then derived from the difference between the cumulated paid claims and the estimated ultimate claim. For the more recent years, the Bornheutter Chain Ladder Model method was used as a check on the reserves that were calculated using the Basic Chain Ladder Model. The appropriate loss ratio used is normally the average of fully developed historical years.

(ii) The Inflation Adjusted Chain Ladder Method (IACL):

Under this method, the historical paid losses are stripped off from inflationary effects using the corresponding inflation index in each of the accident years. We then estimate loss development ratio used to project the cumulative historical paid claims to their ultmate values for each accident year. The difference between the estimated ultimate values and the cumulative historical paid claims forms the expected gross claim reserves. These are then inflated by the corresponding inflation index from payment years to the future year of payment of the outstanding claims.

The Inflation Adjusted Chain Ladder Method (IACL)

Year	Inflation Index
2007	6.60%
2008	15.10%
2009	13.90%
2010	11.80%
2011	10.30%
2012	12.00%
2013	8.00%
2014	8.30%
2015	9.60%
2016	18.48%
2017	15.37%
2018	11.28%
2019	11.37%

The calculation are on two basis;

- By discounting the claims estimated to the valuation date at a discount rate of 9% p.a (2018: 12%)
- With no discounting

(iii) Expected Loss Ratio:

This method is simple and gives an approximate estimate. We adopted this method as a check on our ultimate projections and also where the volume of data available is too small to be credible when using a statistical approach. Under the method, we obtained the Ultimate claims by studying the historical loss ratios, investigating any differences and using judgements to derive a loss ratio. Paid claims already emerged is then deducted from the estimated Ultimate claims to obtain our reserves.

(iv) Frequency and Severity Method (Average Cost per claim):

This method investigates the trend of the claim frequency and average cost per claim for each accident year. An Average of the fully run off accident years is used as a guide on the ultimate claim frequency and ultimate average cost which is then adopted for the accident years that are not fully run off. Large losses distorting the claims payment trend were excluded from all our chain ladder projections and analyzed separately using Average Cost per claim method.

(b) Assumptions

- Policies are written uniformly throughout the Year for each class of business.
- Claims occur uniformly throughout the year for each class of business. This implies that claims occur on average halfway through the year.
- The future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development years.
- An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in the future.
- The method also assumes the gross claim amount includes all related claim expenses. If this is not the case, a separate reserve would be held to cover claim expenses.
- The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
- Under the Average Cost per claim method, we assumed the early years e.g. accident years 2006 and 2007 are fully developed.
- For Oil & Gas, Aviation and Bond, the valuation used the expected loss ratio method to calculate the reserves.

(c) Valuation Approach/Methodology

The valuation approach/methodology is similar to those adopted in the last valuation cycle (see table below for valuation methodology)

Class of Business	
Motor	Undiscounted IABCL
General Accident	Undiscounted IABCL
Marine	Undiscounted IABCL
Engineering	Undiscounted IABCL
Aviation	Expected Loss Ratio
Oil & Gas	Expected Loss Ratio

(d) Large Loss Threshold

The table below shows the large loss cut off level assumed for each class of business. SD below means Standard Deviation of the claims distribution.

Class of business	Large Loss	Comment on Derivation
General Accident	5,334,623	Mean + 3SD
Engineering	16,802,323	Mean + 3SD
Fire	10,965,995	Mean + 3SD
Marine	13,472,092	Mean + 3SD
Motor	4,000,000	4m assumed
Oil & Gas	N/A	Not Applicable
Aviation	N/A	Not Applicable

Claims development tables

Gross Claim Reserving - Fire

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	13,950	23,047	4,224	26	492	152	26	-	-	-	-
2008	21,819	44,214	9,674	7,536	17	225	30	-	-	-	628
2009	26,982	44,423	10,536	7,134	279	2,140	-	-	-	-	-
2010	32,062	30,931	4,970	4,657	96	-	-	-	-	-	11
2011	45,832	50,256	16,077	1,228	185	983	-	-	-	-	-
2012	33,586	51,361	9,439	905	4,652	-	-	-	-	-	699
2013	75,722	44,181	12,909	1,523	-	170	7	-	-	-	-
2014	37,890	41,826	1,738	63	451	234	-	-	-	-	-
2015	28,132	9,123	868	594	-	-	-	-	-	-	-
2016	34,007	46,761	14,345	7,300	-	-	-	-	-	-	-
2017	45,096	39,364	8,363	-	-	-	-	-	-	-	-
2018	42,221	42,125	-	-	-	-	-	-	-	-	-
2019	81,061	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted Chain Ladder Table

Inflation Adjusted Chain Ladder - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	54,853	78,734	12,668	69	1,196	330	53	-	-	-	-
2008	74,537	132,611	25,953	18,328	38	452	55	-	-	-	-
2009	80,928	119,177	25,625	15,492	562	3,974	-	-	-	-	-
2010	86,015	75,230	10,794	9,365	178	-	-	-	-	-	-
2011	111,475	109,138	32,327	2,280	313	1,406	-	-	-	-	-
2012	72,935	103,274	17,524	1,534	6,651	-	-	-	-	-	-
2013	152,259	82,030	21,868	2,178	-	189	7	-	-	-	-
2014	70,349	70,854	2,485	79	502	234	-	-	-	-	-
2015	47,657	13,044	1,076	661	-	-	-	-	-	-	-
2016	48,623	57,952	15,976	7,300	-	-	-	-	-	-	-
2017	55,888	43,840	8,363	-	-	-	-	-	-	-	-
2018	47,021	42,125	-	-	-	-	-	-	-	-	-
2019	81,061	-	-	-	-	-	-	-	-	-	-

Incremental Inflation Adjusted Chain ladder-Annual Projections (₦'000)

Cummulative inflation adjusted Chain Ladder

Accident year	1	2	3	4	5	6	7	8	9	10
2007	54,853	78,734	12,668	147,903	147,903	147,903	147,903	147,903	147,903	147,903
2008	74,537	132,611	25,953	251,974	251,974	251,974	251,974	251,974	251,974	251,974
2009	80,928	119,177	25,625	245,759	245,759	245,759	245,759	245,759	245,759	245,759
2010	86,015	75,230	10,794	181,581	181,581	181,581	181,581	181,581	181,581	181,581
2011	111,475	109,138	32,327	256,939	256,939	256,939	256,939	256,939	256,939	-
2012	72,935	103,274	17,524	201,909	201,909	201,909	201,909	201,909	-	-
2013	152,259	82,030	21,868	258,532	258,532	258,532	258,532	-	-	-
2014	70,349	70,854	2,485	144,269	144,503	144,503	-	-	-	-
2015	47,657	13,044	1,076	62,438	62,438	-	-	-	-	-
2016	48,623	57,952	15,976	7,300	-	-	-	-	-	-
2017	55,888	43,840	8,363	-	-	-	-	-	-	-
2018	47,021	42,125	-	-	-	-	-	-	-	-
2019	81,061	-	-	-	-	-	-	-	-	-
Loss Dev Factor	-	2.028	1.100	1.032	1.005	1.004	1.000	1.000	1.000	1.000

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	54,853	133,587	146,255	146,324	147,521	147,850	147,903	147,903	147,903	147,903	-
2008	74,537	207,148	233,101	251,429	251,467	251,919	251,974	251,974	251,974	251,974	-
2009	80,928	200,105	225,730	241,223	241,784	245,759	245,759	245,759	245,759	245,759	-
2010	86,015	161,245	172,039	181,404	181,581	181,581	181,581	181,581	181,581	181,581	-
2011	111,475	220,613	252,940	255,220	255,533	256,939	256,939	256,939	256,939	256,939	-
2012	72,935	176,210	193,734	195,268	201,919	201,919	201,919	201,919	202,487	202,487	-
2013	152,259	234,289	256,157	258,335	258,335	258,524	258,531	259,245	259,245	259,245	-
2014	70,349	141,203	143,688	143,767	144,269	144,503	149,476	149,476	149,476	149,476	-
2015	47,657	60,701	61,777	62,438	62,438	67,887	67,893	67,893	67,893	67,893	-
2016	48,623	106,575	122,552	129,852	179,846	180,703	180,721	180,721	180,721	180,721	-
2017	55,888	99,729	108,091	144,194	145,152	145,928	145,944	145,944	145,944	145,944	-
2018	47,021	89,146	127,898	132,816	133,792	134,582	134,599	134,599	134,599	134,599	-
2019	81,061	174,411	195,096	203,149	204,746	206,040	206,068	206,068	206,068	206,068	-

Projected Inflation Adjusted Chain Ladder Table - Discounted Results

Discounted Cummulative IABCL - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	54,853	133,587	146,255	146,324	147,521	147,850	147,903	147,903	147,903	147,903	-
2008	74,537	207,148	233,101	251,429	251,467	251,919	251,974	251,974	251,974	251,974	-
2009	80,928	200,105	225,730	241,223	241,784	245,759	245,759	245,759	245,759	245,759	-
2010	86,015	161,245	172,039	181,404	181,581	181,581	181,581	181,581	181,581	181,581	-
2011	111,475	220,613	252,940	255,220	255,533	256,939	256,939	256,939	256,939	256,939	-
2012	72,935	176,210	193,734	195,268	201,919	201,919	201,919	201,919	202,463	202,463	-
2013	152,259	234,289	256,157	258,335	258,335	258,524	258,531	259,215	259,215	259,215	-
2014	70,349	141,203	143,688	143,767	144,269	144,503	149,267	149,267	149,267	149,267	-
2015	47,657	60,701	61,777	62,438	62,438	67,657	67,662	67,662	67,662	67,662	-
2016	48,623	106,575	122,552	129,852	177,738	178,491	178,506	178,506	178,506	178,506	-
2017	55,888	99,729	108,091	142,672	143,513	144,138	144,151	144,151	144,151	144,151	-
2018	47,021	89,146	126,263	130,585	131,372	131,956	131,968	131,968	131,968	131,968	-
2019	81,061	170,474	188,651	195,143	196,324	197,203	197,220	197,220	197,220	197,220	-

Summary of Results (₦'000)

Accident year	Exposure/ Earned Premium (₦'000)	Total paid Amounts	O/s Reported LG Reserve Reserve	No of Large Loss	Claims Frequency	Average paid Cost (₦'000)	Ult Avg Cost (₦'000)	Ultimate Frq	Ultimate Paid Amounts (₦'000)	Large Loss Reserves (₦'000)
2007	455,501	26,179	-	2	0.00%	13,090	13,090	0.00%	26,179	-
2008	455,501	202,619	-	4	0.00%	50,655	50,655	0.00%	202,619	-
2009	455,728	91,891	-	4	0.00%	22,973	22,973	0.00%	91,891	-
2010	531,518	12,758	-	1	0.00%	12,758	12,758	0.00%	12,758	-
2011	438,181	34,743	-	2	0.00%	17,372	17,372	0.00%	34,743	-
2012	566,361	33,782	-	2	0.00%	16,891	16,891	0.00%	33,782	-
2013	569,294	25,313	-	1	0.00%	25,313	25,313	0.00%	25,313	-
2014	572,214	415,578	-	12	0.00%	34,631	34,631	0.00%	415,578	-
2015	367,845	-	-	-	0.00%	-	-	0.00%	-	-
2016	309,543	98,078	-	5	0.00%	19,616	19,616	0.00%	98,078	-
2017	535,174	83,023	17,003	4	0.00%	20,005	20,005	0.00%	100,026	17,003
2018	689,044	179,910	57,828	4	0.00%	44,978	44,978	0.00%	237,738	57,828
2019	905,010	47,674	163,737	1	0.00%	47,674	28,909	0.00%	290,298	242,624
Total			**74,831**			**9,352**				**317,454**
									Discounted*	**298,724**

Claims reserving General Accident

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	30,951	74,146	7,881	8,582	1,389	1,155	117	4	-	-	-
2008	39,091	42,317	13,036	8,579	3,932	1,958	2,251	-	-	-	-
2009	24,448	40,314	9,150	5,655	3,604	1,843	221	10	-	-	-
2010	37,664	46,863	10,425	4,367	2,470	374	254	-	199	-	-
2011	55,050	44,937	14,316	10,140	1,925	3,314	309	375	320	-	-
2012	53,118	55,904	15,596	1,938	1,688	293	2,066	-	-	2,367	-
2013	78,473	48,402	8,298	733	1,025	950	528	-	-	-	-
2014	88,582	63,755	16,731	5,478	2,291	150	-	-	-	-	-
2015	30,779	30,680	8,324	6,218	2,491	-	-	-	-	-	-
2016	52,527	51,288	11,699	723		-	-	-	-	-	-
2017	43,148	49,050	5,422	-	-	-	-	-	-	-	-
2018	48,415	46,867	-	-	-	-	-	-	-	-	-
2019	105,789	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted Chain Ladder Table

Inflation Adjusted Chain Ladder - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	121,703	253,300	23,637	23,023	3,377	2,508	236	7	-	-	-
2008	133,542	126,921	34,973	20,865	8,539	3,936	4,179	-	-	-	-
2009	73,327	108,152	22,255	12,280	7,247	3,423	374	14	246	-	-
2010	101,044	113,981	22,639	8,781	4,586	634	363	-	357	2,367	-
2011	133,895	97,587	28,786	18,827	3,261	4,739	384	418	-	-	-
2012	115,353	112,410	28,956	3,283	2,414	363	2,300	-	-	-	-
2013	157,791	89,866	14,058	1,048	1,270	1,058	528	-	-	-	-
2014	164,468	108,004	23,922	6,789	2,551	150	-	-	-	-	-
2015	52,141	43,867	10,317	6,925	2,491	-	-	-	-	-	-
2016	75,104	63,562	13,029	723	-	-	-	-	-	-	-
2017	53,474	54,626	5,422	-	-	-	-	-	-	-	-
2018	53,920	46,867	-	-	-	-	-	-	-	-	-
2019	105,789	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

Cumulative Chain ladder-Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	121,703	375,003	398,640	421,663	425,040	427,548	427,785	427,791	427,791	427,791	427,791
2008	133,542	260,464	295,437	316,302	324,841	328,777	332,956	332,956	332,956	332,956	334,650
2009	73,327	181,479	203,734	216,014	223,261	226,683	227,057	227,071	227,317	227,317	227,317
2010	101044	215,025	237,664	246,445	251,030	251,664	252,028	252,028	252,384	254,751	254,751
2011	133,895	231,482	260,268	279,095	282,355	287,094	287,478	287,895	287,895	287,895	287,895
2012	115,353	227,763	256,719	260,002	262,416	262,779	265,079	265,079	265,079	265,079	265,079
2013	157,791	247,657	261,715	262,763	264,033	265,091	265,619	269,324	269,324	269,324	269,324
2014	164,468	272,472	296,394	303,183	305,734	305,884	310,872	310,967	310,967	310,967	310,967
2015	52,141	96,007	106,324	113,249	115,740	132,130	132,797	132,842	132,842	132,842	132,842
2016	75,104	138,666	151,695	152,418	172,732	174,270	175,255	175,321	175,321	175,321	175,321
2017	53,474	108,101	113,523	181,642	184,873	186,660	187,804	187,881	187,881	187,881	187,881
2018	53,920	100,787	175,754	184,494	188,120	190,125	191,409	191,496	191,496	191,496	191,496
2019	105,789	277,602	309,091	325,682	332,566	336,373	338,810	338,974	338,974	338,974	338,974

Projected Inflation Adjusted Chain Ladder Table - Discounted Results

Discounted Incremental IABCL - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	121,703	375,003	398,640	421,663	425,040	427,548	427,785	427,791	427,791	427,791	427,791
2008	133,542	260,464	295,437	316,302	324,841	328,777	332,956	332,956	332,956	332,956	334,650
2009	73,327	181,479	203,734	216,014	223,261	226,683	227,057	227,071	227,317	227,317	227,317
2010	101044	215,025	237,664	246,445	251,030	251,664	252,028	252,028	252,384	254,751	254,751
2011	133,895	231,482	260,268	279,095	282,355	287,094	287,478	287,895	287,895	287,895	287,895
2012	115,353	227,763	256,719	260,002	262,416	262,779	265,079	265,079	265,079	265,079	265,079
2013	157,791	247,657	261,715	262,763	264,033	265,091	265,619	269,168	269,168	269,168	269,168
2014	164,468	272,472	296,394	303,183	305,734	305,884	310,661	310,745	310,745	310,745	310,745
2015	52,141	96,007	106,324	113,249	115,740	131,438	132,025	132,061	132,061	132,061	132,061
2016	75,104	138,666	151,695	152,418	171,875	173,227	174,021	174,070	174,070	174,070	174,070
2017	53,474	108,101	113,523	178,769	181,609	183,049	183,895	183,948	183,948	183,948	183,948
2018	53,920	100,787	172,593	180,273	183,196	184,679	185,550	185,604	185,604	185,604	185,604
2019	105,789	270,356	298,026	311,402	316,494	319,076	320,594	320,688	320,688	320,688	320,688

Summary of Results

Accident year	Paid to date (₦'000)	Latest Paid Large Loss (₦'000)	Total Ultimate (₦'000)	Gross Claims Reserve (₦'000)	Gross Earned Premium (₦'000)	Ultimate Loss Ratio
2007	427,791	6,379	434,171	-	241,029	180%
2008	334,650	78,367	413,016	-	241,029	171%
2009	227,317	42,442	269,760	-	320,995	84%
2010	254,751	19,110	273,862	-	253,990	108%
2011	287,895	97,481	385,377	-	326,683	118%
2012	265,079	78,941	344,021	-	361,374	95%
2013	265,619	18,986	288,153	3,548	450,947	64%
2014	305,884	66,999	377,745	4,861	479,236	79%
2015	115,740	24,993	157,054	16,321	263,656	60%
2016	152,418	8,162	182,231	21,651	246,966	74%
2017	113,523	83,815	318,638	121,301	322,507	99%
2018	100,787	93,370	316,274	122,117	375,842	84%
2019	105,789	7,824	444,862	331,249	741,619	60%
Total				**621,048**		

2019

Gross Claim Reserving - Motor

Table of claims paid excluding large claims (Attritional Table)

Incremental Chain ladder-Yearly Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	57,173	30,694	2,594	-	-	-	-	-	-	-	-
2008	100,483	62,958	150	-	667	-	-	-	-	-	-
2009	127,546	71,766	1,238	5,368	113	-	-	-	-	-	-
2010	97,877	47,419	3,691	885	-	1,481	-	-	-	-	-
2011	126,126	83,387	3,555	-	-	-	-	-	-	-	-
2012	140,911	58,966	632	-	-	-	-	-	-	-	-
2013	136,843	44,824	9,010	416	-	-	-	-	-	-	-
2014	109,017	57,657	900	-	-	-	-	-	-	-	-
2015	87,186	32,220	3,297	1,650	-	-	-	-	-	-	-
2016	113,999	44,510	1,349	-	-	-	-	-	-	-	-
2017	146,322	43,296	1,140	-	-	-	-	-	-	-	-
2018	372,162	161,222	-	-	-	-	-	-	-	-	-
2019	504,852	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted Chain Ladder Table

Inflation Adjusted Chain Ladder - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	224,809	104,856	7,780	-	-	-	-	-	-	-	-
2008	343,271	188,831	403	-	1,449	-	-	-	-	-	-
2009	382,550	192,530	3,011	11,658	227	-	-	-	-	-	-
2010	262,580	115,335	8,016	1,780	4,556	2,509	-	-	-	-	-
2011	306,768	181,085	7,149	212	-	-	-	-	-	-	-
2012	306,006	118,567	1,173	-	-	-	-	-	-	-	-
2013	275,159	83,224	15,264	595	-	-	-	-	-	-	-
2014	202,408	97,673	1,287	-	-	-	-	-	-	-	-
2015	147,697	46,068	4,086	1,837	-	-	-	-	-	-	-
2016	162,997	55,162	1,502	-	-	-	-	-	-	-	-
2017	181,341	48,218	1,140	-	-	-	-	-	-	-	-
2018	414,477	161,222	-	-	-	-	-	-	-	-	-
2019	504,852	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table - Discounted Results

Projected Inflation Adjusted Chain Ladder - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	224,809	329,665	337,445	337,445	337,445	337,445	337,445	337,445	337,445	337,445	337,445
2008	343,271	532,102	532,506	532,506	533,955	533,955	533,955	533,955	533,955	533,955	533,955
2009	382,550	575,080	578,091	589,749	589,976	589,976	589,976	589,976	589,976	589,976	589,976
2010	262,580	377,915	385,931	387,711	392,267	394,776	394,776	394,776	394,776	394,776	394,776
2011	306,768	487,853	495,001	495,213	495,213	495,213	495,213	495,213	495,213	495,213	495,213
2012	306,006	424,573	425,746	425,746	425,746	425,746	425,746	425,746	425,746	425,746	425,746
2013	275,159	358,383	373,647	374,242	374,242	374,242	374,242	375,977	375,977	375,977	375,977
2014	202,408	300,081	301,368	301,368	301,368	301,368	301,628	301,628	301,628	301,628	301,628
2015	147,697	193,765	197,852	199,689	199,689	199,852	199,852	199,852	199,852	199,852	199,852
2016	162,997	218,160	219,662	219,662	220,083	220,283	220,283	220,283	220,283	220,283	220,283
2017	181,341	229,559	230,699	234,525	235,027	235,267	235,267	235,267	235,267	235,267	235,267
2018	414,477	575,699	646,911	650,264	651,806	652,542	652,542	652,542	652,542	652,542	652,542
2019	504,852	750,181	761,638	765,943	767,924	768,869	768,869	768,869	768,869	768,869	768,869

Projected Inflation Adjusted Chain Ladder Table - Discounted Results

Discounted Cumulative IABCL - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	224,809	329,665	337,445	337,445	337,445	337,445	337,445	337,445	337,445	337,445	337,445
2008	343,271	532,102	532,506	532,506	533,955	533,955	533,955	533,955	533,955	533,955	533,955
2009	382,550	575,080	578,091	589,749	589,976	589,976	589,976	589,976	589,976	589,976	589,976
2010	262,580	377,915	385,931	387,711	392,267	394,776	394,776	394,776	394,776	394,776	394,776
2011	306,768	487,853	495,001	495,213	495,213	495,213	495,213	495,213	495,213	495,213	495,213
2012	306,006	424,573	425,746	425,746	425,746	425,746	425,746	425,746	425,746	425,746	425,746
2013	275,159	358,383	373,647	374,242	374,242	374,242	374,242	375,904	375,904	375,904	375,904
2014	202,408	300,081	301,368	301,368	301,368	301,368	301,617	301,617	301,617	301,617	301,617
2015	147,697	193,765	197,852	199,689	199,689	199,845	199,845	199,845	199,845	199,845	199,845
2016	162,997	218,160	219,662	219,662	220,065	220,241	220,241	220,241	220,241	220,241	220,241
2017	181,341	229,559	230,699	234,363	234,805	234,998	234,998	234,998	234,998	234,998	234,998
2018	414,477	575,699	643,908	646,854	648,097	648,642	648,642	648,642	648,642	648,642	648,642
2019	504,852	739,835	749,903	753,373	754,838	755,480	755,480	755,480	755,480	755,480	755,480

Summary of Results

Accident year	Paid to date (₦'000)	Latest Paid Large Loss (₦'000)	Total Ultimate (₦'000)	Gross Claims Reserve (₦'000)	Gross Earned Premium (₦'000)	Ultimate Loss Ratio
2007	337,445	-	337,445	-	691,073	49%
2008	533,955	16,059	550,013	-	691,073	80%
2009	589,976	14,691	604,667	-	914,030	66%
2010	394,776	28,299	423,075	-	702,012	60%
2011	495,213	15,684	510,897	-	687,033	74%
2012	425,746	4,688	430,435	-	1,015,423	42%
2013	374,242	-	375,904	1,662	903,276	42%
2014	301,368	35,768	337,385	249	688,107	49%
2015	199,689	39,266	239,111	156	404,495	59%
2016	219,662	29,317	249,559	579	266,477	94%
2017	230,699	73,492	308,490	4,299	442,602	70%
2018	575,699	70,384	719,026	72,943	745,533	96%
2019	504,852	129,477	926,930	292,601	956,136	97%
Total				372,489		

Gross Claim Reserving - Marine

Incremental Chain ladder-Yearly Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	3,406	314	-	-	-	-	-	-	-	-	-
2008	1,276	13,631	-	-	-	-	-	-	-	-	-
2009	14,424	21,726	-	-	-	-	-	-	-	-	-
2010	22,512	34,675	-	1,605	-	-	-	-	-	-	-
2011	13,113	6,188	118	-	-	-	-	-	-	-	-
2012	12,720	42,827	70	-	-	-	-	-	-	-	-
2013	13,247	1,126	97	-	-	-	-	-	-	-	-
2014	10,065	9,701	-	-	-	-	-	-	-	-	-
2015	9,062	12,542	164	-	-	-	-	-	-	-	-
2016	12,792	6,551	-	-	-	-	-	-	-	-	-
2017	8,436	2,904	5,105	-	-	-	-	-	-	-	-
2018	1,567	11,355	-	-	-	-	-	-	-	-	-
2019	3,747	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted Chain Ladder Table

Inflation Adjusted Chain Ladder - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	13,392	1,072	-	-	-	-	-	-	-	-	-
2008	4,358	40,885	-	-	-	-	-	-	-	-	-
2009	43,261	58,286	-	-	-	-	-	-	-	-	-
2010	60,395	84,336	-	3,228	-	-	-	-	-	-	-
2011	31,893	13,438	237	-	-	-	-	-	-	-	-
2012	27,624	86,115	130	-	-	-	-	-	-	-	-
2013	26,637	2,090	164	-	-	-	-	-	-	-	-
2014	18,687	16,433	-	-	-	-	-	-	-	-	-
2015	15,351	17,932	203	-	-	-	-	-	-	-	-
2016	18,290	8,119	-	-	-	-	-	-	-	-	-
2017	10,454	3,234	5105	-	-	-	-	-	-	-	-
2018	1,745	11,355	-	-	-	-	-	-	-	-	-
2019	3,747	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

Cumulative Chain Ladder - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	13,392	14,464	14,464	14,464	14,464	14,464	14,464	14,464	14,464	14,464	14,464
2008	4,358	45,243	45,243	45,243	45,243	45,243	45,243	45,243	45,243	45,243	45,243
2009	43,261	101,546	101,546	101,546	101,546	101,546	101,546	101,546	101,546	101,546	101,546
2010	60,395	144,731	144,731	147,959	147,959	147,959	147,959	147,959	147,959	147,959	147,959
2011	31,893	45,331	45,568	45,568	45,568	45,568	45,568	45,568	45,568	45,568	45,568
2012	27,624	113,738	113,868	113,868	113,868	113,868	113,868	113,868	113,868	113,868	113,868
2013	26,637	28,727	28,891	28,891	28,891	28,891	28,891	28,891	28,891	28,891	28,891
2014	18,687	35,120	35,120	35,120	35,120	35,120	35,120	35,120	35,120	35,120	35,120
2015	15,351	33,284	33,487	33,487	33,487	33,614	33,614	33,614	33,614	33,614	33,614
2016	18,290	26,409	26,409	26,409	33,645	33,645	33,645	33,645	33,645	33,645	33,645
2017	10,454	13,688	18,793	19,410	19,410	19,410	19,410	19,410	19,410	19,410	19,410
2018	1,745	13,100	38,376	38,621	38,621	38,621	38,621	38,621	38,621	38,621	38,621
2019	3,747	48,428	48,958	49,298	49,298	49,298	49,298	49,298	49,298	49,298	49,298

Projected Inflation Adjusted Chain Ladder Table - Discounted Results

Discounted Cumulative IABCL - Annual Projections (₦'000)

Accident year	1	2	3	4	5	6	7	8	9	10	12
2007	13,392	14,464	14,464	14,464	14,464	14,464	14,464	14,464	14,464	14,464	14,464
2008	4,358	45,243	45,243	45,243	45,243	45,243	45,243	45,243	45,243	45,243	45,243
2009	43,261	101,546	101,546	101,546	101,546	101,546	101,546	101,546	101,546	101,546	101,546
2010	60,395	144,731	144,731	147,959	147,959	147,959	147,959	147,959	147,959	147,959	147,959
2011	31,893	45,331	45,568	45,568	45,568	45,568	45,568	45,568	45,568	45,568	45,568
2012	27,624	113,738	113,868	113,868	113,868	113,868	113,868	113,868	113,868	113,868	113,868
2013	26,637	28,727	28,891	28,891	28,891	28,891	28,891	28,891	28,891	28,891	28,891
2014	18,687	35,120	35,120	35,120	35,120	35,120	35,120	35,120	35,120	35,120	35,120
2015	15,351	33,284	33,487	33,487	33,487	33,609	33,609	33,609	33,609	33,609	33,609
2016	18,290	26,409	26,409	26,409	33,339	33,339	33,339	33,339	33,339	33,339	33,339
2017	10,454	13,688	18,793	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
2018	1,745	13,100	37,310	37,525	37,525	37,525	37,525	37,525	37,525	37,525	37,525
2019	3,747	46,543	47,010	47,283	47,283	47,283	47,283	47,283	47,283	47,283	47,283

Summary of Results

Accident year	Paid to date (₦'000)	Latest Paid Large Loss (₦'000)	Total Ultimate (₦'000)	Gross Claims Reserve (₦'000)	Gross Earned Premium (₦'000)	Ultimate Loss Ratio
2007	14,464	47,335	61,799	-	178,499	35%
2008	45,243	14,494	59,737	-	178,499	33%
2009	101,546	-	101,546	-	450,649	23%
2010	147,959	37,130	185,089	-	462,932	40%
2011	45,568	18,394	63,962	-	364,449	18%
2012	113,868	-	113,868	-	234,119	49%
2013	28,891	25,457	54,348	-	237,028	23%
2014	35,120	-	35,120	-	195,657	18%
2015	33,487	-	33,609	122	145,690	23%
2016	26,409	-	33,339	6,931	57,037	58%
2017	18,793	-	19,384	591	88,602	22%
2018	13,100	214,578	272,136	44,458	211,489	129%
2019	3,747	-	99,857	96,110	471,878	21%
Total				148,212		

Gross Claim Reserving - Oil & Gas

The table shown is the output of the Expected Loss Ratio Method used in estimating Gross Claim Reserve for Oil & Gas:

Expected Loss Ratio Method Table

Accident year	Gross Earned Premium (₦' 000)	Claims Paid till date (₦' 000)	Total O/s as at 31 Dec 2019 (₦' 000)	Current Incurred (₦' 000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (₦' 000)	O/s Claim Reserves (₦' 000)
2007	13,719	-	-	-	0%	0%	-	-
2008	13,719	-	-	-	0%	0%	-	-
2009	20,939	167	-	167	1%	1%	167	-
2010	43,804	13,018	-	13,018	30%	30%	13,018	-
2011	54,536	22,084	4,000	26,084	48%	48%	26,084	4,000
2012	103,589	74,054	7,278	81,332	79%	79%	81,332	7,278
2013	278,449	10,342	1,007	11,349	4%	4%	11,349	1,007
2014	290,293	34,489	6787	41,276	14%	14%	41,276	6787
2015	198,530	323	7,167	7,490	4%	4%	7,490	7,167
2016	665,745	133378	62,837	196,215	29%	29%	196,215	62,837
2017	855,159	93,509	364,898	458,407	54%	54%	458,407	364,898
2018	1,444,112	16916	107,281	124,197	9%	16%	228,478	211,562
2019	2,110,551	-	58,580	58,580	3%	25%	533,278	533,278
Total				**619,835**				**1,198,814**
							Discounted	**940,298**

Gross Claim Reserving - Aviation

The table shown is the output of the Expected Loss Ratio Method used in estimating Gross Claim Reserve for Oil & Gas:

Expected Loss Ratio Method Table

Accident year	Gross Earned Premium (₦'000)	Claims Paid till date (₦'000)	Total O/s as at 31 Dec 2019 (₦'000)	Current Incurred (₦'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (₦'000)	O/s Claim Reserves (₦'000)
2007	-	-	-	-	0%	0%	-	-
2008	5,115	-	-	-	0%	0%	-	-
2009	8,344	196	-	196	2%	2%	196	-
2010	16,490	1,250	-	1,250	8%	8%	1,250	-
2011	37,523	14,014	-	14014	37%	37%	14,014	-
2012	61,457	63,083	5,101	68,184	111%	111%	68,184	5,101
2013	115,574	21,563	1	21,565	19%	19%	21,565	1
2014	105,353	113,255	8,760	122,015	116%	116%	122,015	8,760
2015	128,436	2,579	1,062	3,641	3%	3%	3,641	1,062
2016	919,876	15,162	11,371	26,533	3%	3%	26,533	11,371
2017	2,038,255	8586	5,139	13,725	1%	1%	13,725	5,139
2018	1,615,019	191,387	69,456	260,843	16%	19%	301,344	109,957
2019	571,578	-	2,634	2,634	0%	8%	43,327	43,327
Total				**103,524**				**184,718**
							Discounted	**163,058**

51 Capital management

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of financial stability thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulations and stakeholders.
- To maintain strong credit ratings and healthy capital rations in order to support its business objectives and maximise stakeholders value.

The strategy for assessing and managing the impact of our business plans on present and future regulatory capital forms an integral part of the Company's strategic plan. Specifically, the Company considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Company's assessment and against the supervisory/regulatory capital requirements taking account of the Company business strategy and value creation to all its stakeholders.

The capital adequacy of the Company is reviewed regularly to meet regulatory requirements and standard of international best practices in order to adopt and implement the decisions necessary to maintain the capital at a level that ensures the realisation of the business plan with a certain safety margin. The Company undertakes a regular monitoring of capital adequacy and the application of regulatory capital by deploying internal systems based on the guidelines provided by the National Insurance Commission (NAICOM).

The Company's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for life insurance business in Nigeria is ₦2 billion, ₦3 billion for Non-life insurance business, □5 billion for composite insurance business and ₦10 billion for reinsurance business and insurers are also mandated to maintain 10% of this paid up capital with the Central Bank of Nigeria as Statutory Deposit. In addition, quarterly and annual returns must be submitted to the National Insurance Commission (NAICOM) on a regular basis. The Company's capital base was ₦3.04 billion for the general business (2018: ₦6.19 billion) and ₦3.66 billion for the life business (2018: ₦3.37 billion).

The regulations prescribed by the National Insurance Commission (NAICOM) not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. solvency margin) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The Company as at year end had complied with the regulators capital requirements for its life, general and composite business.

Approach to capital management

Allianz Nigeria seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The Company's primary source of funds to meet its capital growth requirements are mainly profit from underwriting and profit from investments. Allianz Nigeria also utilises, where efficient to do so, sources of funds such as reinsurance in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Company has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Solvency Margin

The Insurance industry regulator measures the financial strength of Non-life insurers using a solvency margin model, NAICOM generally expects non-life insurers to comply with this capital adequacy requirement. The Insurance Act 2003 (Section 24) prescribes that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.

The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital, which ever is greater.

The table below shows the computation of the Company's solvency margin ratio for the year ended 31 December 2019 as well as the 31 December 2018 comparatives.

	31 December 2019		31 December 2018	
	Total ₦'000	Inadmissible ₦'000	Admissible ₦'000	Admissible ₦'000
Admissible assets				
Financial assets:				
Cash and cash equivalents	2,311,311	494,929	1,816,382	3,582,363
Investment securities	8,979,302	-	8,979,302	7,349,146
Other assets:				
Reinsurance assets	4,716,085	-	4,716,085	3,913,090
Deferred acquisition costs	440,554	-	440,554	257,278
Trade receivables	156,556	-	156,556	69,838
Prepayments and other receivables	468,071	468,071	-	-
Intangible assets	411,172	-	411,172	12,611
Statutory deposits	500,000	-	500,000	500,000
Investment properties	1,694,100	-	1,694,100	1,666,667
Property and equipment	527,904	-	527,904	603,195
Deferred tax assets	396,801	396,801		
Total assets	**20,601,856**	**1,359,801**	**19,242,055**	**17,954,188**
Less: total liabilities				
Borrowings	-	-	-	166,755
Reserve for unexpired risks	3,526,186	-	3,526,186	2,050,225
Reserve for outstanding claims:	6,222,694	-	6,222,694	4,412,819
Individual life fund	2,140,844	-	2,140,844	1,803,661
Investment contract	1,204,087	-	1,204,087	934,245
Trade payables	370,724	-	370,724	297,471
Other creditors	915,044	-	915,044	407,013
Income tax payable	83,729	-	83,729	138,681
Total liabilities	**(14,463,308)**	**-**	**(14,463,308)**	**(10,210,870)**
Excess of admissible assets over liabilities - solvency margin			**4,778,747**	**7,743,318**
Higher of:				
Gross premium income			11,271,088	9,750,309
Less: Reinsurance premium expenses			(5,815,912)	(6,034,259)
Net premium			5,455,176	3,716,050
15% of net premium			818,276	557,408
Minimum paid-up capital			5,000,000	5,000,000
The higher thereof:			5,000,000	5,000,000
Excess of margin of solvency over statutory minimum			(221,253)	2,743,318
Solvency ratio			96%	155%

The Company's solvency margin of ₦4,778,747,000 (2018:₦7,743,318,000) did not meet the minimum capital requirement of ₦5,000,000,000 (2018: ₦5,000,000,000), as prescribed by Section 24 of the Insurance Act 2003 on technical ground as 46% of the company's cash and cash equivalents was held in one financial institution which is contrary to the provision of section 24(1,2,3) of the insurance guidelines which allows only cash balance in excess of 20% of the entire cash and cash equivalents. The cash and cash equivalents portfolio has been restructured in subsequent year end and the business has no financial solvency issues. The adjusted solvency margin after restructuring the cash and cash equivalents is 105%.

Adjusted capital life business

The Company's adjusted capital reflects the portion of the capital base that is not subjected to risk.

The Company's adjusted capital for life business for the year ended 31 December 2019 and as at 31 December 2018 (comparatives) is shown below:

	31 December 2019 ₦'000	31 December 2018 ₦'000
Shareholders' funds	3,032,734	3,417,739

52 Fair valuation methods and assumptions

(i) Cash and balances with the Central Bank of Nigeria

Cash and balances with the Central Bank of Nigeria represents cash held including mandatory statutory deposit requirements. The fair value of these balances is their carrying amounts.

(ii) Investment securities

The fair values of quoted equity securities (available-for-sale and held-for-trading securities) are determined by reference to quoted prices (unadjusted) in active markets for identical instruments.

The estimated fair value of bonds at amortized 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.

Treasury bills represent short term instruments issued by the Central Bank of Nigeria. The fair value of treasury bills and bonds at fair value through profit or loss are determined with reference to quoted prices (unadjusted) in active markets for identical assets. The estimated fair value of treasury bills at amortized 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.

(iii) Trade receivables

Trade receivables represent balances with contract holders, reinsurers and co-insurers. The carrying value of trade receivables approximates fair value.

(iv) Other assets

Other assets represent monetary assets which usually have a short recycle period (usually within 1 year) and as such the fair values of these balances approximate their carrying amount.

(v) Reinsurance assets

Reinsurance assets are recoverables on transactions ceded out to reinsurers. It comprises of reinsurance recoverables and prepaid reinsurance cost.

Reinsurance recoverables are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies and in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the statement of profit or loss and other comprehensive income.

53 (a) Asset and liability management

Item	Note	31 December 2019 ₦'000	31 December 2018 ₦'000	% Change
Insurance Contract Liabilities	16	11,889,724	8,266,705	44%
Investment Contract Liabilities	17	1,204,087	934,245	29%
Gross Insurance Funds		**13,093,811**	**9,200,950**	**42%**
Less				
Reinsurance Receivables				
1 Reinsurance expenses prepaid	8(d)	1,861,577	1,193,771	56%
2 Reinsurers' share of Claims expense paid	8(e)	1,865	162,500	-99%
3 Reinsurers' share of Claims expense outstanding	8(a)	1,796,202	1,432,172	25%
4 Reinsurers' share of Incurred but not reported claims	8(a)	1,056,441	1,124,647	-6%
Net Insurance Funds		**8,377,726**	**5,287,860**	**58%**
Admissible Assets				
Cash and Cash Equivalents	5	2,311,311	3,582,363	-35%
Treasury bills and Government Bonds		8,140,805	6,505,211	25%
Quoted Shares		810,131	745,160	0%
Unquoted Shares		19,200	88,286	-78%
Loan to Policy holders		9,166	10,489	-13%
Investment Properties	11	1,694,100	2,354,100	-28%
Total Admissible Assets		**12,984,713**	**13,285,609**	**-2%**
Surplus / (Deficit) in Assets Cover		**4,606,987**	**7,997,749**	**-42%**

53 (b) Hypothecation of assets and liabilities

Assets allocation was done in accordance with NAICOM guidelines in force to meet the minimum requirement of Section 26(1)(c)) of the Insurance Act 2003 for the hypothecation of investments representing the insurance funds.

31 December 2019

INVESTMENTS	Shareholders' Fund ₦'000	Non-Life Insurance Contract ₦'000	Others ₦'000	Shareholders' Fund ₦'000	Life Insurance Contract ₦'000	Annuity ₦'000	Investment Contract ₦'000	Total ₦'000
1. Property and Equipment	524,878	-	-	-	3,026	-	-	527,904
2. Other Investments								
Loans & other receivables	-	-	-	-	9,166	-	-	9,166
Statutory deposits	300,000	-	-	-	200,000	-	-	500,000
Government bonds & treasury bills	2,505,461	1,500,000	-	-	2,880,344	45,000	1,210,000	8,140,805
Investment properties	-	1,155,000	-	-	539,100	-	-	1,694,100
Bank placements	-	-	-	-	5,051	130	1,295	6,476
Bank and cash balances	-	2,121,496	-	-	183,339	-	-	2,304,835
Other investments (a) - Mutual Funds	-	-	-	-	-	-	19,200	19,200
Quoted securities	737,551	72,580	-	-	-	-	-	810,131
3. Other Assets (a)								
Trade receivables	156,556	-	-	-	-	-	-	156,556
Reinsurance assets	-	2,121,496	-	-	2,425,316	-	-	4,716,085
Deferred acquisition costs	327,914	-	-	112,640	-	-	-	440,554
Other receivables and prepayments	468,071	-	-	-	-	-	-	468,071
Intangible assets	333,097	-	-	78,075	-	-	-	411,172
Deferred tax assets	-	-	-	-	-	-	-	-
Total assets	**5,353,528**	**7,139,845**	**-**	**190,715**	**6,245,342**	**45,130**	**1,230,495**	**20,205,055**
Total Insurance & investment contract liabilities	-	5,700,529	-	-	6,146,538	42,657	1,204,087	13,093,811
Borrowings	-	-	-	-	-	-	-	-
Total Liabilities	**-**	**5,700,529**	**-**	**-**	**6,146,538**	**42,657**	**1,204,087**	**13,093,811**
Asset cover	**5,353,528**	**1,439,316**	**-**	**190,715**	**98,804**	**2,473**	**26,408**	**7,111,244**

Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values:

31 December 2019

	Note	Loans and receivables ₦'000	Fair value through profit or loss ₦'000	Available-for-sale ₦'000	Held to maturity ₦'000	Other Financial liabilities ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	5	2,311,311	-	-	-	-	2,311,311	2,311,311
Investment securities	6	9,166	72,580	8,897,556	-	-	8,979,302	8,978,903
Trade receivables	7	156,556	-	-	-	-	156,556	156,556
Reinsurance assets	8	4,716,085	-	-	-	-	4,716,085	4,716,085
Statutory deposit	14	500,000	-	-	-	-	500,000	500,000
		7,693,118	**72,580**	**8,897,556**	**-**	**-**	**16,663,254**	**16,662,855**
Borrowings	18	-	-	-	-	-	-	-
Investment contract liabilities	16	-	-	-	-	1,204,087	1,204,087	1,204,087
Trade payables	17	-	-	-	-	370,724	370,724	370,724
Other creditors		-	-	-	-	546,965	546,965	546,965
		-	**-**	**-**	**-**	**2,121,776**	**2,121,776**	**2,121,776**

31 December 2018

	Note	Loans and receivables ₦'000	Fair value through profit or loss ₦'000	Available-for-sale ₦'000	Held to maturity ₦'000	Other Financial liabilities ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	5	3,582,363	-	-	-	-	3,582,363	3,582,363
Investment securities	6	10,489	2,660	7,335,997	-	-	7,349,146	7,347,795
Trade receivables	7	69,838	-	-	-	-	69,838	69,838
Reinsurance assets	8	3,913,090	-	-	-	-	3,913,090	3,913,090
Statutory deposit	14	500,000	-	-	-	-	500,000	500,000
		8,075,780	**2,660**	**7,335,997**	**-**	**-**	**15,414,437**	**15,413,086**
Borrowings	18	-	-	-	-	166,755	166,755	166,755
Investment contract liabilities	16	-	-	-	-	934,245	934,245	934,245
Trade payables	17	-	-	-	-	297,471	297,471	297,471
Other creditors		-	-	-	-	232,748	232,748	232,748
		-	**-**	**-**	**-**	**1,631,219**	**1,631,219**	**1,631,219**

Other National Disclosures

VALUE ADDED STATEMENT

For the year ended 31 December 2019

	31 December 2019 ₦'000	%	31 December 2018 ₦'000	%
Gross Premium (local)	12,747,048		10,007,524	
Bought in materials and services				
-Local	(15,463,800)		(10,796,966)	
Value added	(2,716,752)	-100%	(789,442)	-100%
Distribution of value added				
To government				
Government as taxes	73,423	-3%	(557,901)	71%
To employees				
Employee costs	774,615	-29%	515,660	-65%
Retained in the business				
Depreciation and amortisation	178,080	-7%	141,350	-18%
Loss for the year	(3,742,870)	138%	(888,551)	113%
Value (eroded)/added	**(2,716,752)**	**100%**	**(789,442)**	**100%**

Value added is the wealth created by the efforts of the Company and its employees. This statement shows the allocation of that wealth among the employees, shareholders, government and amount reinvested for the creation of further wealth.

FIVE-YEAR FINANCIAL SUMMARY

	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
Statement of Financial position					
Assets					
Cash and cash equivalents	2,311,311	3,582,363	8,627,523	7,684,038	5,655,478
Investment securities	8,979,302	7,349,146	829,608	1,123,498	1,305,171
Trade receivables	156,556	69,838	47,710	111,736	-
Reinsurance assets	4,716,085	3,913,090	3,795,649	1,099,485	702,720
Deferred acquisition costs	440,554	257,278	176,077	121,179	85,763
Prepayments and other receivables	468,071	652,265	116,815	303,541	301,619
Investment properties	1,694,100	2,354,100	2,594,100	2,425,000	2,740,000
Intangible assets	411,172	12,611	-	5,311	22,284
Property and equipment	527,904	603,195	201,102	193,671	276,152
Deferred tax assets	396,801	527,821	-	-	-
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	**20,601,856**	**19,821,707**	**16,888,584**	**13,567,459**	**11,589,187**
Liabilities					
Borrowings	-	166,755	254,208	-	-
Insurance contract liabilities	11,889,724	8,266,705	7,441,452	4,639,622	4,221,829
Investment contract liabilities	1,204,087	934,245	1,055,087	1,215,719	1,252,195
Trade payables	370,724	297,471	542,370	959,341	479,054
Accruals and other payable	915,044	407,013	2,020,928	412,496	294,495
Income tax payable	83,729	138,681	163,082	69,194	102,988
Deferred tax liabilities	-	-	-	43,503	43,503
Total liabilities	**14,463,308**	**10,210,870**	**11,477,127**	**7,339,875**	**6,394,064**
Net assets	**6,138,548**	**9,610,837**	**5,411,457**	**6,227,584**	**5,195,123**
Financed by:					
Share capital	9,969,425	7,819,157	3,757,549	3,757,549	3,757,549
Share premium	3,594,648	780,047	864,902	864,902	864,902
Irredeemable convertible note	-	5,000,000	4,061,608	4,061,608	4,061,608
Statutory contingency reserve	1,766,058	1,498,813	1,282,717	1,114,958	925,129
Fair value reserve	509,543	203,831	31,049	13,093	33,375
Asset revaluation reserve	-	280,551	280,551	280,551	280,551
Accumulated losses	(9,981,677)	(5,971,562)	(4,866,919)	(3,865,077)	(4,727,991)
Shareholders' fund	**6,138,548**	**9,610,837**	**5,411,457**	**6,227,584**	**5,195,123**

	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
Profit or Loss Account					
Gross premium written	12,747,048	10,007,524	7,667,258	4,194,782	2,875,078
Gross premium income	11,271,088	9,750,309	6,702,232	4,017,370	2,986,992
(Loss)/profit before tax	(3,669,447)	(1,446,452)	(773,461)	1,092,271	(310,822)
Tax expense	(73,423)	557,901	(60,622)	(39,528)	(165,901)
(Loss)/profit after tax	**(3,742,870)**	**(888,551)**	**(834,083)**	**1,052,743**	**(476,723)**

NON-LIFE REVENUE ACCOUNT
For the year ended 31 December 2019
in thousands of Naira

	Fire ₦'000	Motor ₦'000	General Accident ₦'000	Marine ₦'000	Aviation ₦'000	Engineering ₦'000	Oil and Gas ₦'000	Total ₦'000
Direct Premium	947,034	1,006,422	1,018,251	505,022	562,982	463,941	2,377,916	6,881,568
Facultative inward	40,758	24,616	7,895	14,941	4,383	14,522	-	107,115
Gross premium written	**987,792**	**1,031,038**	**1,026,146**	**519,963**	**567,365**	**478,463**	**2,377,916**	**6,988,683**
Unearned premium	(134,516)	(203,528)	(324,947)	(74,195)	4,213	(73,374)	(255,126)	(1,061,473)
Gross premium income	**853,276**	**827,510**	**701,199**	**445,768**	**571,578**	**405,089**	**2,112,790**	**5,927,210**
Facultative outward	(123,295)	(898)	(336,598)	(6,438)	(448,033)	(69,526)	(1,347,402)	(2,332,190)
Reinsurance treaty- local	-	-	(115,386)	(202,554)	-	-	-	(317,940)
Reinsurance treaty -foreign	(463,430)	-	-	-	-	(243,347)	-	(706,777)
M&D excess of loss	(4,659)	(6,489)	(3,476)	(5,205)	-	(10,047)	-	(29,876)
Reinsurance cost	(591,384)	(7,387)	(455,460)	(214,197)	(448,033)	(322,920)	(1,347,402)	(3,386,783)
Changes in prepaid re-insurance	106,686	344	271,793	14,741	25,685	35,091	148,122	602,462
Reinsurance premium expenses	(484,698)	(7,043)	(183,667)	(199,456)	(422,348)	(287,829)	(1,199,280)	(2,784,321)
Net premium income	**368,578**	**820,467**	**517,532**	**246,312**	**149,230**	**117,260**	**923,510**	**3,142,889**
Commission income - facultative outward	22,415	157	42,091	322	46,561	5,341	70,099	186,986
Commission income treaty local	-	-	-	63,628	-	-	-	63,628
Commission income foreign treaty	138,479	-	227	-	-	76,601	-	215,307
Fees	-	-	-	-	-	-	-	-
Changes in deferred commission income	(16,362)	(30)	(27,406)	(4,959)	(7,939)	(4,505)	(7,908)	(69,109)
Fees & commission income	144,532	127	14,912	58,991	38,622	77,437	62,191	396,812
Net underwriting income	**513,110**	**820,594**	**532,444**	**305,303**	**187,852**	**194,697**	**985,701**	**3,539,701**
Claims paid	(350,200)	(801,704)	(270,072)	(69,007)	(10,120)	(118,465)	(65,082)	(1,684,650)
Changes in outstanding claims	(220,627)	(189,964)	(108,180)	163,381	(18,721)	(105,089)	(103,206)	(582,405)
IBNR	(176,382)	(53,699)	(142,995)	74,308	149,625	(24,640)	71,280	(102,504)
Claims handling expenses	(5,806)	(5,700)	(7,069)	(1,724)	-	(3,543)	(3,376)	(27,218)
Net claims incurred	(753,015)	(1,051,067)	(528,316)	166,958	120,784	(251,737)	(100,384)	(2,396,777)
Claims recoveries	223,519	387	2,169	44,416	7,572	81,839	36,630	396,532
Salvages	-	22,822	-	-	-	-	-	22,822
Outstanding claims recoveries (inclusive IBNR)	(63,433)	1,788	11,881	(165,312)	17,007	68,479	115	(129,475)
IBNR on recoverables on outstanding claims	38,833	(425)	28,331	(4,912)	(174,786)	34,269	(56,575)	(135,265)
Recoveries	198,919	24,572	42,381	(125,808)	(150,207)	184,587	(19,830)	154,614
Net Claims expense	**(554,096)**	**(1,026,495)**	**(485,935)**	**41,150**	**(29,423)**	**(67,150)**	**(120,214)**	**(2,242,163)**
Commission expense	(181,509)	(99,074)	(136,818)	(96,304)	(106,402)	(90,621)	(383,871)	(1,094,599)
Commission paid facultative inward	(12,065)	(4,707)	(2,379)	(4,473)	(1,096)	(4,495)	-	(29,215)
Changes in DAC	16,419	5,937	25,723	11,220	1,037	14,733	68,644	143,713
Acquisition cost	(177,155)	(97,844)	(113,474)	(89,557)	(106,461)	(80,383)	(315,227)	(980,101)
Maintenance cost	(68,840)	(113,600)	(25,247)	(26,507)	(9,672)	(15,586)	(66,488)	(325,940)
Underwriting expenses	**(245,995)**	**(211,444)**	**(138,721)**	**(116,064)**	**(116,133)**	**(95,969)**	**(381,715)**	**(1,306,041)**
Underwriting profit	**(286,981)**	**(417,345)**	**(92,212)**	**230,389**	**42,296**	**31,578**	**483,772**	**(8,503)**

NON-LIFE REVENUE ACCOUNT
For the year ended 31 December 2018

in thousands of Naira	Fire ₦'000	Motor ₦'000	General Accident ₦'000	Marine ₦'000	Aviation ₦'000	Engineering ₦'000	Oil and Gas ₦'000	Total ₦'000
Direct Premium	677,605	785,643	375,518	278,401	1,613,717	318,193	1,610,280	5,659,357
Facultative inward	67,087	22,482	21,945	11,566	-	18,258	382	141,720
Gross premium written	744,692	808,125	397,463	289,967	1,613,717	336,451	1,610,662	5,801,077
Unearned premium	(53,310)	(62,592)	(14,823)	(78,478)	13,087	(59,980)	(149,504)	(405,600)
Gross premium income	**691,382**	**745,533**	**382,640**	**211,489**	**1,626,804**	**276,471**	**1,461,158**	**5,395,477**
Facultative outward	(42,037)	(1,567)	(17,436)	(41,218)	(1,352,839)	(29,699)	(916,917)	(2,401,713)
Reinsurance treaty- local	-	-	-	(96,428)	-	-	-	(96,428)
Reinsurance treaty -foreign	(378,283)	-	-	-	-	(209,941)	-	(588,224)
M&D excess of loss	(12,486)	(1,620)	(8,280)	(7,650)	-	(14,834)	-	(44,870)
Reinsurance cost	(432,806)	(3,187)	(25,716)	(145,296)	(1,352,839)	(254,474)	(916,917)	(3,131,235)
Changes in prepaid re-insurance	17,008	269	(910)	37,596	16,407	57,825	127,126	255,321
Reinsurance premium expenses	(415,798)	(2,918)	(26,626)	(107,700)	(1,336,432)	(196,649)	(789,791)	(2,875,914)
Net premium income	**275,584**	**742,615**	**356,014**	**103,789**	**290,372**	**79,822**	**671,367**	**2,519,563**
Commission income - facultative outward	6,864	274	2,591	2,565	127,090	1,601	44,914	185,899
Commission income treaty local	-	-	-	30,622	-	-	-	30,622
Commission income foreign treaty	113,484	-	-	-	-	68,231	-	181,715
	-	-	-	-	54,000	-	-	54,000
Changes in deferred commission income	(3,183)	(46)	668	(5,997)	(3,095)	(17,521)	(8,254)	(37,428)
Fees & commission income	117,165	228	3,259	27,190	177,995	52,311	36,660	414,808
Net underwriting income	**392,749**	**742,843**	**359,273**	**130,979**	**468,367**	**132,133**	**708,027**	**2,934,371**
Claims paid	(185,113)	(512,178)	(173,491)	(168,427)	(199,343)	(40,052)	(44,186)	(1,322,790)
Changes in outstanding claims	(104,946)	(34,447)	(62,074)	(364,287)	11,625	(110,424)	(346,445)	(1,010,997)
IBNR	25,054	11,800	(14,296)	(9,507)	184,695	79,825	(142,878)	134,692
Additional charge on paid claims (PY)	-	-	-	-	-	-	-	-
Claims handling expenses	(5,728)	(2,534)	(7,115)	(182)	(599)	(2,055)	(2,525)	(20,738)
Net claims incurred	(270,733)	(537,359)	(256,976)	(542,403)	(3,622)	(72,706)	(536,034)	(2,219,833)
Claims recoveries	130,591	6,499	9,908	94,176	158,418	14,614	21,624	435,830
Salvages	-	12,740	-	-	-	-	-	12,740
Outstanding claims recoveries	115,784	1,864	(28,703)	196,974	(199,968)	25,705	278,593	390,249
Recoveries	246,375	21,103	(18,795)	291,150	(41,550)	40,319	300,217	838,819
Net Claims expense	**(24,358)**	**(516,256)**	**(275,771)**	**(251,253)**	**(45,172)**	**(32,387)**	**(235,817)**	**(1,381,014)**
Commission paid	(123,395)	(82,024)	(67,394)	(48,961)	(88,296)	(59,619)	(217,252)	(686,941)
Commission paid facultative inward	(21,046)	(3,945)	(6,614)	(3,494)	-	(5,369)	(76)	(40,544)
Changes in DAC	10,308	2,673	4,009	14,410	8,760	8,287	18,515	66,962
Acquisition cost	(134,133)	(83,296)	(69,999)	(38,045)	(79,536)	(56,701)	(198,813)	(660,523)
Maintenance cost	(7,199)	3,806	(1,252)	(3,369)	(5,220)	(4,857)	(166,322)	(184,413)
Underwriting expenses	**(141,332)**	**(79,490)**	**(71,251)**	**(41,414)**	**(84,756)**	**(61,558)**	**(365,135)**	**(844,936)**
Underwriting profit/(Loss)	**227,059**	**147,097**	**12,251**	**(161,688)**	**338,439**	**38,188**	**107,075**	**708,421**

LIFE REVENUE ACCOUNT

For the year ended 31 December 2019

	Group life ₦'000	Individual life ₦'000	Annuity ₦'000	Total ₦'000
Gross premium written	5,425,784	332,581	-	5,758,365
Unearned premium/changes in reserve	(414,487)	-	-	(414,487)
Gross premium income	5,011,297	332,581	-	5,343,878
Facultative premium	(3,050,131)	-	-	(3,050,131)
Reinsurance premium	(43,102)	(3,701)	-	(46,803)
Re-insurance cost	(3,093,233)	(3,701)	-	(3,096,934)
Changes in prepaid re-insurance	65,343	-	-	65,343
Reinsurance premium expenses	(3,027,890)	(3,701)	-	(3,031,591)
Net premium income	1,983,407	328,880	-	2,312,287
Commission income	10,367	6,012	-	16,379
Fees	335,003	2,716	-	337,719
Deferred commission income	(27,853)	-	-	(27,853)
Fees & commission income	317,517	8,728	-	326,245
Net underwriting income	2,300,924	337,608	-	2,638,532
Death claims paid	(2,603,856)	(14,954)	-	(2,618,810)
Claims benefits	-	(469,311)	(5,555)	(474,866)
Outstanding claims/benefit payable	(767,808)	(2,322)	-	(770,125)
IBNR	(354,931)	-	-	(354,931)
Claims incurred	(3,726,590)	(486,587)	(5,555)	(4,218,732)
Recovery -local facultative	1,824,574	-	-	1,824,574
Outstanding claims recoveries	496,211	(2,719)	-	493,492
IBNR on recoverables on outstanding claims	67,070	-	-	67,070
Recoveries	2,387,855	(2,719)	-	2,385,136
Net claims expense and benefit payments	(1,338,735)	(489,306)	(5,555)	(1,833,596)
Commission expense	(473,047)	(37,349)	-	(510,396)
Change In deferred acquisition cost	39,562	-	-	39,562
Maintenance cost	(138,840)	(12,439)	-	(151,279)
Underwriting expenses	**(572,325)**	**(49,788)**	**-**	**(622,113)**
Changes in individual life reserve	-	(319,966)	(17,216)	(337,039)
Underwriting profit	**389,864**	**(521,452)**	**(22,771)**	**(154,359)**

LIFE REVENUE ACCOUNT

For the year ended 31 December 2018

	Group life ₦'000	Individual life ₦'000	Annuity ₦'000	Total ₦'000
Gross premium written	3,892,458	313,989	-	4,206,447
Unearned premium/changes in reserve	148,385	-	-	148,385
Gross premium income	4,040,843	313,989	-	4,354,832
Facultative premium	(2,941,994)	-	-	(2,941,994)
Reinsurance premium	(36,614)	(7,468)	-	(44,082)
Re-insurance cost	(2,978,608)	(7,468)	-	(2,986,076)
Changes in prepaid re-insurance	(172,269)	-	-	(172,269)
Reinsurance premium expenses	(3,150,877)	(7,468)	-	(3,158,345)
Net premium income	889,966	306,521	-	1,196,487
Commission income	34,933	3,235	-	38,168
Fees	263,607	2,716	-	266,323
Deferred commission income	6,789	-	-	6,789
Fees & commission income	305,329	5,951	-	311,280
Net underwriting income	1,195,295	312,472	402	1,507,767
Death claims paid	(3,871,046)	(15,514)	-	(3,886,560)
Claims benefits	-	(482,472)	(24,693)	(507,165)
Outstanding claims/benefit payable	212,374	(1,408)	-	210,966
IBNR	(18,549)	-	-	(18,549)
Claims incurred	(3,677,221)	(499,394)	(24,693)	(4,201,308)
Recovery -local facultative	3,332,170	-	-	3,332,170
Outstanding claims recoveries	(471,639)	-	-	(471,639)
IBNR on recoverables on outstanding claims				
Recoveries	2,860,531	-	-	2,860,531
Net claims expense and benefit payments	(816,690)	(499,394)	(24,693)	(1,340,777)
Commission expense	(345,628)	(11,172)	-	(356,800)
Change In deferred acquisition cost	14,241	-	-	14,241
Maintenance cost	(32,059)	(2,465)	-	(34,524)
Underwriting expenses	**(363,446)**	**(13,637)**	**-**	**(377,083)**
Changes in individual life reserve	-	67,605	22,894	90,499
Underwriting profit	**15,159**	**(132,954)**	**(1,799)**	**(119,594)**

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FURTHER
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REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF ALLIANZ NIGERIA INSURANCE PLC. FOR THE YEAR ENDED 31ST DECEMBER, 2019

In conformity with regulatory requirements, the Board of Allianz Nigeria Insurance Plc. renewed its mandate to J. K. Randle International to review its performance in respect of the year ended December 31, 2019. The exercise was guided by the provisions of the National Insurance Commission's Code of Corporate Governance (NAICOM Code) and other recognized Best Practices.

The Board was comprised of nine members during the year under review. Seven members were Non-Executive Directors (including the Chairman of the Board), while two were Executive Directors (including the Managing Director/Chief Executive Officer).

During the year, two Non-Executive Directors resigned from the Board. One Non-Executive Director resigned and was duly replaced. As at 31st December, 2019, the Board had eight members consisting of two Executive Directors including the Managing Director/Chief Executive Officer and five Non-Executive Directors including the Chairman of the Board. In line with the NAICOM Code, the Board had one Independent Director. The ratio of Non-Executive Directors to Executive Directors was in line with Best Practice and with the NAICOM Code. Despite the changes on the Board, the skills mix, experience base and diversity remained adequate for the conduct of the business of the Company.

Board members remained conscious of their responsibilities in respect of the operations of the Board and the Company. Frequency of meetings, level of attendance and formation of quorum at the Board and Committee levels met the minimum requirements. The Board held four meetings during the year under review. It met the minimum requirement of at least four meetings in a year. Meetings were effectively managed with focus on relevant and strategic issues affecting the Company. All the members had equal opportunity and they contributed constructively to the deliberations of the Board. Management provided adequate information while the Company Secretariat maintained accurate records of the proceedings of the Board and Board Committees which facilitated decision making and monitoring. Decisions were arrived at based on consensus in a conducive environment. The operations of the Board followed due process and reflected transparency and a high degree of Board dynamics.

The Board performed to the full extent of its mandate which covered all the significant activities of the Company, particularly risk management, supervision of the internal audit process; monitoring of the operating environment; responding proactively to emerging imperatives and monitoring the performance of Management as well as reinforcing governance policies and practices. In particular, the Board through the Board Establishment & Corporate Governance Committee, considered and approved the Company's revised Conflict of Interest Policy. It considered a review of the Key Performance Indicators for the Company and for Management. The Board also performed other statutory responsibilities including rendering the accounts of the operations and activities of Allianz Nigeria Insurance Plc. (formerly Ensure Insurance Plc.) to the shareholders.

To a large extent, the Board has implemented the recommendations in our last appraisal report. The performance of the Board did not violate the requirements of the NAICOM Code in any material manner and is adjudged to be satisfactory.

At the conclusion of the exercise, we recommended that the Board should address the need to review the Company's Service Level Agreement (SLA) with AZAF for scope competence and resources, the need to focus attention to the directive issued by SEC that the Company should have a plan for changing the loss position it had been suffering for the past few years; and the need to improve the gender diversity of the Board in accordance with the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria. We also recommended that the increase in the remuneration of the Non-Executive Directors should be ratified by the shareholders, and that the Company's Disaster Recovery & Business Continuity framework should be tested periodically and reported to the Board through the relevant Committee of the Board.

Bashorun J. K. Randle, FCA, OFR
Chairman/Chief Executive
FRC/2013/ICAN/00000002703

Dated September 10, 2020

2019 ANNUAL REPORT