

**2021**  
// annual  
report &  
accounts

# Great Strides Towards Excellence



...together to succeed

“

**Aspire greatly;** anything less than a **commitment to excellence** becomes an acceptance of mediocrity.”



**Excellence is about being the best, yet always striving to be better, with an eye on delivering quality services and exceptional value.**

As excellence is also a journey and not a destination, it is consistently cultivated over a period of time through hard work and smart

steps. Above all, excellence evolves from continuous improvement over the past, and it is a corollary of passion and performance.

This is the principle behind the choice of our theme for the NEM Insurance 2021 Annual Report.

Corporate Declaration

# Protecting You with Relentless Excellence



At NEM Insurance, we leverage the power of excellence to deliver innovative insurance services and products that protect our clients' interests. That is why we go great lengths to support you to achieve your goals, whatever

they might be. And by acting corporately professional, dependable and globally competitive, in spite of tough economic environment, we also keep creating sustainable superior value for our stakeholders by making

## GIANT STRIDES TOWARDS EXCELLENCE.

**Mr. Tope Smart**  
GMD/CEO



## Our Vision

To be the preferred choice  
of the insuring public

## Our Mission

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



## Core Values

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



# Brief history about the Company

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

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

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

The company, which has contributed immensely towards the growth of Insurance

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

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



# Get **NEM Travel Insurance Policy**

**A Cover with COVID-19 Protection**

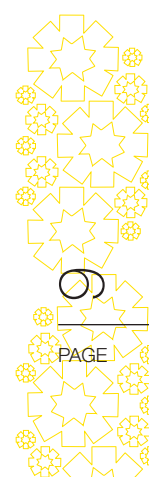


## **TRAVEL WITHOUT IMPLICATIONS**

- Medical Expenses and Hospitalization Abroad
- Emergency Medical Evacuation
- Emergency Dental Care
- Repatriation of Mortal Remains
- Repatriation of Family Member traveling with the insured
- Emergency Return Home following Death of a Close Relative
- Medical Expenses on COVID-19
- Cost of Compulsory 14 days Quarantine if diagnosed positive with COVID-19

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# Comprehensive Protection Assured!

## ON YOUR:

- Building Construction
- Road Construction
- Installations
- Erection



With  
**NEM CONTRACTOR ALL-RISK INSURANCE**  
*...your best companion throughout the project and beyond.*



**NEM Insurance Plc**  
RC: 6971

Head Office:  
NEM House, 199, Ikorodu Road,  
P. O. Box 654 Marina,  
Tel: 01-4489560-9; 01-4489570  
Email: [nem@nem-insurance.com](mailto:nem@nem-insurance.com)  
[nemsupport@nem-insurance.com](mailto:nemsupport@nem-insurance.com)



[www.nem-insurance.com](http://www.nem-insurance.com)

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

# Notice Of 52nd Annual General Meeting





# Notice Of **52nd** Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 52nd Annual General Meeting of **NEM INSURANCE PLC. (the “Company”)** will hold at the Conference Room, NEM House, 199, Ikorodu Road, Obanikoro on the 19th of May 2022 at 10.00a.m to transact the following business:

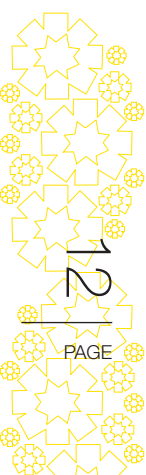
## **ORDINARY BUSINESS**

1. To present the Annual Financial Statements of the Company for the year ended 31st December 2021 and Reports of the Directors, the Auditors Report and Audit Committee's Report thereon.
2. To declare a Dividend.
3. To ratify the appointment of Directors
  - a) Mr. Sunday Joshua Adebayo
  - b) Mr. Momoh Abdurrahman Odamah
4. To re-elect Directors retiring by rotation.
  - a) Mr. Papa Ndiaye
  - b) Mr. Kelechi Okoro
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.
7. To disclose the Remuneration of Managers of the Company.

## **SPECIAL BUSINESS**

8. To approve the remuneration of Directors.
9. To consider and if thought fit, pass the following, with or without modification as Ordinary Resolution of the Company:

“That, in compliance with the Rule of the Nigerian Exchange Limited governing transactions with Related Parties or Interested Persons, the Company and its related entities be and are hereby granted a General Mandate in respect of all recurrent transactions entered into with a related party or interested person provided such transactions are of a revenue or trading nature or are necessary for the Company's day -to-day operations. This Mandate shall commence on the date on which this resolution is passed and shall continue to operate until the date on which the next Annual General Meeting of the Company is held.”
10. To consider and if thought fit, pass the following, with or without modification as Ordinary Resolution of the Company:
  - (i) That the Company be and is hereby authorised to take all steps necessary to comply with the requirements of Section 124 of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, as it relates



# Notice Of **52nd** Annual General Meeting

to unissued Shares forming part of the Share Capital of the Company, including the cancellation of the unissued shares of the Company;

- (ii) That the Company be and is hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 10(i) above, including replacing the provision stating the authorised share capital with the issued share capital;
- (iii) That the Company be and is hereby authorised to enter into and execute agreements, deeds, notices and any other document(s) necessary for and/or incidental to resolution 10(i) above;
- (iv) That the Company be and is hereby authorised to appoint such professional parties, consultants and advisers as may be required to comply with resolution 10(i) above; and
- (v) That the Company be and is hereby authorised to perform all acts and to do all such other things as may be necessary for or incidental to giving effect to the above resolutions, including without limitation, complying with the directives of the regulatory authorities”.

## NOTES:

### I. PROXY

- (a) With the safety and security of customers, employees, and other stakeholders as our top priority, the Company has been implementing its internal policy on the COVID-19 pandemic based on guidance received from government authorities in order to help prevent the spread of infections.

Therefore, in line with the Guidelines of the Corporate Affairs Commission (“CAC”) on the conduct of Annual General Meetings (“AGMs”) of Public Companies by Proxies, and the need to comply with the directives and regulations of the Federal Government of Nigeria, Lagos State Government, the Nigerian Centre for Disease Control (“NCDC”) on safety and health measures against COVID-19 pandemic, **Shareholders are hereby informed that attendance shall be by proxy only.**

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





# Notice Of **52nd** Annual General Meeting

In line with CAC's Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

(1) Dr. Fidelis Ayebae	Chairman
(2) Mr. Tope Smart	GMD/CEO
(3) Mrs. Olajumoke Philip-Akede	Company Secretary
(4) Sir Sunny Nwosu	Shareholder
(5) Mrs. Adebisi Bakare	Shareholder
(6) Mr. Gbenga Idowu	Shareholder
(7) Mr. Nornah Awoh	Shareholder

- (c) For the instrument of proxy to be valid for the purposes of this Meeting, it must be completed and duly stamped by the Commissioner of Stamp Duties and emailed to [registrars@apel.com.ng](mailto:registrars@apel.com.ng) or deposited at the office of the Registrars, **Apel Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent South-West Ikoyi Lagos** not less than 48 hours before the time of the Meeting.
- (d) The Company has made arrangements at its cost for the stamping of the duly completed proxy forms submitted to the Company's Registrars within the stipulated time.

## II. CLOSURE OF THE REGISTER OF MEMBERS

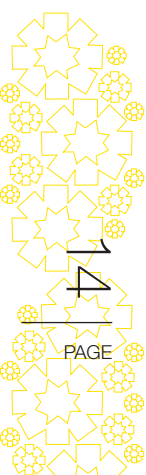
The Register of Members and Transfer Books of the Company will be closed from Monday 2nd of May 2022 till Friday 6th of May 2022 both dates inclusive for the purpose of updating our Register of Members. Accordingly, dividends will only be paid to Shareholders whose names are on the Register on the 29th of April 2022. Payment date is 19th of May 2022

## III. UNCLAIMED DIVIDEND WARRANTS

Some dividend warrants have remained unclaimed or are yet to be presented for payment or are in need of revalidation. Affected Shareholders are advised to contact the Registrars, **Apel Capital Registrars Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos** on this. The list of such unclaimed dividends is available here: <https://sites.google.com/apelasset.com/dividendsearch/home>

## IV. LIVE STREAMING OF THE AGM

The AGM will be streamed live via the Company's website. This will enable Shareholders and other stakeholders who will not be attending the Meeting physically to observe the proceedings. Please log on to [www.nem-insurance.com](http://www.nem-insurance.com) for a link to the live streaming of the AGM.



# Notice Of **52nd** Annual General Meeting

## V. DIVIDEND PAYMENT

If the proposed dividend of 22 kobo per ordinary share of 1 naira each as recommended by the Directors is approved by members at the AGM, e-dividends will be paid to Shareholders' accounts in accordance with the directive of the SEC on 19th of May 2022 to the Shareholders whose names appear in the Register of Members at the close of business on the 29th of April 2022.

## VI. E-Dividend

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

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

## VII. STATUTORY AUDIT COMMITTEE

In accordance with Section 404 of the Companies and Allied Matters Act, 2020, (CAMA, 2020) a Shareholder may nominate another Shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than twenty-one (21) days before the AGM.

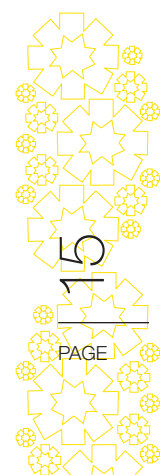
Kindly note that CAMA, 2020 requires all members of the Audit Committee to be financially literate.

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

## VIII. RATIFICATION OF APPOINTMENT OF NEW DIRECTORS

- (a) Mr. Sunday Joshua Adebayo
- (b) Mr. Momoh Abdurrahman Odamah

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





## **IX. RE-ELECTION OF DIRECTORS**

In accordance with Section 285 of the Companies and Allied Matters Act, 2020, Mr. Papa Ndiaye and Mr. Kelechi Okoro will retire by rotation and being eligible, have offered themselves for re-election. Their profiles are contained in the Annual Report and are also on the Company's website.

## **X. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS**

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

## **XI. E-Annual Report**

The electronic version of the Annual Report (e-annual report) can be downloaded from the Company's website [www.nem-insurance.com](http://www.nem-insurance.com). The e-annual report will be emailed to all Shareholders who have provided their email addresses to the Registrars. Shareholders who wish to receive the e-annual report are kindly requested to send an email to [nem@nem-insurance.com](mailto:nem@nem-insurance.com). or [registrars@apel.com.ng](mailto:registrars@apel.com.ng).

## **XII. Website**

A copy of this Notice and other information relating to the Meeting can be found at [www.nem-insurance.com](http://www.nem-insurance.com).

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Olajumoke Philip-Akede'.

**OLAJUMOKE PHILIP-AKEDE**  
**COMPANY SECRETARY**

FRC/2017/NBA/00000015972

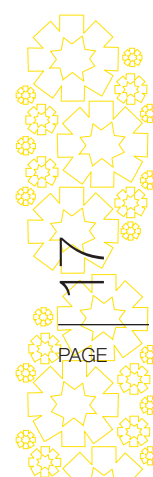
199, IKORODU ROAD, LAGOS

DATED THIS 10th DAY OF APRIL 2022



# Corporate Information

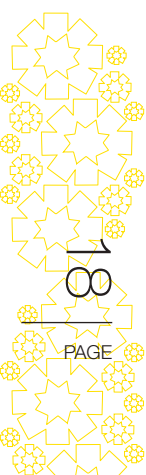
<b>Directors</b>	Dr. Fidelis Ayebae Mr. Tope Smart Mr. Andrew Ikekhua Mr. Sunday Joshua Adebayo Mr. Momoh Odamah Mrs. Olayinka Aletor Alh. Ahmed Yakasai Chief Ede Dafinone Mrs. Joy Teluwo Mr. Papa Ndiaye Mr. Kelechi Okoro	Chairman Group Managing Director/CEO Executive Director Executive Director Appointed on 1/12/2021 Executive Director Appointed on 1/12/2021 Director Independent Director Director Director Director Director
<b>Company Secretary</b>	Mrs. Olajumoke Philip-Akede 199, Ikorodu Road Obanikoro, Lagos	
<b>Registered Office</b>	NEM House 199, Ikorodu Road Obanikoro, Lagos	
<b>FRCN Number</b>	FRC/2012/0000000000249	
<b>Registration Number</b>	6971	
<b>Corporate Head Office</b>	NEM House 199, Ikorodu Road Obanikoro, Lagos	
<b>Registrars</b>	APEL Capital Registrars Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent, South West, Ikoyi Lagos Tel: 01-2932121 Mobile No: 07046126698	
<b>Bankers</b>	Access Bank Plc Polaris Bank Limited Ecobank Nigeria Limited First Bank of Nigeria Limited Guaranty Trust Bank Limited Keystone Bank Limited Standard Chartered Bank Nigeria Limited Sterling Bank Plc United Bank for Africa Plc Zenith Bank Plc	





# Corporate **Information**

<b>Auditors</b>	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com
<b>Solicitors</b>	Koya & Kuti Solicitors 5th Floor, 3, Ajele Street Lagos.  Sola Abidakun & Co 9th Floor, UBA House 57, Marina Lagos.
<b>Reinsurers</b>	African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Plc
<b>Subsidiary</b>	NEM Asset Management Ltd 199, Ikorodu Road Obanikoro P.O. Box 654 Lagos Tel: 01-4489574
<b>Associate</b>	Regency Nem Insurance (Ghana) Limited No 65, Patrice Lumumba Road, Airport Residential Area Accra P.O. Box 6342, Cantonments, Ghana



# Corporate Information

## Branch Networks

### Abuja - Garki

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

### Abuja - Wuse

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

### Abuja - Central Business District

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

### Apapa

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

### Calabar

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

### Akure

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

### Ibadan

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

### Jos

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

### Lagos Mainland

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

### Kano

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

### Onitsha

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

### Kaduna

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

### Oshogbo

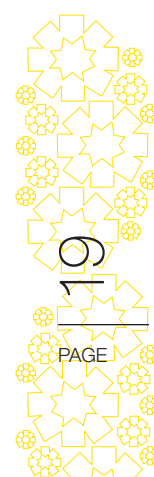
1st Floor, Former Afribank Building  
Opposite Fakunle Comprehensive  
High School  
Fakunle, Gbongan/Ibadan Road  
Osogbo, Osun State  
Tel: 035-214844  
Branch Manager: Olubiyi Sonoiki  
Mobile Nos: 08038436231,  
08077284898

### Warri

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

### Port Harcourt

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



# NEM INSURANCE PLC

Your **Reliable  
Companion** for all  
**Oil and Gas Risk Cover**



- Construction All Risks (CAR)
- Operators Extra Expense (OEE)
- Property Damage (Offshore Facilities)
- Property Damage (Onshore Facilities)
- Liabilities (First & Third Party Damage)
- Damage to Onshore/Offshore Drilling
- Oil Spillage Third Party Insurance Workover



**NEM Insurance Plc**  
RC: 6971

Head Office:  
NEM House, 199, Ikorodu Road,  
P. O. Box 654 Marina,  
Tel: 01-4489560-9; 01-4489570  
Email: [nem@nem-insurance.com](mailto:nem@nem-insurance.com)  
[nemsupport@nem-insurance.com](mailto:nemsupport@nem-insurance.com)

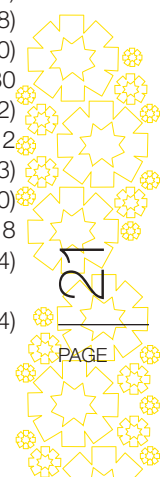


[www.nem-insurance.com](http://www.nem-insurance.com)

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

# Results at a Glance

	2021	2020		Changes
	N'000	N'000	N'000	%
<b>Financial Position</b>				
Cash and cash equivalents	7,895,469	7,352,189	543,280	7
- At fair value through profit or loss	5,354,017	4,479,121	874,896	20
- At fair value through other comprehensive income	84,884	81,318	3,566	4
- At amortised cost	8,143,491	6,105,529	2,037,962	33
Trade receivables	1,479,056	228,140	1,250,916	548
Reinsurance assets	7,565,820	5,107,870	2,457,950	48
Deferred acquisition cost	1,030,753	1,840,694	(809,941)	(44)
Other receivables and prepayments	414,712	470,727	(56,015)	(12)
Investment in Associate	-	412,741	(412,741)	(100)
Investment properties	1,706,167	1,617,609	88,558	5
Statutory deposit	320,000	320,000	-	-
Property, plant and equipment	3,794,957	2,922,422	872,535	30
Right-of-use Assets	209,920	-	209,920	100
Intangible asset	10	10	-	-
Deferred tax Assets	257,505	263,035	(5,530)	(2)
<b>Total Assets</b>	<b>38,256,761</b>	<b>31,201,405</b>		
Insurance contract liabilities	12,217,843	9,779,935	2,437,908	25
Trade payables	410,728	585,327	(174,599)	(30)
Other payables	1,893,238	1,672,134	221,104	13
Lease liabilities	139,623	47,963	91,660	191
Retirement benefit obligations	52,414	78,960	(26,546)	(34)
Income tax liability	623,508	675,783	(52,275)	(8)
Deferred tax liabilities	10,387	-	10,387	-
<b>Total Liabilities</b>	<b>15,347,741</b>	<b>12,840,102</b>		
Issued share capital	5,016,477	5,016,477	-	-
Share premium	-	-	-	-
Contingency reserve	6,098,784	5,213,927	884,857	17
FVOCI reserve	(36,612)	(40,178)	3,566	(9)
Asset revaluation reserve	2,107,964	1,094,475	1,013,489	93
Other Reserves - Employee benefit	72,495	71,147	1,348	2
Retained earnings	9,649,912	7,005,455	2,644,457	38
<b>Shareholders' Fund</b>	<b>22,909,020</b>	<b>18,361,303</b>		
<b>INCOME STATEMENT</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>%</b>
<b>Gross premium written</b>	<b>27,875,088</b>	<b>22,035,695</b>	<b>5,839,393</b>	<b>26</b>
Gross premium income	26,545,254	21,682,189	4,863,065	22
Reinsurance expenses	(7,239,127)	(5,819,431)	(1,419,696)	(24)
<b>Net premium income</b>	<b>19,306,127</b>	<b>15,862,758</b>		
Fees and commission income	1,454,875	1,131,588	323,287	29
Net underwriting income	20,761,002	16,994,346		
Claims expenses	(5,560,885)	(6,054,469)	(493,584)	(8)
Underwriting expenses	(8,204,631)	(4,959,734)	3,244,897	65
<b>Underwriting profit</b>	<b>6,995,486</b>	<b>5,980,143</b>		
Investment income	1,134,507	1,004,344	130,163	13
Net Fair value gain	358,318	1,118,692	(760,374)	(68)
Other income	292,526	367,630	(75,104)	(20)
(Loss)/profit on disposal of properties, plant and equipment	(12,104)	(16,830)	4,726	(28)
Share of loss in Associate	-	(22,424)	22,424	(100)
Management expenses	(4,197,765)	(3,220,725)	977,040	30
<b>Profit before taxation</b>	<b>4,528,198</b>	<b>5,129,813</b>	<b>(601,614)</b>	<b>(12)</b>
Income taxes	(95,918)	(45,161)	(50,757)	112
<b>Profit for the year after tax</b>	<b>4,432,280</b>	<b>5,084,652</b>	<b>(652,371)</b>	<b>(13)</b>
Total other comprehensive income/(loss)	1,018,403	(29,018)	(1,047,421)	(3,610)
<b>Total comprehensive income for the year</b>	<b>5,450,683</b>	<b>5,055,634</b>	<b>395,050</b>	<b>8</b>
Basic Earnings Per Share (Kobo)	0.88	0.96	(0.08)	(8.24)
Diluted Basic Earnings Per Share (Kobo)	0.88	0.96	(0.08)	(8.24)





# Message from the Chairman



**It gives me pleasure once again to welcome our distinguished shareholders, invited guests, representatives of regulatory bodies, directors, ladies, and gentlemen to the 52nd Annual General Meeting of our great Company - NEM Insurance Plc. We thank God Almighty for counting us worthy of seeing one another once again to deliberate on our common interest. I shall on behalf of Directors present to you the Annual report and Accounts of our company for the year ended 31st December 2021 as we proceed with this meeting.**

# Chairman's Statement

## Challenges to Sustainable Development

Challenges to growth and development sustainability around the world including Nigeria and more importantly insurance Industry in 2021 was beyond the impact of Covid-19 pandemic. There was a major shift in focus of major organisations and individuals as survival became more important in times of pseudo war which was apparent in many areas of the country, and its impact on insurance businesses could not have been imagined. But our company's management and Board waded through the mucky waters with a lot of proactive steps and came out even stronger in the way the business is being positioned even though we suffered a decline in profit.

The impact of huge claims due to vandalization and looting of properties during the 'End SARS' protest in 2020 will continue to affect the industry negatively beyond 2021 in form of outstanding claims and incurred but not reported claims (IBNR).

The fluctuation in the exchange rate, scarcity and hike in energy cost resulted in significant spike in food and other commodities' prices in 2021. This has put enormous pressure on Nigeria, being an energy and food importing country.

Climate change and national security challenges also contributed to the financial and economic crisis.

It is expected that government at all levels would put in place and implement policies to tackle insecurity, unemployment, inflation, poverty, hunger and malnutrition which is pervading in the country.

For sustainable growth, all hands must be on deck, and we must be ready, as individuals, corporate bodies and government institutions to go the extra mile in whatever we do in order to achieve a meaningful and sustainable

development we the country has been yawning for over decades.

As earlier alluded to, despite all the local and global challenges which greatly affected the economy, our company still performed excellently and brilliantly well during the year under review.

## BOARD

Also, I am delighted to announce to you that Messrs. Odumoh M.A and Adebayo S.J were elevated to the position of Executive Directors in year 2021 in addition to forty-two members of staff who were promoted based on year 2021 appraisal.

## The Nigerian Economy During the Period Under Review:

The Nigerian economy expanded by 3.4% in real terms in 2021 as against 1.92% in year 2020 with an estimated value of N72.39trillion compared with N70.01trillion in year 2020. This growth is the fastest in about 7 years. In recent years, the Agricultural sector which contributed 25.9% remains the largest contributor to the GDP. While the non-oil sector contributed 92.76% as against 91.78% recorded in year 2020, the Oil sector contribution

dropped to 7.24% from 8.16% recorded in year 2020.

The average price of Brent crude oil in 2021 was US\$70.58 per barrel against US\$51.27 per barrel in 2020. As we speak, crude oil as well as fuel pump prices continue to fluctuate, especially with the effect of Russia/Ukraine war and other security challenges. Analysts are of the opinion that the high level of insecurity in the country as well as the level of inflation have both discouraged foreign investors from bringing in funds for investment as returns continue to be eroded by inflation and exchange rate volatility which

**The Nigerian economy expanded by 3.4% in real terms in 2021 as against 1.92% in year 2020**

**Gross Claim of N11.6billion was incurred in 2021, that of 2020 was N8.4billion**

presently stand around N580/1\$ at the parallel market and N416/1\$ at the official market.

Notwithstanding our company was able to post good results during the year under review.

## RESULTS

### Profit for the Year

The Group's Profit After Tax (PAT) in the year under review was N4.448 billion compared to N5.084 billion in the previous year representing a decline of 12.5%. The Parent Company also recorded a decline of 12% in PAT over the preceding period. That is, N5.075 billion in 2020 against N4.440billion in 2021. This is majorly due to sharp decrease in fair value gain.

### Financial Assets, Total Assets & Total Equity:

There were increases of N3billion, N6.9billion and N4.5billion in the Group's Financial

Assets, Total Assets and Total Equity respectively.

Also, the Parent Company had increases of N2.9billion; N6.8billion and N4.5billion in Financial Assets, Total Assets and Total Equity respectively.

### Dividend

The Board is recommending a dividend of 22 kobo per ordinary shares to be paid out of the profit for the year.

### Financial Performance

Despite all challenges, the company has continued to thrive and its performance in the period under review is summarized as follows:

### Premium Income

A Gross Premium of N27.8billion was generated as against N22billion generated in the preceding year 2020; an increase of 26%. The Net Premium earned during the period under review was N19.3 billion and 23% increase over the preceding period of

2020 which recorded N15.8 billion.

### Investment Income

Though the interest rate in commercial paper was low in 202 management was proactive enough to take the advantage of other investment opportunities to generate, income on investment of N1.134billion as against the previous income on investment in 2020 which was N1.004 billion. This resulted in an increase of about 13%.

### Investment in Associate (RegencyNem Insurance Limited, Ghana)

was fully impaired in 2021 because of going concern issues.

### Claims Paid

While a Gross Claim of N11.6billion was incurred in 2021, that of 2020 was N8.4billion; an increase of 26%.

In the same vein, the Net Claims expenses of N5.6billion incurred in 2021 was 9% lower than that of the preceding

period which recorded N6.05billion. The Net Claims ratio for the period under review was 20% as against 27% in 2020 due to good claims recovery during the period under review.

### Management Expenses

The Group incurred the sum of N4.181 billion being an adverse variance of 30% over that of 2020 which was N3.220.billion. The Parent Company also recorded a negative variance of 29.5% over that of the previous period of 2020. Specifically, N4.155billion was incurred in 2021, N3.191 billion was incurred in 2020.

### Earnings per Share (EPS)

The Group's EPS for the year under review was 89 kobo while that of the previous year was 96 kobo

### Human Capital

During the period under review, over 75% of our employees attended various physical and online trainings capacity enhancement.

In addition training, necessary work tools were provided and were encouraged to work remotely when it becomes necessary. A conducive environment is available while in the office while staff who performed excellently well during the year were further motivated with promotions. Quarterly performance bonuses were paid to staff as at when due.

We have continued to provide access to quality healthcare for our staff to ensure optimal performance and also efficient service delivery.

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

### Recapitalization

Despite the suspension of the process by NAICOM, our company is poised to recapitalize as we have enough reserve to do so.

As approved at the company's EGM in 2020, bonus was issued to existing shareholders in proportion of 9 for 10 in 2021. You will recall that as at the end of year 2020 we had recapitalized up to 5.016 billion

### 2022 Outlook

The rising inflation, insecurity, climate change, Russia / Ukraine war, hike in fuel pump price, unstable labour market, new waves of Covid-19 among others are part of identifiable challenges in 2022. Notwithstanding we are optimistic that our performance will be better than the year under review. As the situation continues to be very dynamic, the Company has been working diligently to assess the poten-

tial risks posed by COVID-19 to its business on an ongoing basis and to realign its strategies accordingly.

We are of the opinion that our business operations will not suffer any major setback on account of these major challenges.

The Board and Management will continue to leverage its robust technology infrastructure and maintain a healthy results and asset base.

### Conclusion

I want to use this opportunity to appreciate both the management and members of staff ably led by a very smart and result oriented GMD/CEO while also recognizing my fellow Directors for their efforts, dedication and hard work which are seen in the results being reported in the past years. This is a team to be proud of.

Also, I want to appreciate all my fellow shareholders who have been

supportive and loyal to the company. Our valued clients, Brokers, Agents, and Reinsurers have been very consistently supportive.

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

Thank you all.



**DR. FIDELIS  
AYEBAE**  
CHAIRMAN

**As approved  
at the compa-  
ny's EGM in  
2020, bonus  
was issued to  
existing  
shareholders  
in proportion of  
9 for 10 in 2021.**

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# **GMD/ CEO Report**



**Global economy grew by 5.5% in year 2021 driven by strong consumer spending and some uptake in investment with trade in goods surpassing pre-pandemic levels.**

# Global economy grew by 5.5% in year 2021 driven by strong consumer spending and some uptake in investment with trade in goods surpassing pre-pandemic levels.

Notwithstanding this robust recovery, the highest growth rate in over a decade, the momentum slowed down at the end of 2021 in China, United States and the European Union due to supply chain disruptions and the reduction in fiscal and monetary stimuli.

The rising inflation in many economies, persistent labour market challenges, new waves of infec-

tions as a result of the highly transmissible omicron variant of COVID-19 are posing additional risks to recovery. On the local scene, the Nigerian economy expanded by 3.4% in real terms in 2021 as against the contraction of 1.92% in year 2020 with an estimated value of N72.39trillion compared with N70.01trillion in year 2020. This growth is the fastest in about 7 years. As

in recent years, the Agricultural sector which contributed 25.9% remains the largest contributor to the GDP. While the non oil sector contributed 92.76% as against 91.78% recorded in year 2020, the Oil sector contribution dropped to 7.24% from 8.16% recorded in year 2020. Also to be noted is the issue of foreign portfolio investments. The FPI stood at \$3.39billion

in year 2021 as against \$5.16billion recorded in 2020 a drop of 34%. This drop has affected FX liquidity in the economy. This situation has also been compounded by the reduction in export earnings due to decline in revenue from crude export as a result of Nigeria's inability to meet up with crude oil production quota stipulated by OPEC. Analysts are of the opinion that the high

level of insecurity in the country as well as the level of inflation have both discouraged foreign investors from bringing in funds for investment as returns continue to be eroded by inflation and exchange rate volatility which presently stand around N580/1\$ at the parallel market and N416/1\$ at the official market. Notwithstanding the headwinds, our company was able



**While the non oil sector contributed 92.76% as against 91.78% recorded in year 2020**

to post good results as I will analyze later.

With regards to the issue of capitalization, the suspension mentioned last year is still in force. Suffice to say that we have enough reserves to meet up with the capital proposed if and when the exercise is resumed. It is important to note that we are about exiting from Ghana market due to continuous losses we have been experiencing from the market for some time. These losses have continued to impact our operation and we have decided to cut our losses in the overall interest of the company.

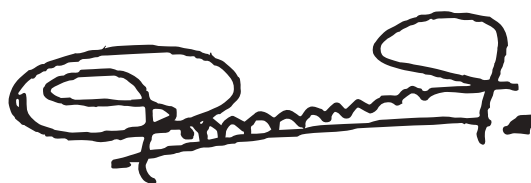
A review of our operation shows that our company recorded an impressive performance during the period as all performance indices improved when compared with our year 2020 numbers. Specifically, our Gross Premium increased by 26% from N22billion in 2020 to N27.9billion in 2021 while our Net Premium also increased by 21% from N15.9billion in 2020 to N19.3billion in 2021. In addition, our Underwriting Profit increased from N6billion in 2020 to N7billion in 2021, an increase of 17%. Total Assets increased by 23% from N31billion in 2020 to N38billion in 2021 while our Shareholders Fund also increased by 25% from N18billion in 2020 to N23billion in year 2021. All other indices also follow the same trend. However, our Profit Before tax came down by 11% from N5.1billion to N4.5billion while Profit After tax also decreased by 13% from N5.1billion to N4.4billion. The major reason for the drop in profit was due to the reduction in our Net Fair Value Gain which came down from N1.1billion in year 2020 to N358million in 2021, a decrease of 68%. Aside this, all other indices came out positive as stated earlier.

I want to use this opportunity to express my appreciation to all our esteemed clients and brokers for their unflinching support over the years. We truly appreciate your support.

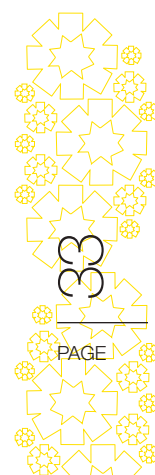
## Specifically, our Gross Premium increased by 26% from N22billion in 2020 to N27.9billion in 2021

Our appreciation also goes to our Board members for availing us with their wealth of experience and for creating a very conducive environment for us to bring out our best. Our staff have been quite wonderful. More often than not, they go the extra mile in order to ensure the satisfaction of our numerous clients, and for this I say a big thank you. To all our Shareholders, we thank you for your steadfastness and your loyalty as

we do not take this for granted. Above all, I give God all the glory for His protection and for His faithfulness. All praise be to Him. The future of this company remains very bright. We shall continue to strategize and come up with initiatives that will add value to the interests of all stakeholders, while we continue to rejig our processes from time to time as we strive towards excellence in all areas of our operation.



**TOPE SMART**  
Group Managing Director/CEO





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[www.nem-insurance.com](http://www.nem-insurance.com)

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# Directors' Report

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For the Year ended





# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

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

## 1. Legal form

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

## 2. Principal activities and corporate development

The company is engaged in the business of General Insurance which includes marine, motor vehicle, fire and burglary, oil and gas etc.

SUMMARY OF THE RESULT	2021	2020
Comprehensive Income	N'000	N'000
Gross premium written		
Gross premium income	27,875,088	22,035,695
Reinsurance expenses	26,545,254	21,682,189
Investment Income	(7,239,127)	(5,819,431)
Other revenue	1,134,507	1,004,344
Total Revenue	2,093,615	2,578,656
	22,534,249	19,445,758
Claims paid		
Underwriting expenses	5,560,885	6,054,469
Management expenses	8,204,631	4,959,734
Total Claims and Other Expenses	4,195,410	3,250,566
	17,960,926	14,264,769
Profit before tax		
Information Technology Development Levy	4,573,323	5,180,989
Income tax (expense)/income	(45,125)	(51,176)
Profit For the Year	(95,918)	(45,161)
Other Comprehensive income/(loss) for the year	4,432,280	5,084,652
	1,018,403	(29,018)
<b>Total comprehensive income for the year</b>	<b>5,450,683</b>	<b>5,055,634</b>
<b>Basic Earnings Per Share (Kobo)</b>	<b>0.88</b>	<b>0.96</b>
<b>Diluted Basic Earnings Per Share (Kobo)</b>	<b>0.88</b>	<b>0.96</b>

# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## 3. Corporate governance

### Introduction

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

“For the financial year under review, 2021; the Board is of the opinion that NEM Insurance Plc has in all material respects, complied with the requirements of the Code of Corporate Governance for Insurance industry in Nigeria.

A summary of the key components of our Corporate Governance System is provided hereunder.”

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

### The Chairman

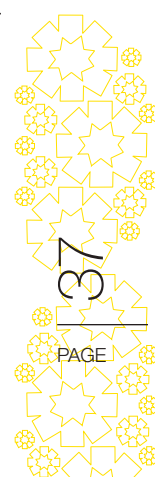
The Chairman of NEM Insurance Plc was duly appointed. The Chairman’s primary role is to ensure that the board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively to ensure that members made concrete contributions towards the decisions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

### The Chief Executive Officer

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

### Independent Director

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





# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## Annual Board Appraisal

In accordance with the requirements of the NAICOM Code, the Board renewed the mandate of New Version Consultants Ltd to conduct the appraisal of its performance for 2021. The Board embarked on implementation of some of the recommendations of the last Appraisal Report.

### (a) ACTIVITIES OF THE BOARD

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

### Composition of the Board/Schedule of Attendance at Meetings

S/N	Name of Director	Status	Meeting Date 08/03/2021	Meeting Date 29/04/2021	Meeting Date 29/07/2021	Meeting Date 28/10/2021	Meeting Date 09/12/2021	Meetings Attended
1.	Dr. Fidelis Ayebae	Chairman	✓	✓	✓	✓	✓	5 meetings
2.	Mr. Tope Smart	GMD/CEO	✓	✓	✓	✓	✓	5 meetings
3.	Mr Andrew Ikekua	Executive Director	✓	✓	✓	✓	✓	5 meetings
4.	Mr. Sunday Joshua Adebayo	Executive Director	NYA	NYA	NYA	NYA	✓	1 meeting
5.	Mr. Momoh Odamah	Executive Director	NYA	NYA	NYA	NYA	✓	1 meeting
6.	Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	✓	✓	✓	✓	✓	5 meetings
7.	Mrs Joy Teluwo	Non-Executive Director	✓	✓	✓	✓	✓	5 meetings
8.	Mrs. Yinka Aletor	Non-Executive Director	✓	✓	✓	✓	✓	5 meetings
9.	Chief Ede Dafinone	Non-Executive Director	✓	✓	✓	✓	✓	5 meetings
10.	Mr. Papa Ndiaye	Non-Executive Director	✓	✓	✓	✓	✓	5 meetings
11.	Mr. Kelechi Okoro	Non-Executive Director	✓	✓	✓	✓	✓	5 meetings

**Mr. Sunday Joshua Adebayo and Mr. Momoh Odamah were appointed as directors on the 1 December 2021.**

### (b) Board Committees

The Board's committee structure is as specified in the NAICOM Code and adequate for the complexity of the operations of the Company. The Committees and committee members for the 2021 financial year were:

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

# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

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

## Finance, General Purpose and Investment Committee

The key responsibilities of the Committee are:

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

The Committee met six times during the year:

### Composition of Committee/Attendance

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

## Enterprise Risk Management and Strategy Committee

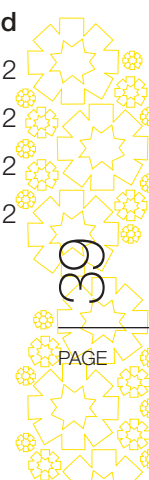
The key responsibilities of the Committee are:

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

The Committee met two times during the year:

### Composition of the Committee/Attendance

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





# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## Strategy and Corporate Governance Committee

The Terms of Reference of the Committee are:

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

**The Committee met six times during the year.**

### Composition of the Committee/Attendance

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

## Remuneration, Nomination and Governance Committee

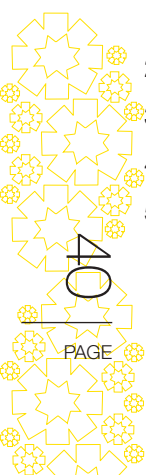
The Terms of Reference of the Committee are:

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

**The Committee met three times during the year**

### Composition of the Committee/Attendance

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



# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## Audit and Compliance Committee

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

- The Committee shall have a written mandate and Terms of Reference.
- The Committee shall be responsible for the review of integrity of the data and information provided in the Audit and/or Financial Report.
- The Committee shall provide oversight functions with regards to both the Company's Financial Statement and its Internal Control and Risk Management Functions.
- The Committee shall review the terms of engagement and recommend the appointment or reappointment and compensation of External Auditors to the Board and the Shareholders.
- Review the procedure put in place to encourage honest whistle blowing.
- The Audit Committee shall meet at least three times in a year and at least once with the External Auditors.
- The Committee performance shall be evaluated periodically.

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

## The Committee met five times during the year Composition of the Committee/Attendance

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

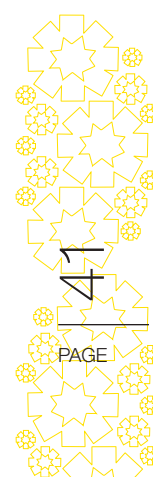
## 4. Directors and Directors' Interest

### Directors

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

### Directors' interest

The Interest of the Directors in the issued share capital of the Company as recorded in the register of shareholders and/or as notified by them for the purposes of Sections 301 of the Companies and Allied Matters Act, 2020 are as follows:





# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## DIRECTORS' INTEREST AS AT DECEMBER 31, 2021

SN	NAME OF DIRECTOR	DIRECT	INDIRECT	TOTAL
1	MRS JOY TELUWO	106,990,287	320,201,645	427,191,932
2	MRS. YINKA ALETOR	NIL	364,318,306	364,318,306
3	CHIEF EDE DAFINONE	NIL	350,023,219	350,023,219
4	MR. TOPE SMART	120,411,652	NIL	120,411,652
5	DR. FIDELIS AYEBAE	23,155,158	NIL	23,155,158
6	MR ANDREW IKEKHUA	1,362,856	NIL	1,362,856
7	ALHAJI AHMED I. YAKASAI	NIL	NIL	NIL
8	MR PAPA NDIAYE	-	1,499,926,852	1,499,926,852
9	MR KELECHI OKORO	-		
10	MR. ODAMAH MOMOH	2,225,120	NIL	2,225,120
11	MR. ADEBAYO SUNDAY JOSHUA	3,275,501	NIL	3,275,501
		<b>257,420,574</b>	<b>2,534,470,022</b>	<b>2,791,890,596</b>

Please note that the information stated above for the 2021 financial year is for the directors shareholding upon the completion of the company's share reconstruction exercise

## DIRECTORS' INTEREST AS AT DECEMBER 31, 2020

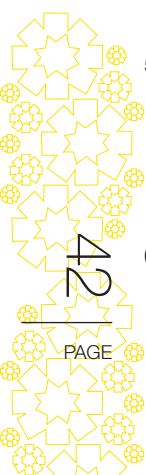
SN	NAME OF DIRECTOR	DIRECT	INDIRECT	TOTAL
1	CHIEF ADEWALE TELUWO- PAST CHAIRMAN REP BY MRS JOY TELUWO	213,980,574	640,403,291	854,383,865
2	MRS. YINKA ALETOR	NIL	728,636,613	728,636,613
3	CHIEF EDE DAFINONE	NIL	700,046,438	700,046,438
4	MR. TOPE SMART	240,823,304	NIL	240,823,304
5	DR. FIDELIS AYEBAE	46,310,317	NIL	46,310,317
6	MRS SUSAN GIWA-OSAGIE	27,973,312	NIL	27,973,312
7	MRS STELLA OMORARO	3,602,344	NIL	3,602,344
8	MR ANDREW IKEKHUA	2,725,713	NIL	2,725,713
9	ALHAJI AHMED I. YAKASAI	NIL	NIL	NIL
10	MR PAPA NDIAYE	-	2,999,853,704	2,999,853,704
11	MR KELECHI OKORO	-		
		<b>535,415,564.00</b>	<b>5,068,940,046.00</b>	<b>5,604,355,610.00</b>

### 5. Directors Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the income statement for that year and comply with the Insurance Act CAP I17 LFN 2004, Financial Reporting Council of Nigeria Act, No. 6, 2011 and the Companies And Allied Matters Act, 2020.

### 6. Shareholding

The Registrars have advised that the called up and fully paid up shares of the Company as at 31 December, 2021 were beneficially held as follows:



# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## SHARE RANGE ANALYSIS AS AT 31 DECEMBER 2021

	BEGINNING RANGE	TOTAL SHAREHOLDERS	% OF HOLDINGS	TOTAL SHAREHOLDINGS	% OF SHAREHOLDINGS
1	1000	5,258	12.28	2,861,729	0.06
1001	5000	10,957	25.58	33,567,766	0.67
5001	10000	8,112	18.94	65,583,438	1.31
10001	50000	13,434	31.37	328,223,865	6.54
50001	100000	2,895	6.76	222,509,808	4.44
100001	500000	1,800	4.20	372,822,666	7.43
500001	1000000	193	0.45	146,075,550	2.91
1000001	5000000	145	0.34	285,277,687	5.69
5000001	10000000	17	0.04	127,489,038	2.54
10000001	50000000	10	0.02	177,235,490	3.53
50000001	100000000	9	0.02	1,783,404,135	35.55
100000001	1000000000000	1	0.00	1,471,426,595	29.33
Grand Total		42,831	100	5,016,477,767	100

## NEM SHARE CAPITAL HISTORY

YEAR	AUTHORISED SHARE CAPITAL	ISSUED AND FULLY PAID UP
1989		
1990	8,000,000	800,000
1991	9,200,000	200,000
1993		900,000
1996	100,000,000	2,500,000
1997		34,235,623
1998		46,996,377
2004	380,000,000	251,987,063
2005	2,000,000,000	
2006		706,206,767
2007	7,000,000,000	3,531,133,835
2008	7,000,000,000	
2009	8,400,000,000	4,976,922,766
2010	8,400,000,000	5,280,502,313
2011	8,400,000,000	5,280,502,313
2012	8,400,000,000	5,280,502,313
2013	8,400,000,000	5,280,502,313
2014	8,400,000,000	5,280,502,313
2015	8,400,000,000	5,280,502,313
2016	8,400,000,000	5,280,502,313
2017	8,400,000,000	5,280,502,313
2018	8,400,000,000	5,280,502,313
2019	8,400,000,000	5,280,502,313
2020	10,400,000,000	10,032,955,532
2021	10,400,000,000	5,016,477,767

We hereby declare that apart from Jeidoc Limited, Bukson Investment Limited, Capital Express Assurance Limited and AFIG Fund 11 LP (the shareholders with 5% and above), no other person or persons hold more than 5% and above in the issued and fully paid up shares of the company.



# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	2979	JEIDOC LIMITED	CEDDI TOWERS 16, WHARF ROAD , APAPA LAGOS STATE LAGOS	350,023,219	6.98
2	147140	BUKSON INVEST- MENT LIMITED	C/O NEM INSURANCE PLC BROAD STREET, LAGOS LAGOS	320,201,645	6.38
3	194768	CAPITAL EXPRESS ASSURANCE LIMITED	C/O NEM INSURANCE PLC, 138/146 BROAD STREET LAGOS ISLAND LAGOS	364,318,306	7.26
4		AFIG FUNDS	C/O ABOX CORPORATE SERVICES LIMITED TOWER 1, 6TH FLOOR, 1 CYBERCITY, EBENE, MAURITIUS	1,499,926,852	29.90
				<b>2,534,470,022</b>	<b>50.52</b>

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

## 7. Retirement by Rotation and Re-election

In accordance with the Section 285 of the Companies and Allied Matters Act, 2020, Mr. Papa Ndiaye and Mr. Kelechi Okoro will retire by rotation and being eligible offers themselves for re-election. Their profiles are contained in the Annual Report and also on the Company's website.

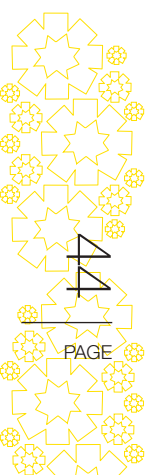
## 8. Composition of Directors

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

Dr. Fidelis Ayebae	Chairman
Mr. Tope Smart	Group Managing Director
Mr. Andrew Ikekhua	Executive Director
Mr. Sunday Joshua Adebayo	Executive Director
Mr. Momoh Odamah	Executive Director
Alh. Ahmed Yakasai	Independent Non-Executive Director
Mrs. Olayinka Aletor	Non-Executive Director
Chief Ede Dafinone	Non-Executive Director
Mrs. Joy Teluwo	Non-Executive Director
Mr. Papa Ndiaye	Non-Executive Director
Mr. Kelechi Okoro	Non-Executive Director

## Records of the Directors Attendance

In accordance with Section 252 of the Companies and Allied Matters Act, 2020, the records of the Directors' attendance at Directors' meetings in 2021 are available for inspection at the Annual General Meeting.



# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

## 9. SECURITY TRADING POLICY

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

## 10. COMPLAINTS MANAGEMENT POLICY

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

## 11. DONATIONS

Donations during the year ended 31 December 2021 amounted to N31,476,150 (2020: N41,750,000) as follows:

ACTIONAID NIG COMMUNITY SPONSORSHIP	250,000
NIGERIA BRITAIN ASSOCIATION	5,406,150
HELPGATE FOUNDATION FOR YOUTH REHAB	400,000
NCRIB PH AREA COMMITTEE	250,000
AFRICAN INSURANCE ORGANISATION	12,000,000
LIFT ABOVE POVERTY ORGANIZATION	500,000
CHRIST AGAINST DRUGS ABUSE MIN	1,000,000
PROFESSIONAL INSURANCE LADIES ASSOCIATIO	250,000
ARROW OF GOD ORPHANAGE HOME	350,000
NIGERIAN COUNCIL OF REGISTERED INSURANCE BROKERS(NCRIB)	2,000,000
MIND BUILDERS SCHOOL	250,000
CHARTERED INSURANCE INSTITUTE OF NIGERIA(CIIN)	920,000
GREATER ILUPEJU TOWNSHIP ASSOCIATION	250,000
ECOWAS YOUTH COUNCIL	250,000
MUTECO76/81 INVESTMENT ASSOCIATES	200,000
ST CYRIL CANCER TREATMENT FOUNDATION	500,000
UNILAG IGNITE CAREER INITIATIVE	6,500,000
RACO CHILD AND RURAL INITIATIVE ORPHANAGES	200,000
	<b>31,476,150</b>

## 12. EVENTS AFTER REPORTING DATE

There were no significant events after reporting date which could have had a material effect on the consolidated financial statements for the year ended 31 December 2021 which have not been adequately provided for or disclosed in the financial statements.

## 13. EMPLOYMENT AND EMPLOYEES

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

When an employee becomes disabled during his or her employment, the Group endeavors to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31 December, 2021 one physically challenged person was in the employment of the Company.



# REPORT OF DIRECTORS

For the Year ended 31 December, 2021

**ii. Consultation with employees**

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

**iii. Encouraging employees' involvement and training**

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

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

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

**15 AUDITORS**

In compliance with Section 33(2) of the Securities and Exchange Commission's Code of Corporate Governance and Section 22(1) of National Insurance Commission 2010 guidelines on the tenure of External Auditors, Messrs. BDO Professional Services (Chartered Accountants) has shown willingness to continue in office as the auditors in accordance with Section 401(2) of the Companies and Allied Matters Act 2020, as amended. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

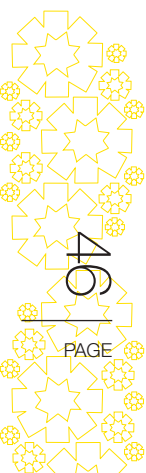
**BY ORDER OF THE BOARD**

**OLAJUMOKE PHILIP-AKEDE**  
**COMPANY SECRETARY**

FRC/2017/NBA/00000015972

199, IKORODU ROAD, LAGOS

DATED THIS 24th DAY OF MAY, 2022



# BOUNTIFUL HARVEST AHEAD!



- Multi Perils Crop Policy
- Farm/Area Yield Index Crop Policy



**NEM Insurance Plc**  
RC: 6971

Head Office:  
NEM House, 199, Ikorodu Road,  
P. O. Box 654 Marina,  
Tel: 01-4489560-9; 01-4489570  
Email: [nem@nem-insurance.com](mailto:nem@nem-insurance.com)  
[nemsupport@nem-insurance.com](mailto:nemsupport@nem-insurance.com)



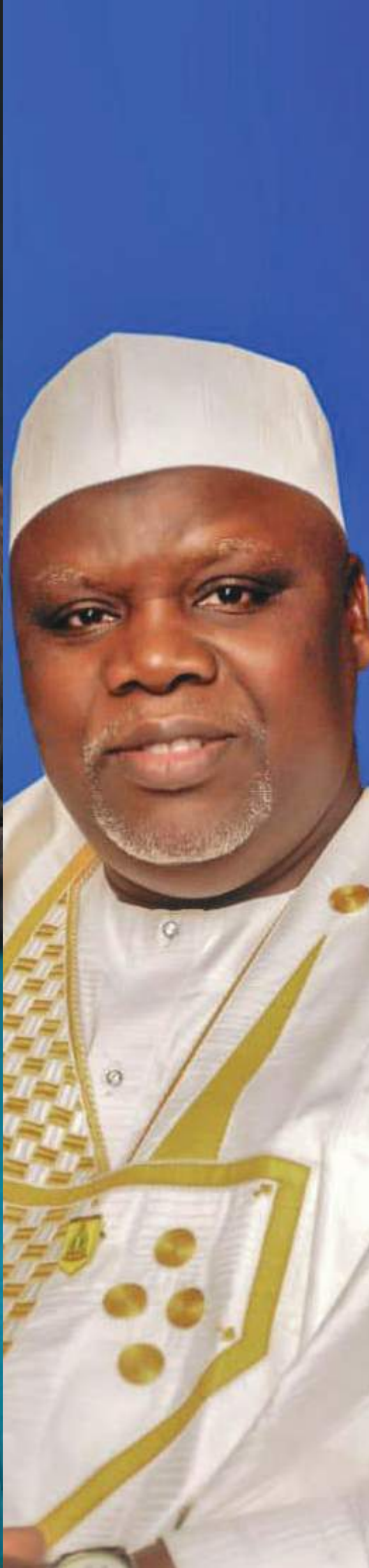
[www.nem-insurance.com](http://www.nem-insurance.com)

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

# Board Of Directors











# Board Of **Directors**



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

**DR.  
FIDELIS  
AYEBAE**  
**CHAIRMAN**



# Board Of **Directors**

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

Tope, an astute professional, believes very strongly in the entrenchment of insurance in the minds of all Africans. He is an unrepentant advocate of a better and stronger Insurance Sector in Africa. He is a Council member, Chartered Insurance Institute of Nigeria, Council member, West African Insurance Companies

Association (Ghana), Council member, Nigeria-Britain Association, member of Senate, University of Lagos, President, African Insurance Organization (AIO) and a past Chairman of the Nigeria Insurers Association to mention but a few.

Tope also sits on the board of NEM Asset Management Limited, among other companies. In 2014, he was appointed by the Federal Government as Co-Chairman of Insurance Industry Transformation Committee. He was also recently appointed as Chairman, Planning Committee of the University of Lagos Alumni Association's Golden Jubilee Anniversary.

In recognition of his outstanding achievements, Tope has won several awards amongst which are Distinguished Alumnus by the University of Lagos, University of Lagos Alumni Association Golden Jubilee Special Recognition Award amongst others. He is also a two-time winner of the Businessday Top 25 CEOs award. Tope is an alumnus of Harvard Business School.

## **MR. TOPE SMART**

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



# Board Of **Directors**



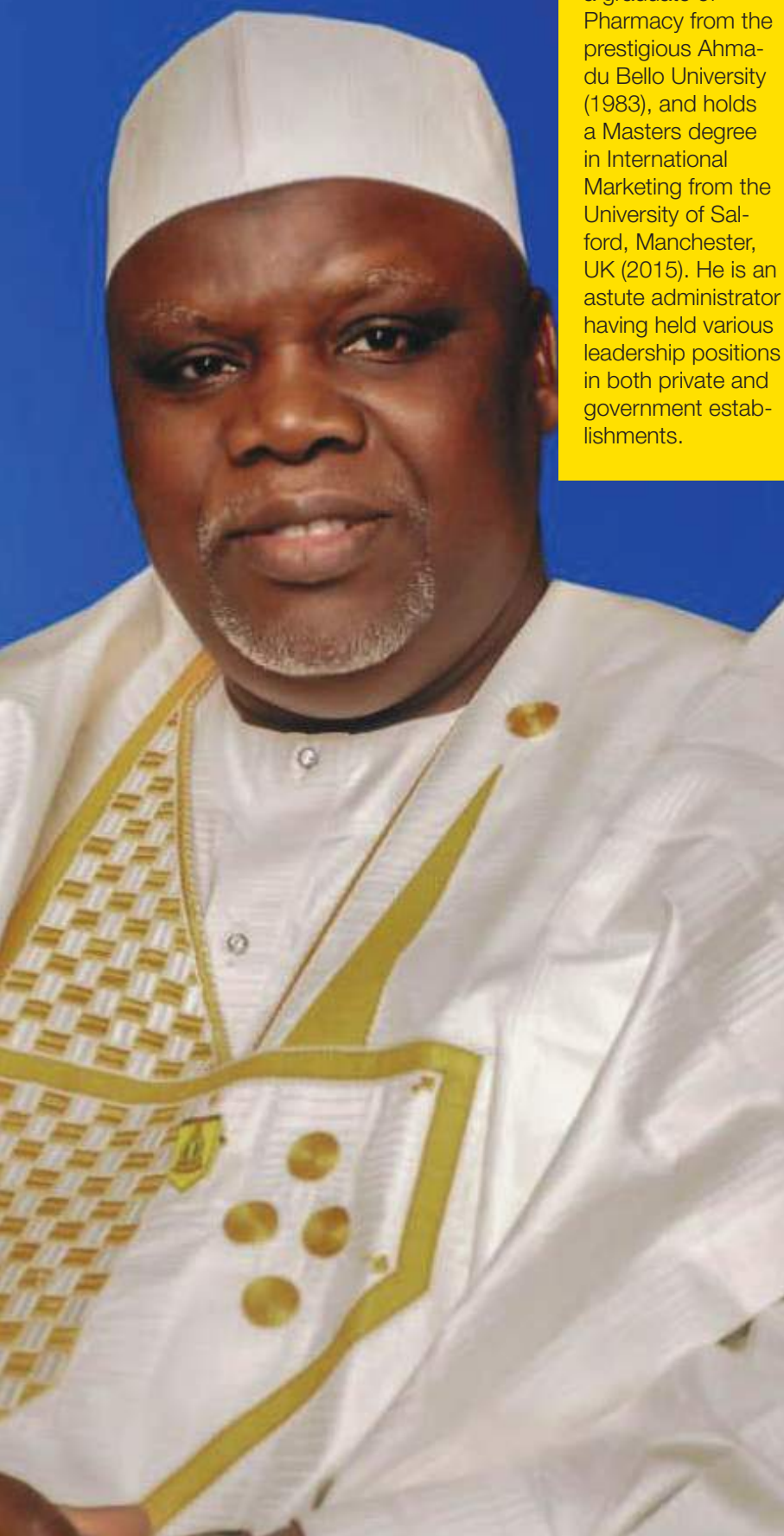
Mrs. Olayinka Titilope Aletor is a lawyer and a seasoned resource person at various legal seminars and conferences. She recently retired from the Nigerian Law School, Abuja campus and has chaired various committees and panel of investigations of the institution.

Prior to her last job, she had worked with the Continuing Legal Education Association of Nigeria [CLEAN]; Akeredolu, Olujimi [Legal Practitioners] and Chief Afe Babalola & Co [Emmanuel Chambers].

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

**MRS.  
OLAYINKA  
TITILOPE  
ALETOR**  
**DIRECTOR**

# Board Of **Directors**



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

He is a fellow of several professional bodies including the Pharmaceutical Society of Nigeria, Institute of Logistics Management of Nigeria, Chartered Institute of Commerce, Nigeria Academy of Pharmacy and Nigeria Institute of Management.

He is an established pharmacist who has been actively involved in several pharmaceutical committees and associations. He served as the Commissioner for Land and Physical Planning (Kano State) 2010-2011 and as Commissioner of Commerce, Industry, Cooper-

atives and Tourism (2005-2010). He was also the Zonal Consultant, NAFDAC (2003-2005). His area of expertise includes strategic Planning & Leadership, Entrepreneurship, Project Planning & Execution, Public Health Management, Financial & Economic Planning, and International Marketing among others.

He is the immediate past president of the Pharmaceutical Society of Nigeria. Alhaji Yakasai is the Managing Director/Chief Executive Officer of Pharmaplus Nigeria Limited and a board member of several other organizations.

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

# Board Of **Directors**

Chief Ede Dafinone studied Economics at the Victoria University of Manchester (1983 and holds a Master's degree from the University of Exeter, UK (1984). He is an astute accountant having held various leadership positions in both private and government establishments.

He is a fellow of several professional bodies including Institute of Chartered Accountants in England and Wales (2000), Institute of Chartered Accountants of Nigeria (2000) and an associate member of Chartered Taxation

Institute of Nigeria (1999).

He is an established Accountant who has been actively involved in several committees and associations. He served as the Treasurer of the Nigerian Conservation Foundation (1989), was a Member of the National Broadcasting Commission (1992-1994) and was the Chairman of Nigerian Conservation Foundation (2015).

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

**CHIEF  
EDE  
DAFINONE**  
**DIRECTOR**



# Board Of **Directors**



Mrs. Joy Teluwo, is a registered nurse who studied at the Edo State School of Nursing. She is the Managing Director/ Chief Executive Officer of Jotel Trade Park Limited. Her career spans over 15 years in the corporate sector, specializing in risk management. In 2002, she joined the Vigilant Oil & Gas as the General Manager where she set up the Risk Management unit. She continues to successfully run three indigenous companies including Tropical Farms. Over the years, she has acquired various management skills which include, team building, business development, customer relationship, marketing management amongst several others.

**MRS.  
JOY  
TELUWO**  
**DIRECTOR**



# Board Of **Directors**

Papa is a graduate of Harvard College with a bachelor's degree in Economics. He holds an M.A. in International Affairs from the University of Pennsylvania's Lauder Institute, and an M.B.A. from the Wharton School of Business.

He spent the early part of his career at Salomon Brothers and joined JP Morgan's Emerging Markets Group in 1992. In 2000, Papa served as Special Advisor for Economic and Financial Affairs to the President of the Republic of Senegal and Chairman of the Senegalese Presidential Economic and Financial Advisory Council.

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

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

**PAPA  
MADIAW  
NDIAYE**  
**DIRECTOR**



# Board Of **Directors**



Mr. Andrew Ikekhua holds a Higher National Diploma Certificate in Mass Communication in 1997 from the Plateau State School of Accountancy & Management Studies, Jos and a Master of Business Administration (MBA) in Administration and Entrepreneurship from the London School of Business and Finance. In addition, he has a Master of Business Administration (MBA) in Entrepreneurship from ITTL-Doctoral Research Center and University of Phoenix, Arizona.

He is an Associate of the Chartered Insurance Institute of Nigeria (ACI-IN) and a Fellow of the Institute of Chartered Economists of Nigeria (FCE 2009). A full member, Nigeria Institute of Management (MNIM 2014); a Fellow of the Institute of Marketing of Nigeria (Chartered 2020); a Fellow of the Institute of Commerce of Nigeria (Chartered 2020) and a Fellow of

the Institute of Credit Administration (2020)

Prior to his appointment as the company's branch manager, Ibadan and Ikeja from 2001 to 2006, he worked at various levels of the accounts and audit department of both BAICO (1981 -1990) and NEM Insurance Plc, (1990 -2000). Subsequently, he became the Head of the Lagos Mainland Branch upon recapitalization in 2007 and an Assistant General Manager in 2009. In recognition of his excellent track record, he was promoted to the position of Deputy General Manager in 2013 and in 2014 to the position of General Manager (Marketing). He is currently the Executive Director (Marketing & Business Development).

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

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

**EXECUTIVE DIRECTOR (MARKETING & BUSINESS DEVELOPMENT)**

# Board Of **Directors**



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

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

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

**KELECHI  
OKORO**  
**DIRECTOR**



# Board Of **Directors**

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

He started his career with Leadway Assurance Company Limited. He proceeded to Barrow Lloyds Insurance Brokers and Prime Investment Insurance Company Limited before joining Vigilant Insurance Company Limited in 1996. As a result of his hard work and dedication to duty he was elevated to the position of Deputy General Manager in 2011.

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

**MR.  
SUNDAY J.  
ADEBAYO**

**– B. Sc., MPA, ACIIN**

**EXECUTIVE  
DIRECTOR,  
TECHNICAL**



# Board Of **Directors**

Mr. Momoh A. Odamah, is a graduate of Education from the popular Ahmadu Bello University Zaria (1988) and an Associate of the Chartered Insurance Institute of Nigeria (ACIIN) 2004. He obtained a Master's degree in Business Administration (Marketing), from the prestigious University of Lagos, Akoka, Lagos (2016). He had earlier obtained a diploma in Professional Salesmanship from Burleigh College of Concise Studies, Harrow, Middlesex, England (1983), and an Affiliate Member of the Chartered Institute of Personnel Management of Nigeria.

He started his career with Vigilant Insurance Ltd as an Assistant Super-

intendent (1990), and was engaged in NEM Insurance Plc in 2007, as an Assistant General Manager – Marketing.

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

He has attended several quality trainings locally and internationally, including a Transformational Leadership training in Singapore

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

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





It's a New Dawn to  
**EMPOWER  
YOUR  
DREAMS.**

As your dreams and plans  
steer you to success in life,  
you need a reliable partner  
like **NEM Insurance** that can  
support, protect and  
empower you to get there.



**NEM Insurance Plc** RC:6971

Authorized and Regulated by the National Insurance Commission (NIC) No. E28/00



# Management Team Profile





# Management Team **Profile**

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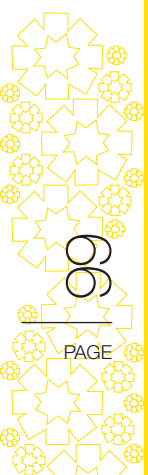
Lagos, University of Lagos Alumni Association Golden Jubilee Special Recognition Award amongst others. He is also a two-time winner of the Businessday Top 25 CEOs award. Tope is an alumnus of Harvard Business School.



## **Mr. Tope Smart**

- B.Sc (Hons), ACII, MBA

Group Managing  
Director/Chief  
Executive Officer



# Management Team **Profile**

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Branch upon recapitalization in 2007 and an Assistant General Manager in 2009.

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## **Mr. Andrew M. Ikekhua**

– HND, MBA, MNIM (CHARTERED), FNIMN (CHARTERED), FCICN (CHARTERED) FICA, FCE, ACIIN

Executive Director (Marketing & Business Development)





# Management Team **Profile**

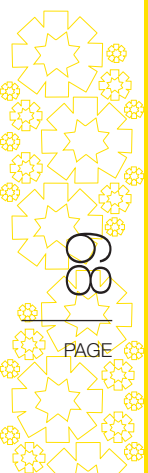
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**Mr.  
Sunday J.  
Adebayo**

– B. Sc., MPA, ACIIN

Executive Director,  
Technical



# Management Team **Profile**

Mr. Momoh A. Odamah, is a graduate of Education from the popular Ahmadu Bello University Zaria (1988) and an Associate of the Chartered Insurance Institute of Nigeria (ACIIN) 2004. He obtained a Master's degree in Business Administration (Marketing), from the prestigious University of Lagos, Akoka, Lagos (2016). He had earlier obtained a diploma in Professional Salesmanship from Burleigh College of Concise Studies, Harrow, Middlesex, England (1983), and an Affiliate Member of the Chartered Institute of Personnel Management of Nigeria.

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

Mr. Odamah is a highly committed and trusted insurance marketer, these qualities

have helped him to win and retain clients and brokers effortlessly.

He is currently the Executive Director (Branch Operations & Special Accounts), a team builder; an adept marketing, innovation, business & scenario strategist; a lean resource &

talent manager. He has attended several quality trainings locally and internationally, including a Transformational Leadership training in Singapore

## **Mr. Momoh A. Odamah**

- B.ED, MBA, ACIIN

Executive Director  
(Branch Operations &  
Special Accounts)





# Management Team **Profile**

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

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

He worked with Kinley Securities Limited as AGM [Finance Service] up till December 2007 before joining NEM Insurance Plc as

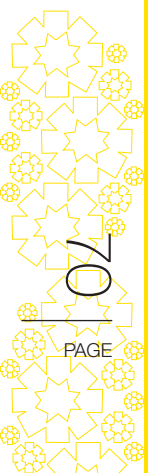
AGM [Investment] and later promoted to Deputy General Manager (Investment & Risk Management). He has attended several courses on Professional Management, Credit Analysis, Selling, Marketing and Costing of Financial Services and Products.

Mr. Semowo is currently a General Manager and Chief Financial Officer at NEM Insurance Plc.

## **Mr. Idowu Olaitan Semowo**

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

General Manager,  
Finance & Investment



# Management Team **Profile**

Mrs. Mojisola Teluwo is a graduate of Yaba College of Technology where she obtained the Higher National Diploma [HND] certificate in Business administration, 1993. She is a full member of the Nigeria Institute of Management [MNIM] 2003 and Fellow Institute of Chartered Economist of Nigeria [FCE] 2011. She is also an Associate of the Chartered Institute of Personnel Management of Nigeria [ACIPM] 2012.

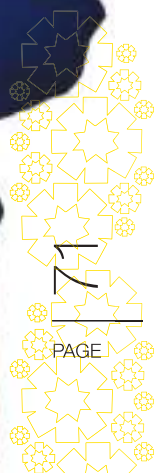
She is a seasoned veteran of over two decades in the insurance industry. Her career stated from Vigilant Insurance Company in 1994 where she rose to the position of AGM/Head Corporate Affairs. She continued to head the Corporate Affairs department of NEM Insurance Plc after the recapitalization exercise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

currently heads the Corporate Services Department. She has attended several courses on management, Human Resources and Industrial Relations.

**Mrs.  
Mojisola  
Teluwo**

– HND; ACIPM MNIM, FCE

Deputy General  
Manager (Corporate Services)





# Management Team **Profile**

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

His insurance career started from Nigeria Life & Pensions, Lagos where he served as a clerk in 1990. He served as a Youth Corp Member at the Regional office of NICON Insurance Company, Benin City (1994-1995). He then proceeded to Hogg Robinson (Nig.) Limited, Warri as a senior staff (1995-1998). Thereafter, he worked in various capacities with reputable insurance companies including IGI Company Limited and Goldlink Insurance Company. He joined Vigilant Insurance Company Limited as Assistant Controller (2003-2007) and rose to become a Group Executive and headed the Port Harcourt branch of NEM INSURANCE PLC upon the merger and recapitalization. Mr. Mayadenu is a versatile Insurance

practitioner with vast experience in technical and marketing skills. In recognition of his marketing prowess, he was elevated to the position of Assistant General Manager in 2011 and continued as Head of the Port Harcourt branch of the company. He has attended

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

**Mr.  
Adeyemi  
Mabayoje  
Mayadenu**  
- HND, ACIIN

Deputy General Manager,  
Strategy & Systems



# Management Team **Profile**

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

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

In January, 2009, he joined NEM Insurance Plc as a Group Executive. H is currently the Deputy General Manager, Marketing [Business Development].

He has attended many courses in Management and

Marketing Strategy locally and international.

He is happily married with children.

**Mr.  
George  
Augustine  
Emefiele**

– B.Sc, M.Sc, MBA, ACIPM

Deputy General  
Manager (Marketing)





# Management Team **Profile**

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

His business acumen and dedication to work has contributed immensely to the company performance and brand recognition in Warri and its environs where he has been overseeing the company's growing clients' base for over a decade. Mr. Arimoro is an Assistant General Manager in charge of the Warri branch. He is an associate member of the Char-

tered Insurance Institute of Nigeria (ACIIN) and the National Institute of Marketing of Nigeria.

He has attended several courses locally and international which cuts across management, strategy, financial manage-

ment and business development.

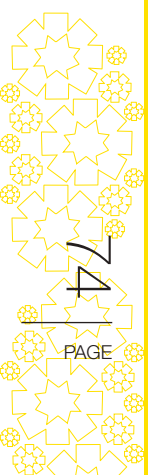
He is happily married with children.



**Mr.  
Kayode  
Busuyi  
Arimoro**

**- BA, MBA, ACIIN**

Assistant General  
Manager, Warri Branch



# Management Team **Profile**

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

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

In 2002, she joined NEM Insurance Plc as Senior Manager, Marketing and has grown through the ranks to become a member of the Management.

She is an Assistant General Manager, Marketing.

She is a good manager with excellent business acumen.

She has attended various courses both locally and internationally in insurance, management, business processes and marketing.



**Mrs.  
Moyosola  
Olayinka  
Okeremi**

– BSC, MBA, MNIM  
(CHARTERED)

Assistant General  
Manager (Marketing)



## Management Team **Profile**

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

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

elevated to Group Head in 2018 , the position he held until his recent promotion to Assistant General Manager (Finance & Investment).

Mr. Ajayi graduated from University of Nigeria, Nsukka in 1992 where he studied Economics. He had his Master of Business Administration from University of Technology Akure in 2002.

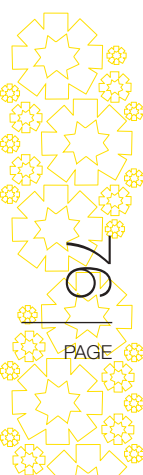
He is a fellow of the Institute of Chartered Accountant of Nigeria (FCA). He has attended several professional courses both locally and abroad.

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



**Mr. Ajayi  
Emmanuel  
Ojo**  
– BSC, FCA

Assistant General Manager,  
Finance & Investment



# Management Team **Profile**

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

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

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

Assurance Plc as Finance Manager. By December 2005, NEM Insurance Plc employed him as Senior Manager in Finance Department.

He is currently an Assistant General Manager and oversees the Internal Audit Department at NEM Insurance Plc. Mr. Onorienbohwo has attended several courses locally

and internationally on Finance, Internal Auditing and Risk-Based Internal Audit.

He is happily married with children.



**James  
Obevu  
Onorienbohwo**  
– HND, MBA, FCA

Assistant General Manager  
Internal Audit





# Management Team **Profile**

Mr. Michael Alaba Giwa holds a Bachelors degree in Political Science from the renowned Ahmadu Bello University, Zaria in 1989. He is an Associate Member of the Nigeria Institute of Management (MNIM). He started his Insurance Career at Leadway Assurance Company Limited from 1993 to 1997 where he worked in various departments and capacities.

Thereafter, he worked as a Marketer and Branch Manager in various reputable insurance companies including, Acen Insurance Co. Ltd, Kaduna (1998-1999), Pioneer Branch Manager of STACO Insurance Plc, Kaduna and STACO Insurance Plc, Abuja (1999-2005), Vigilant Insurance Company Ltd Abuja (2005-2007). Upon the merger of NEM Insurance Plc and Vigilant Insurance Company Limited, he has worked with NEM Insurance Plc from 2007 till date. His vast experience and aggressive marketing saw NEM Insurance Plc Abuja under

him witnessing transformation and has grown from one (1) branch to three (3) branches, all operating at maximum capacity.

Mr. Giwa has attended several courses in Modern Marketing Strate-

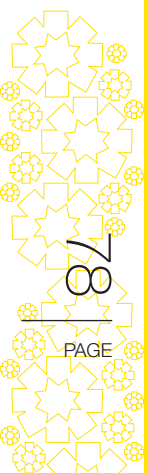
gies, Strategic Sales & Marketing, Business Development and Management both locally and internationally. He is currently the Assistant General Manager (Garki-Abuja).

He is happily married with children.



**Mr.  
Michael  
Alaba Giwa**  
– BSC, MNIM

Assistant General Manager  
(Garki- Abuja Branch)



# Management Team **Profile**

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

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

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

She is currently the Group Head, Human Resources at NEM Insurance Plc where she is

responsible for providing people management solutions and practices that are people driven and able to deliver on organizational strategic direction, corporate values and philosophies.

**Mrs.  
Olayinka  
Ojikutu**

– ACIPM, SPHRI, MA. HRM

Group Head, Human Resources





# Management Team **Profile**

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

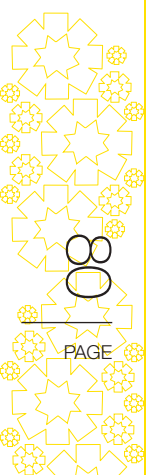
She has a professional certification in International Contract & Commercial Management (IACCM) and is a member of the International Bar Association (IBA). She also has a diploma in Global Governance from the International Business Management Institute, Germany.

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



**Mrs.  
Olajumoke  
Philip-Akede**  
– LLB, IACCM

Group Executive  
(Company Secretary)





You'll Succeed...

# LET NEM PROTECT YOUR PLANS.

The best plans can fail  
if they are not backed  
up with solid insurance plans.  
That's why we offer sure  
insurance policies to protect  
your plans for success.

**Your future's  
precious.  
Protect it  
with NEM.**



**NEM Insurance Plc RC:6971**

Authorised and Regulated by the National Insurance Commission (NIC) No. 028/GJ



# Financial Statements & Notes to the Accounts







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

## **NEM INSURANCE PLC**

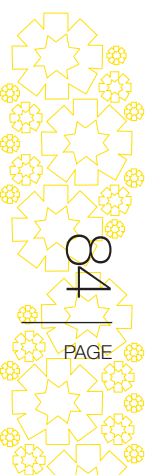
In compliance with the requirement of the NAICOM “Code of Good Governance for the Insurance Industry in Nigeria” “The Code”. The Board of NEM Insurance Plc commissioned New Version Consultants Limited to conduct an appraisal of the performance of the Board of the company. The exercise was guided by the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

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

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

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

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



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

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

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

BY ORDER OF THE BOARD



BOLADE SUNMONU  
FRC/2016/1CAN/00000014573  
Lagos, Nigeria  
Date: 1st of February, 2022



# Statement of **Directors'** **Responsibilities**

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

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act, 2011 and the yearly Operational Guidelines issued by NAICOM.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

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

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

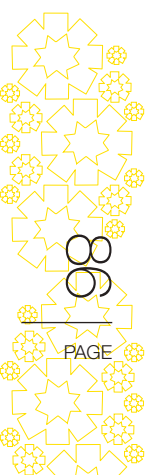
The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended 31 December 2021.

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

Signed on behalf of the Directors on 18 March 2022 by:

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

**Fidelis Ayeboe**  
Chairman, Board of Directors  
FRC/2013/CIANG/00000002376



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

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2021 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.
- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
  - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

We have disclosed to the auditors of the Company and audit committee:

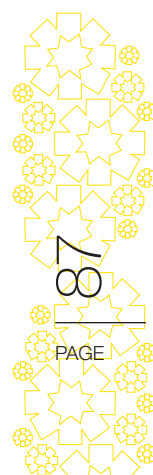
- All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
- Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



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



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





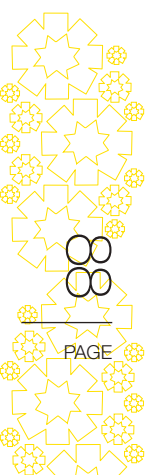
# Environmental, Social and Governance (ESG) Report

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

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

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

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



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

To the members of NEM Insurance Plc

- In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, 2020, we the Members of the Audit and Compliance Committee of NEM Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:
- We have reviewed the scope and planning of the audit for the year ended 31 December 2021 and we confirm that they were adequate;
- The Company's and its Subsidiary's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2021
- Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.



.....  
**Chairman of the Audit and Compliance Committee**

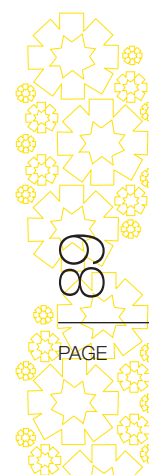
FRC/2013/00000002802

Date: 9th of March 2022

## **Members of the Audit Committee**

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

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





# Independent Auditors' Report

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company  
Report On The Audit Of The Consolidated And Separate Financial Statements



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+234 (0) 903 644 0755  
bdonig@bdo.ng.com  
www.bdo.ng.com

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

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEM INSURANCE PLC AND ITS SUBSIDIARY COMPANY REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying consolidated and separate financial statements of NEM Insurance Plc ("the Company") and its Subsidiary (together "the group"), which comprise, the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the financial position of the Company and its Subsidiary as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

### Basis for Opinion

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

### Key Audit Matters

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

#### (i) Revenue recognition

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

#### Response

- We have tested the design and implementation of key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical procedures on gross and unearned premium balances.
- We performed other substantive procedures to confirm completeness of revenue by: selecting some debit notes from hard copy files and traced to soft copy listing of premium and obtained a serially generated debit notes and investigated missing and duplicated debit notes.
- We ensured that an appropriate and consistent revenue recognition policy is in place and in line with the Company's and its Subsidiary's accounting policies.

# Independent Auditors' Report

To The Shareholders Of Nem Insurance Plc And Its Subsidiary Company  
Report On The Audit Of The Consolidated And Separate Financial Statements



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## (ii) Valuation of investment properties

Management has estimated the value of the Company's and its Subsidiary's investment properties to be N1.706 billion as at 31 December 2021. Independent external valuations were obtained in order to support the value in the Company's and its Subsidiary's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

### Our response

#### We ascertained the following

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

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

## (iii) Valuation of insurance contract liabilities

Management has estimated the value of insurance contract liabilities in the Company's and its Subsidiary's financial statements to be N12.2 billion as at 31 December 2021 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

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

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

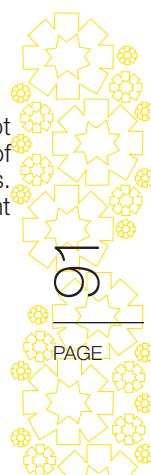
### Our response

#### We ascertained the following

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

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

The Company's investments in this class of financial assets include cash and short-term deposits and debt instruments carried at amortised costs. This totaled N15.985 billion as at 31 December 2021 representing 42% of the Company's total assets and the associated expected credit loss (ECL) is significant to the financial statements. This was considered a Key Audit Matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the impairment loss reserve.





# Independent Auditors' Report

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

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

## Our response

### We ascertained the following

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

## Other Information

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

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

## Responsibilities of the Directors for the consolidated and separate Financial Statements

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

# Independent Auditors' Report

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

### Auditors' responsibilities for the Audit of the consolidated and separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its Subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its Subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its Subsidiary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

## Report on other legal and regulatory requirements

### Contravention of laws and regulations

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

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

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

### Compliance with the requirements of the Companies and Allied Matters Act, 2020.

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- ii) in our opinion, proper books of account have been kept by the Company and its Subsidiary
- iii) the Company's and its Subsidiary's statements of financial position, and its statements of profit or loss and other comprehensive income are in agreement with the books of account.
- iv) to the best of our knowledge, the Company and its Subsidiary complied with the requirements of the relevant circulars issued by National Insurance Commission (NAICOM) and the regulations of the Insurance Act CAP I17 LFN 2004 during the year.

Lagos, Nigeria  
30 March 2022

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



# Statement Of **Significant Accounting Policies**

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

## 1.0 General Information

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

In 2016, the Company opened a subsidiary NEM Asset Management Ltd and NEM Insurance Ghana Limited became an Associate after merger with Regency Insurance to transact the same line of business.

The financial statements were authorised for issue by the Board of Directors on 18 March 2022.

## (b) Principal activity

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

## 1.1 Summary of Significant Accounting Policies

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

## 1.2 Going Concern

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

## 1.3 Basis of Preparation and Compliance with IFRS

The Group’s financial statements for the year 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commission and Investment and Securities Act 2007.

### 1.3.1 Foreign currency translation

#### (a) Functional and Presentation Currency

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

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

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of





# Statement Of **Significant Accounting Policies**

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

## 1.3.2 Basis of measurement

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

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

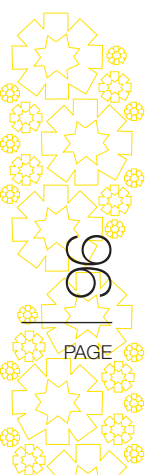
## 1.4 Critical Accounting Estimates, Judgments and Assumptions

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

## 1.5 Judgments, Estimates and Assumptions

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

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



# Statement Of **Significant Accounting Policies**

## 1.5.1 Income Taxes

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

## 1.5.2 Retirement Benefits

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

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

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

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

## 1.5.3 Fair Valuation of Investment Properties

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

## 1.6 New standards, interpretations and amendments



# Statement Of **Significant Accounting Policies**

## 1.6.1 New standards, interpretations and amendments adopted from 1 January 2021

New standards effective for adoption in the annual financial statements for the year ended 31 December 2021 but had no significant effect or impact on the Company are:

Standard/Interpretation		Date Issued by IASB	Effective date period beginning on or after
IFRS 16	COVID-19 Related Rent Concessions	28 May 2020	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform	27 August 2020	1 January 2021

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

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2021. They have not been adopted in preparing the financial statements for the year ended 31 December 2021.

In terms of International Financial Reporting Standards, the company is required to include in its financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at reporting date.

At the date of authorisation of the financial statements of NEM Insurance Plc for the year ended 31 December 2021, the following standards and interpretations were in issue but not yet effective:

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

# Statement Of **Significant Accounting Policies**

IAS 1	Classification of Liabilities as Current or Non-current	23 January 2020	1 January 2023
IFRS 17	Insurance Contracts	June 2020	1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	12 February 2021	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)	7 May 2021	1 January 2023

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

## 2 SIGNIFICANT ACCOUNTING POLICIES

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

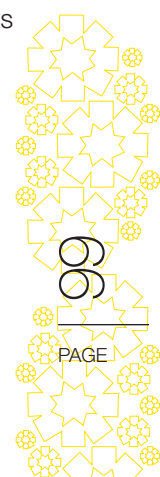
The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

### 2.1 CONSOLIDATION

#### (i) Subsidiaries

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

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





# Statement Of **Significant Accounting Policies**

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

Acquisition - related costs are expensed as incurred.

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

## **(ii) Disposal of subsidiaries**

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

## **(iii) Special purpose entities**

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

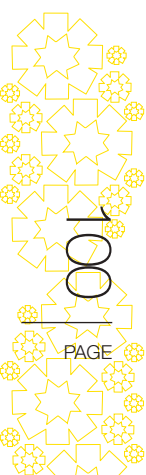
The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

## **(iv) Associates**

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

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

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



# Statement Of **Significant Accounting Policies**

## 2.2 CASH AND CASH EQUIVALENTS

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

## 2.3 FINANCIAL ASSETS

### 2.3.1 Recognition

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

### 2.3.2 Classification and Measurement

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

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

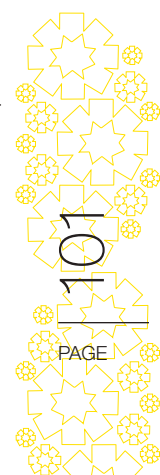
- (a) Fair Value Through Profit or Loss (FVTPL)
- (b) Amortized Cost
- (c) Fair Value Through Other Comprehensive Income (FVOCI)

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

### Business Model Assessment

Business model assessment shall involve determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group shall assess business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Group will take into consideration the following factors:

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that shall be funding those assets or realizing cash flows through the sale of the assets;





# Statement Of **Significant Accounting Policies**

How the performance of assets in a portfolio will be evaluated and reported to the relevant heads of departments and other key decision makers within the Company's business lines;

The risks that affect the performance of assets held within a business model and how those risks shall be managed;

How compensation shall be determined for the Company's business lines, management that manages the assets; and

The frequency and volume of sales in prior periods and expectations about future sales activity.

Management shall determine the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

I) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows

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

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

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

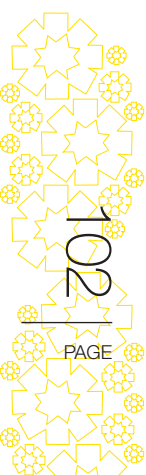
(i) Where these sales shall be infrequent even if significant in value. A Sale of financial assets shall be considered infrequent if the sale shall be one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

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

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

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

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



# Statement Of **Significant Accounting Policies**

## **Cash flow Characteristics Assessment**

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

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

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

## **A. Classification of Financial Assets**

### **a) Financial assets measured at amortised cost**

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

### **b) Financial assets measured at FVOCI**

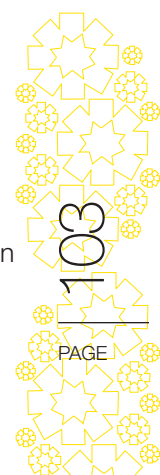
Financial assets shall be measured at FVOCI if they are to be held within a business model whose objective shall be to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that shall be solely payments of principal and interest.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

### **c) Financial assets measured at FVTPL**

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

### **d) Equity Investments**

Equity instruments shall be measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value shall be recognized in the Consolidated Statement of Income. The Company can elect to classify non-trading equity instruments at FVOCI.





# Statement Of **Significant Accounting Policies**

This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election shall be made upon initial recognition, on an instrument-by-instrument basis and once made shall be irrevocable. Gains and losses on these instruments including when derecognized/sold shall be recorded in OCI and shall not be subsequently reclassified to the Consolidated Statement of Income. Dividends received shall be recorded in Interest income in the Consolidated Statement of Income. Any transaction costs incurred upon purchase of the security shall be added to the cost basis of the security and shall not be reclassified to the Consolidated Statement of Income on sale of the security.

## **B. Classification of Financial Liabilities**

Financial liabilities shall be classified into one of the following measurement categories:

### **a) Fair Value through Profit or Loss (FVTPL)**

#### **b) Amortised cost**

##### **(a) Financial Liabilities at fair value through profit or loss**

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

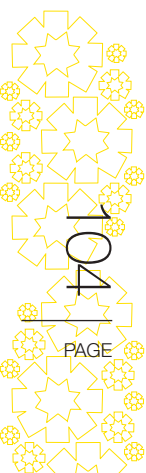
Financial liabilities held for trading and Financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'."

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

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

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



# Statement Of **Significant Accounting Policies**

## C. Reclassifications

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

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

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

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

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

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 30 April 2019, the reclassification date will be 1 January, 2020 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 30 April, 2019. Gains, losses or interest previously recognised shall not be restated when reclassification occurs.

## 2.3.3 IMPAIRMENT OF FINANCIAL ASSETS

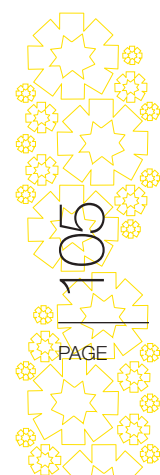
In line with IFRS 9, the Group assess the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

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

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

### Expected Credit Loss Impairment Model

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





# Statement Of **Significant Accounting Policies**

The Group shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

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

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

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

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

## **Measurement of Expected Credit Losses**

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

Details of these statistical parameters/inputs are as follows:

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

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

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

# Statement Of **Significant Accounting Policies**

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

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

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

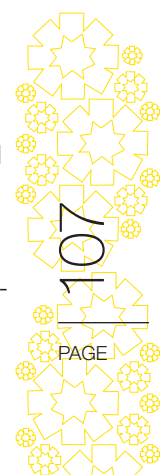
“The Group shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture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

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

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

## **Assessment of significant increase in credit risk (SICR)**

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





# Statement Of **Significant Accounting Policies**

economic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region. “

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

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

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

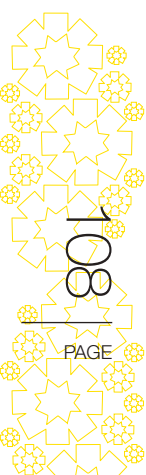
## **Definition of Default and Credit Impaired Financial Assets**

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

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

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

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.



# Statement Of **Significant Accounting Policies**

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

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

## **Write-off**

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

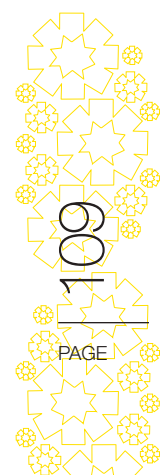
- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

## **2.4 TRADE RECEIVABLES**

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

## **2.5 REINSURANCE ASSETS**

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



# Statement Of **Significant Accounting Policies**

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

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

## **(a) Receivables and payables related to insurance contracts**

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

## **2.6 DEFERRED ACQUISITION COSTS**

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

## **2.7 OTHER RECEIVABLES AND PREPAYMENTS**

### **2.7.1 Other receivables**

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

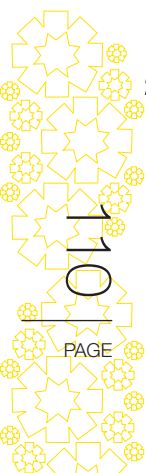
### **2.7.2 Prepayments**

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

## **2.8 INVESTMENT IN ASSOCIATE**

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

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



# Statement Of **Significant Accounting Policies**

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

## 2.9 INVESTMENT IN SUBSIDIARY

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

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

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

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

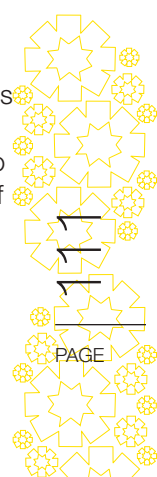
If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as fair value through other comprehensive income financial asset depending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

## 2.10 INVESTMENT PROPERTIES

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

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

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





# Statement Of **Significant Accounting Policies**

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

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

## **2.11 STATUTORY DEPOSIT**

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

## **2.12 INTANGIBLE ASSETS**

### **(i) Software**

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

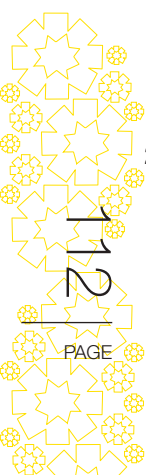
### **(ii) Goodwill**

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

## **2.13 PROPERTY, PLANT AND EQUIPMENT**

### **(i) Recognition and measurement**

Property, plant and equipment are initially recorded at cost. Land is subsequently carried at revalued amount being the fair value at the date of revaluation, while buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subse-



# Statement Of **Significant Accounting Policies**

quent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group revalues its property, plant and equipment every three years in line with relevant provisions of International Accounting Standard (IAS) 16

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

## **(ii) Subsequent costs**

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

## **(iii) Depreciation**

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

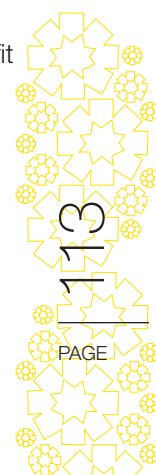
Assets class	Average useful life
Land	- Nil
Building under Construction	- Nil
Buildings	- 2%
Machinery and equipment	- 20%
Motor vehicles	- 20%
Furniture and fittings	- 20%
Computer equipment	- 20%

## **(iv) De-recognition**

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

## **2.14 Leases (Policy applicable as of 1 January 2019)**

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





# Statement Of **Significant Accounting Policies**

## **Company as a lessee**

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

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

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

### **(ii) Lease liabilities**

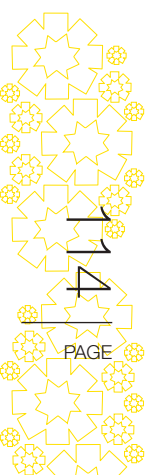
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments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

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

## **2.15 INSURANCE CONTRACT LIABILITIES**

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

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



# Statement Of **Significant Accounting Policies**

## **Technical Reserves**

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

### **a) Insurance Funds**

#### **i) Reserves for unearned premium**

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

#### **ii) Reserves for additional unexpired risk**

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

#### **iii) Reserves for outstanding claims**

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

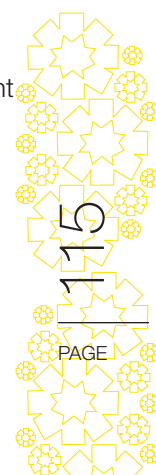
### **b) Liability adequacy test**

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

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

## **2.16 TRADE AND OTHER PAYABLES**

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





# Statement Of **Significant Accounting Policies**

## **2.17 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS**

The Group operates the following contribution and benefit schemes for its employees:

### **(i) Defined benefit gratuity scheme**

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

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

### **(ii) Defined contribution pension scheme**

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

### **(iii) Short-term benefits**

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

## **2.18 INCOME TAX**

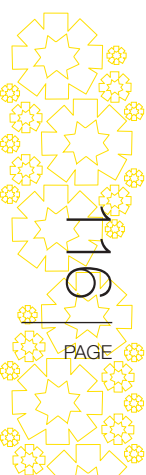
Income tax expense comprises current and deferred tax

### **(i) Current income tax**

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

### **(ii) Deferred income tax**

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



# Statement Of **Significant Accounting Policies**

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

However, deferred income tax is not recognized for:

- (a) Temporary differences arising on the initial recognition of goodwill
- (b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- (c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

## **2.19 SHARE CAPITAL AND PREMIUM**

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

## **2.20 CONTINGENCY RESERVE**

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

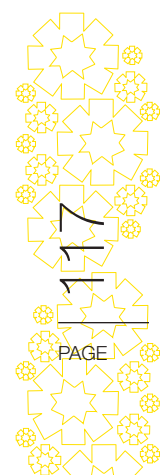
When the Group's land and building are revalued by independent professional valuer, surpluses arising on the revaluation of these assets are credited to the asset revaluation reserve account. When assets previously revalued are disposed off, any revaluation surplus relating to the disposed assets is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

## **2.21 RETAINED EARNINGS**

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

## **2.22 FVOCI RESERVE**

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





# Statement Of **Significant Accounting Policies**

## **2.23 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS**

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

## **2.24 FOREIGN CURRENCY TRANSLATION**

### **(a) Functional and presentation currency**

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

### **(b) Transactions and balances**

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

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

## **2.25 REVENUE RECOGNITION**

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

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

Recognition and Measurement of Insurance Contracts

### **(i) Gross premium written**

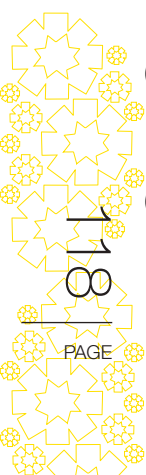
Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium.

### **(ii) Gross premium earned**

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

### **(iii) Net premium earned**

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



# Statement Of **Significant Accounting Policies**

## (iv) **Reinsurance premium**

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

## **2.26 REINSURANCE EXPENSES**

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

## **2.27 FEES AND COMMISSION INCOME**

Fees and commission income represents the income the Company is entitled to for ceding businesses to the reinsurers and other insurance Companies. Fees and commission income is recognized over time, in accordance with IFRS 15 (Revenue from Contracts with Customers), covering the policy period over which services are expected to be provided, using the time apportionment basis. Fees and commission covering the reporting period are recognized in profit or loss as fees and commission income earned, while the unearned portion of fees and commission income is reported in the statement of financial position as deferred commission income.

## **2.28 CLAIMS AND LOSS ADJUSTMENT EXPENSES**

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

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

## (a) **Salvages**

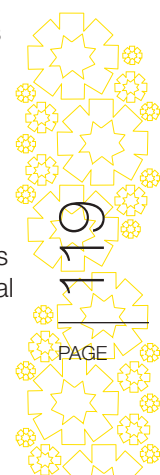
Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim.

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

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

## **2.29 UNDERWRITING EXPENSES**

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





# Statement Of **Significant Accounting Policies**

## **(a) Commission expenses**

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

## **(b) Maintenance expenses**

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

## **2.30 INVESTMENT INCOME**

### **(a) Dividend income**

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

### **(b) Interest income and expense**

Interest income on financial assets that are classified as amortised cost and interest expense on financial liabilities other than those at FVTPL are determined using the effective Interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e net of the expected credit loss provision). Interest income on assets classified as amortised cost are recognised in investment income.

## **2.31 MANAGEMENT EXPENSES**

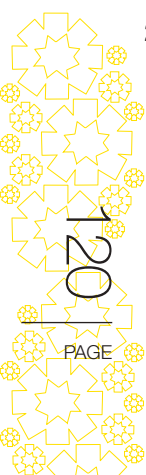
Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include rents, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual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

## **2.32 SEGMENT REPORTING**

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

## **2.33 CONTINGENT LIABILITIES**

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 Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.



# Statement Of Financial Position

As At 31 December, 2021

	Notes	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
<b>Assets</b>					
Cash and cash equivalents	3	7,895,469	7,352,189	7,841,181	7,326,758
Financial assets					
- At fair value through profit or loss	4	5,354,017	4,479,121	5,354,017	4,479,121
- At fair value through other comprehensive income	4	84,884	81,318	84,884	81,318
- At amortised cost	4	8,143,491	6,105,529	8,143,491	6,105,529
Trade receivables	5	1,479,056	228,140	1,479,056	228,140
Reinsurance assets	6	7,565,820	5,107,870	7,565,820	5,107,870
Deferred acquisition cost	7	1,030,753	1,840,694	1,030,753	1,840,694
Other receivables and prepayments	8	414,712	470,727	263,776	374,862
Investment in Associate	9	-	412,741	-	412,741
Investment in Subsidiary	10	-	-	150,000	100,000
Investment properties	11	1,706,167	1,617,609	1,706,167	1,617,609
Statutory deposit	12	320,000	320,000	320,000	320,000
Intangible asset	13	10	10	10	10
Property, Plant and Equipment	14	3,794,957	2,922,422	3,784,962	2,922,422
Right-of-use Assets	14(c)	209,920	-	209,920	-
Deferred tax assets	20	257,505	263,035	253,568	253,568
<b>Total Assets</b>		<b>38,256,761</b>	<b>31,201,405</b>	<b>38,187,605</b>	<b>31,170,642</b>
<b>Liabilities</b>					
Insurance contract liabilities	15	12,217,843	9,779,935	12,217,843	9,779,935
Trade payables	16	410,728	585,327	410,728	585,327
Other payables	17	1,893,238	1,672,134	1,860,814	1,670,834
Lease liabilities	17(d)	139,623	47,963	139,623	47,963
Retirement benefit obligations	18	52,414	78,960	52,414	78,960
Income tax liability	19	623,508	675,783	618,736	670,286
Deferred tax liabilities	20	10,387	-	10,387	-
		<b>15,347,741</b>	<b>12,840,102</b>	<b>15,310,545</b>	<b>12,833,305</b>
Share capital	21	5,016,477	5,016,477	5,016,477	5,016,477
Share premium	22	-	-	-	-
Statutory contingency reserve	23	6,098,784	5,213,927	6,098,784	5,213,927
Retained earnings	24	9,649,912	7,005,455	9,617,952	6,981,489
FVOCI reserve	25	(36,612)	(40,178)	(36,612)	(40,178)
Asset revaluation reserve	26	2,107,964	1,094,475	2,107,964	1,094,475
Other Reserves - gratuity	27	72,495	71,147	72,495	71,147
<b>Total Equity</b>		<b>22,909,020</b>	<b>18,361,303</b>	<b>22,877,060</b>	<b>18,337,337</b>
<b>Total Equity and Liabilities</b>		<b>38,256,761</b>	<b>31,201,405</b>	<b>38,187,605</b>	<b>31,170,642</b>

The financial statements on pages 28 to 95 were approved by the Board of Directors and authorised for issue on 18 March 2022 and signed on its behalf by:



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

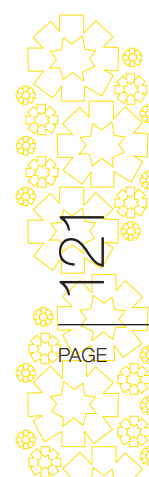


Mr. Tope Smart (GMD/CEO)  
FRC/2013/CIIN/00000001331



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

The accompanying notes and significant accounting policies on pages 92 to 116 and other national disclosures on pages 191 to 196 form an integral part of these financial statements.





# Statement Of Profit Or Loss & Other Comprehensive Income

For The Year Ended 31 December 2021

		Group		Parent	
		2021	2020	2021	2020
	Notes	N'000	N'000	N'000	N'000
Gross premiums written	28	27,875,088	22,035,695	27,875,088	22,035,695
Increase in unearned premium	29(a)	(1,329,834)	(353,506)	(1,329,834)	(353,506)
<b>Gross premium income</b>	<b>29</b>	<b>26,545,254</b>	<b>21,682,189</b>	<b>26,545,254</b>	<b>21,682,189</b>
Reinsurance expenses	30	(7,239,127)	(5,819,431)	(7,239,127)	(5,819,431)
<b>Net premium income</b>		<b>19,306,127</b>	<b>15,862,758</b>	<b>19,306,127</b>	<b>15,862,758</b>
Fees and commission income	31	1,454,875	1,131,588	1,454,875	1,131,588
<b>Net underwriting income</b>		<b>20,761,002</b>	<b>16,994,346</b>	<b>20,761,002</b>	<b>16,994,346</b>
Claims expenses	32	(5,560,885)	(6,054,469)	(5,560,885)	(6,054,469)
Underwriting expenses	33	(8,204,631)	(4,959,734)	(8,204,631)	(4,959,734)
<b>Underwriting profit</b>		<b>6,995,486</b>	<b>5,980,143</b>	<b>6,995,486</b>	<b>5,980,143</b>
Investment income	34	1,134,507	1,004,344	1,134,507	1,004,344
Net Fair value gain	35	358,318	1,118,692	358,318	1,118,692
Other income	36	292,526	367,630	251,147	326,623
Loss on disposal of property, plant and equipment	38	(12,104)	(16,830)	(12,104)	(16,830)
Share of loss in Associate	9	-	(22,424)	-	(22,424)
Management expenses	37	(4,197,765)	(3,220,725)	(4,172,106)	(3,191,896)
(Allowance)/write back for credit losses - Cash	3	(6,030)	22,281	(6,030)	22,281
Write back/(allowance) for credit losses - Bonds	4.3(e)	22,122	(39,936)	22,122	(39,936)
Allowance for credit losses - Fixed deposits	4.3(f)	(9,997)	(12,186)	(9,997)	(12,186)
Finance cost		(3,740)	-	(3,740)	-
<b>Profit before NITDA and taxation</b>		<b>4,573,323</b>	<b>5,180,989</b>	<b>4,557,603</b>	<b>5,168,811</b>
Information Technology					
Development Levy	19(a)	(45,125)	(51,176)	(45,125)	(51,176)
<b>Profit before taxation</b>		<b>4,528,198</b>	<b>5,129,813</b>	<b>4,512,478</b>	<b>5,117,635</b>
Income taxes	19(b)	(95,918)	(45,161)	(88,192)	(42,240)
<b>Profit for the year after tax</b>		<b>4,432,280</b>	<b>5,084,652</b>	<b>4,424,286</b>	<b>5,075,395</b>
<b>Other comprehensive income:</b>					
<b>Items within OCI that may be reclassified to the Profit or loss:</b>					
Actuarial gain/(loss)-change in assumption	18	10,293	(17,624)	10,293	(17,624)
Actuarial loss - experience adjustment	18	(8,795)	(22,684)	(8,795)	(22,684)
Deferred tax	20	(150)	-	(150)	-
Gain on FVTOCI		3,566	11,290	3,566	11,290
<b>Items within OCI that will not be reclassified to the Profit or loss:</b>					
Gain on revaluation of land and buildings	26	1,023,726	-	1,023,726	-
Deferred tax	26	(10,237)	-	(10,237)	-
Total other comprehensive income/(loss) for the year		<b>1,018,403</b>	<b>(29,018)</b>	<b>1,018,403</b>	<b>(29,018)</b>
Total comprehensive income for the year		<b>5,450,683</b>	<b>5,055,634</b>	<b>5,442,689</b>	<b>5,046,377</b>
<b>Basic earnings per share (Kobo)</b>		<b>0.88</b>	<b>0.96</b>	<b>0.88</b>	<b>0.96</b>
<b>Diluted earnings per shares (Kobo)</b>		<b>0.88</b>	<b>0.96</b>	<b>0.88</b>	<b>0.96</b>

The accompanying notes and significant accounting policies on pages 6 to 89 and other national disclosures on pages 90 to 95 form an integral part of these financial statements. Auditors' report, pages 1 to 5

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Group	Share capital	Share premium	Contingency reserve	Other reserve -Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Balance 1 January 2021</b>	<b>5,016,477</b>	<b>-</b>	<b>5,213,927</b>	<b>71,147</b>	<b>(40,178)</b>	<b>1,094,475</b>	<b>7,005,455</b>	<b>18,361,303</b>
<b>Total comprehensive income for the year:</b>								
Profit for the year	-	-	-	-	-	-	4,432,280	4,432,280
Transfer to contingency reserve	-	-	884,857	-	-	-	(884,857)	-
Dividend paid during the year	-	-	-	-	-	-	(902,966)	(902,966)
Transfer to share capital	-	-	-	-	-	-	-	-
Fair value gain on FVOCI	-	-	-	-	3,566	-	-	3,566
Changes in valuation of gratuity	-	-	-	1,348	-	-	-	1,348
Changes in valuation of land and building	-	-	-	-	-	1,013,489	-	1,013,489
<b>Balance 31 December 2021</b>	<b>5,016,477</b>	<b>-</b>	<b>6,098,784</b>	<b>72,495</b>	<b>(36,612)</b>	<b>2,107,964</b>	<b>9,649,912</b>	<b>22,909,020</b>
<b>Balance 1 January 2020</b>	<b>2,640,251</b>	<b>272,551</b>	<b>4,198,848</b>	<b>111,455</b>	<b>(51,468)</b>	<b>1,094,475</b>	<b>5,831,632</b>	<b>14,097,744</b>
<b>Total comprehensive income for the year:</b>								
Profit for the year	-	-	-	-	-	-	5,084,652	5,084,652
Transfer to contingency reserve	-	-	1,015,079	-	-	-	(1,015,079)	-
Dividend paid during the year	-	-	-	-	-	-	(792,075)	(792,075)
Transfer to share capital	2,376,226	(272,551)	-	-	-	-	(2,103,675)	-
Fair value gain on FVOCI	-	-	-	-	11,290	-	-	11,290
Changes in valuation of gratuity	-	-	-	(40,308)	-	-	-	(40,308)
<b>Balance 31 December 2020</b>	<b>5,016,477</b>	<b>-</b>	<b>5,213,927</b>	<b>71,147</b>	<b>(40,178)</b>	<b>1,094,475</b>	<b>7,005,455</b>	<b>18,361,303</b>

The accompanying notes and significant accounting policies on pages 92 to 116 and other national disclosures on pages 191 to 196 form an integral part of these financial statements.

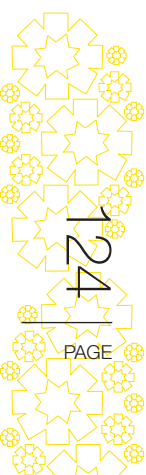


# Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Parent	Share capital	Share premium	Contingency reserve	Other reserve -Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January 2021	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	6,981,489	18,337,337
<b>Total comprehensive income for the year:</b>								
Profit for the year	-	-	-	-	-	-	4,424,286	4,424,286
Transfer to contingency reserve	-	-	884,857	-	-	-	(884,857)	-
Dividend paid during the year	-	-	-	-	-	-	(902,966)	(902,966)
Transfer to share capital	-	-	-	-	-	-	-	-
Fair value gain on FVOCI	-	-	-	-	3,566	-	-	3,566
Changes in valuation of gratuity	-	-	-	1,348	-	-	-	1,348
Changes in valuation of land and building	-	-	-	-	-	1,013,489	-	1,013,489
Balance 31 December 2021	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,617,952	22,877,060
Balance 1 January 2020	2,640,251	272,551	4,198,848	111,455	(51,468)	1,094,475	5,816,923	14,083,035
<b>Total comprehensive income for the year:</b>								
Profit for the year	-	-	-	-	-	-	5,075,395	5,075,395
Transfer to contingency reserve	-	-	1,015,079	-	-	-	(1,015,079)	-
Dividend paid during the year	-	-	-	-	-	-	(792,075)	(792,075.00)
Transfer to share capital	2,376,226	(272,551)	-	-	-	-	(2,103,675)	-
Fair value gain on FVOCI	-	-	-	-	11,290	-	-	11,290
Changes in valuation of gratuity	-	-	-	(40,308)	-	-	-	(40,308)
Balance 31 December 2020	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	6,981,489	18,337,337

The accompanying notes and significant accounting policies on pages 92 to 116 and other national disclosures on pages 191 to 196 form an integral part of these financial statements.



# Statement Of Cash Flows

For the Year ended 31 December, 2021

		Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
<b>Cash flows from Operating Activities:</b>	<b>Notes</b>				
Premium received from policy holders	5(a)	26,467,387	21,742,403	26,467,387	21,742,403
Deposit premium	16	156,785	263,170	156,785	263,170
Reinsurance Premium Paid	30(a)	(7,503,726)	(5,933,894)	(7,503,726)	(5,933,894)
Fees and Commission Received	31	1,411,751	1,259,296	1,411,751	1,259,296
Direct Claims Paid	32	(11,603,949)	(8,484,357)	(11,603,949)	(8,484,357)
Claims paid on behalf of co-assurance companies	6.5	(421,751)	(549,998)	(421,751)	(549,998)
Claims Received from Reinsurers	32(d)	2,192,000	2,555,947	2,192,000	2,555,947
Claims Received from co-assurance companies	32(c)	2,550,179	1,271,065	2,550,179	1,271,065
Commission Paid	33(b)	(4,315,230)	(3,417,935)	(4,315,230)	(3,417,935)
Maintenance Expenses Paid	33(c)	(2,973,048)	(2,572,396)	(2,973,048)	(2,572,396)
Cash paid to and on behalf of Employees	37(a)	(1,893,066)	(1,496,154)	(1,882,727)	(1,484,792)
Other Operating Expenses paid		(752,374)	(305,585)	(806,985)	(337,579)
Company Income Tax Paid	19(a)	(187,788)	(211,305)	(184,867)	(209,449)
<b>Net cash inflow from operating activities</b>		<b>3,127,170</b>	<b>4,120,257</b>	<b>3,085,819</b>	<b>4,101,481</b>
<b>Cash flows from Investing Activities:</b>					
Purchase of FVTPL	4(a)	(590,000)	(899,574)	(590,000)	(899,574)
Investment in short term placement above 90 days	4.3(d)	(1,287,525)	(735,248)	(1,287,525)	(735,248)
Purchase of financial assets at amortised cost	4.3(a)	(738,312)	(3,291,548)	(738,312)	(3,291,548)
Investment Income received	34	1,134,507	1,004,344	1,134,507	1,004,344
Acquisition of Investment properties	11	(15,136)	(3,622)	(15,136)	(3,622)
Acquisition of property, plant and equipment	14	(108,986)	(156,569)	(96,492)	(156,569)
Proceeds from disposal on PPE	38	5,994	4,339	5,994	4,339
<b>Net cash outflow from investing activities</b>		<b>(1,599,458)</b>	<b>(4,077,878)</b>	<b>(1,586,964)</b>	<b>(4,077,878)</b>
<b>Cash flows from financing activities</b>					
Lease initial deposit payment	17(d)	(65,560)	-	(65,560)	-
Lease initial deposit payment	17(d)	(121,529)	-	(121,529)	-
Dividends paid to equity holders of the parent	24	(797,343)	(792,075)	(797,343)	(792,075)
<b>Net cash outflow from financing activities</b>		<b>(984,432)</b>	<b>(792,075)</b>	<b>(984,432)</b>	<b>(792,075)</b>
Total cash (outflow)/inflow		543,280	(749,696)	514,423	(768,472)
Cash and cash equivalents at 1 January		<b>7,352,189</b>	<b>8,101,885</b>	<b>7,326,758</b>	<b>8,095,230</b>
Cash and cash equivalents at 31 December		<b>7,895,469</b>	<b>7,352,189</b>	<b>7,841,181</b>	<b>7,326,758</b>
Represented by:					
Cash and cash equivalents at 31 December	3	<b>7,895,469</b>	<b>7,352,189</b>	<b>7,841,181</b>	<b>7,326,758</b>

The accompanying notes and significant accounting policies on pages 92 to 116 and other national disclosures on pages 191 to 196 form an integral part of these financial statements.

# Notes To The Financial Statements

For The Year Ended 31 December 2021

3. Cash and Cash Equivalents	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Cash - petty cash	1,914	1,868	1,910	1,867
Balances with Local banks	1,130,959	1,459,137	1,076,675	1,433,707
Domiciliary accounts with local banks	626,832	384,803	626,832	384,803
Placement with banks	5,119,330	4,443,220	5,119,330	4,443,220
Placement with other institutions	1,024,377	1,065,074	1,024,377	1,065,074
	<b>7,903,412</b>	<b>7,354,102</b>	<b>7,849,124</b>	<b>7,328,671</b>
Allowance for credit losses (Note 3(c))	(7,943)	(1,913)	(7,943)	(1,913)
<b>Total cash and cash equivalents</b>	<b>7,895,469</b>	<b>7,352,189</b>	<b>7,841,181</b>	<b>7,326,758</b>
Current	7,895,469	7,352,189	7,841,181	7,326,758
Non-current	-	-	-	-

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

(a) Attributable to policyholders	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balances with Local Banks	1,132,873	1,461,005	1,078,585	1,435,574
Domiciliary Accounts with local banks	626,832	384,803	626,832	384,803
Placement with Banks	5,119,330	4,443,220	5,119,330	4,443,220
	<b>6,879,035</b>	<b>6,289,028</b>	<b>6,824,747</b>	<b>6,263,597</b>

(b) Attributable to shareholders	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balances with local banks	-	-	-	-
Placement with other institutions	1,024,377	1,065,074	1,024,377	1,065,074
Cash and cash equivalents	<b>7,903,412</b>	<b>7,354,102</b>	<b>7,849,124</b>	<b>7,328,671</b>

(c) Impairment allowance for cash & cash equivalents	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2021	1,913	24,194	1,913	24,194
Additions/ (write back) during the year (Note 37(c))	6,030	(22,281)	6,030	(22,281)
<b>Balance at the end of the year</b>	<b>7,943</b>	<b>1,913</b>	<b>7,943</b>	<b>1,913</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 4. Financial Assets

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Fair value through profit or loss (Note 4.1)	5,354,017	4,479,121	5,354,017	4,479,121
Fair value through other comprehensive income (Note 4.2)	84,884	81,318	84,884	81,318
Financial assets at amortised cost (Note 4.3)	8,143,491	6,105,529	8,143,491	6,105,529
	<b>13,582,392</b>	<b>10,665,968</b>	<b>13,582,392</b>	<b>10,665,968</b>
Current	85,272	88,595	85,272	88,595
Non- current	13,497,120	10,577,373	13,497,120	10,577,373
	<b>13,582,392</b>	<b>10,665,968</b>	<b>13,582,392</b>	<b>10,665,968</b>

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	4,479,121	2,485,564	4,479,121	2,485,564
Purchases	590,000	899,574	590,000	899,574
Fair value gains (Note 35)	284,896	1,093,983	284,896	1,093,983
<b>Balance at the end of the year</b>	<b>5,354,017</b>	<b>4,479,121</b>	<b>5,354,017</b>	<b>4,479,121</b>
Attributable to policyholders	5,354,017	4,479,121	5,354,017	4,479,121
<b>Attributable to shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

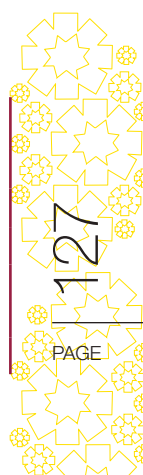
### 4.2 Fair value through other comprehensive income

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

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

Equity investments at FVOCI comprise the following individual investments:

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>Equity securities</b>				
<b>Fair value</b>				
CSCS	43,434	35,818	43,434	35,818
WAMCO	41,450	45,500	41,450	45,500
	<b>84,884</b>	<b>81,318</b>	<b>84,884</b>	<b>81,318</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(b) <b>Equity instrument measured at fair value through other comprehensive income</b>				
Balance at the beginning of the year	81,318	70,028	81,318	70,028
Fair value gain (Note 25)	3,566	11,290	3,566	11,290
<b>Balance at the end of the year</b>	<b>84,884</b>	<b>81,318</b>	<b>84,884</b>	<b>81,318</b>
Attributable to policy holders	-	-	-	-
<b>Attributable to shareholders</b>	<b>84,884</b>	<b>81,318</b>	<b>84,884</b>	<b>81,318</b>

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>4.3 Financial assets at amortised cost</b>				
Bonds (Note 4.3(a))	4,237,430	3,476,996	4,237,430	3,476,996
Fixed deposits and Treasury bills (Note 4.3(d))	3,906,061	2,628,533	3,906,061	2,628,533
	<b>8,143,491</b>	<b>6,105,529</b>	<b>8,143,491</b>	<b>6,105,529</b>

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(a) <b>Bonds</b>				
Balance at the beginning of the year	3,517,338	225,790	3,517,338	225,790
Purchases during the year	738,312	3,291,548	738,312	3,291,548
Accrued interest capitalised (Note 34)	-	-	-	-
	<b>4,255,650</b>	<b>3,517,338</b>	<b>4,255,650</b>	<b>3,517,338</b>
Allowance for credit losses (Note 4.3(e))	(18,220)	(40,342)	(18,220)	(40,342)
<b>Balance at the end of the year</b>	<b>4,237,430</b>	<b>3,476,996</b>	<b>4,237,430</b>	<b>3,476,996</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b)	Breakdown of the bonds	Maturity date	2021		Parent	
			Coupon Rate	Frequency	2021 N'000	2020 N'000
	Fidelity Eurobond	October 2026	7.625%	Half yearly	46,984	46,984
	Ondo State Government	August 2022	15.5%	Half yearly	388	777
	Niger State Government	September 2021	14.00%	Half yearly	-	6,500
	UBA Bond	May 2025	12.5%	Half yearly	76,070	92,502
	Sterling Bond	October 2025	16.25%	Half yearly	29,933	29,933
	Wema Bond	October 2023	18.50%	Half yearly	49,894	49,894
	Ondo State Government	January 2027	13.00%	Half yearly	42,651	47,703
	Federal Government (Capex)	Various	Various	Half yearly	227,588	794,489
	Federal Government (Apel)	June 2027	11.20%	Half yearly	150,000	150,000
	Flourmill Bond	February 25	11.10%	Half yearly	100,000	100,000
	Nova Merchant Bank Bond	June 2027	12.00%	Half yearly	52,000	52,000
	FSDH Eurobond	Various	Various	Half yearly	1,711,557	746,556
	ValueFund Property Bond	January 2023	13.50%	Half yearly	50,000	50,000
	Lagos State Bond	January 2030	12.25%	Half yearly	50,000	50,000
	Edo State Bond	December 2025	9.00%	Half yearly	50,000	50,000
	Cadinal Stone Bond	December 2025	7.00%	Half yearly	150,000	150,000
	Sokoto State Bond	May 2023	12.50%	Half yearly	77,608	100,000
	ATG Telecoms	April 2021		Half yearly	-	1,000,000
	Powercorp Green Bond	April 2031	12.00%	Half yearly	346,750	-
	CEGAM Insurance Note(Bond)	May 2023	12.00%	Half yearly	171,429	-
	Garden City Bond	February 2024	6.00%	Half yearly	500,000	-
	Kwara State Bond	July 2028	15.00%	Half yearly	50,000	-
	Ecobank Euro Bond	February 2026	0.07125	Half yearly	120,798	-
	Chapel Hill Bond	September 2028	0.06125	Half yearly	82,000	-
	EduMed Bond	October 2022	14.00%	Half yearly	50,000	-
	Value fund	January 2023	13.50%	Half yearly	50,000	-
	Lagos State Bond	December 2031	13.00%	Half yearly	20,000	-
					<b>4,255,650</b>	<b>3,517,338</b>

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

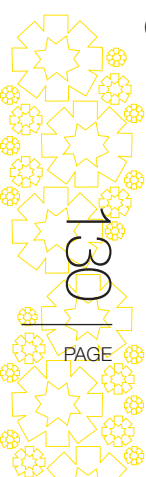
	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(d) Fixed deposits and Treasury bills				
Balance at the beginning of the year	2,645,248	1,910,000	2,645,248	1,910,000
Additions during the year	1,287,525	735,248	1,287,525	735,248
	3,932,773	2,645,248	3,932,773	2,645,248
Allowance for credit losses (Note 4.3(f))	(26,712)	(16,715)	(26,712)	(16,715)
<b>Balance at the end of the year</b>	<b>3,906,061</b>	<b>2,628,533</b>	<b>3,906,061</b>	<b>2,628,533</b>
Attributable to policyholders	-	-	-	-
<b>Attributable to shareholders</b>	<b>8,143,491</b>	<b>6,105,529</b>	<b>8,143,491</b>	<b>6,105,529</b>

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(e) Impairment allowance on Bond:				
ECL allowance as at 1 January	40,342	406	40,342	406
(Write back)/ additions during the year	(22,122)	39,936	(22,122)	39,936
<b>Balance at the end of the year (Note 4.3(a))</b>	<b>18,220</b>	<b>40,342</b>	<b>18,220</b>	<b>40,342</b>

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(f) Impairment allowance on Fixed deposits and Treasury bills:				
ECL allowance as at 1 January	16,715	4,529	16,715	4,529
Additions during the year	9,997	12,186	9,997	12,186
<b>Balance at the end of the year (Note 4.3(d))</b>	<b>26,712</b>	<b>16,715</b>	<b>26,712</b>	<b>16,715</b>

5	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Trade Receivables				
Premium Receivable (Note 5(a))	1,479,056	228,140	1,479,056	228,140
Receivable from reinsurer	-	-	-	-
	<b>1,479,056</b>	<b>228,140</b>	<b>1,479,056</b>	<b>228,140</b>

(a)	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Premium Receivable				
Balance at the beginning of the year	228,140	207,484	228,140	207,484
Gross premium written during the year (Note 29)	27,875,088	22,035,695	27,875,088	22,035,695
Premium received in the year	(26,624,172)	(22,015,039)	(26,624,172)	(22,015,039)
<b>Balance at the end of the year</b>	<b>1,479,056</b>	<b>228,140</b>	<b>1,479,056</b>	<b>228,140</b>
Current	1,479,056	228,140	1,479,056	228,140
Non-current	-	-	-	-



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b) Analysis of Trade Receivables	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Amount due from reinsurance Companies	-	-	-	-
<b>Amount due from Insurance Brokers</b>	<b>1,479,056</b>	<b>228,140</b>	<b>1,479,056</b>	<b>228,140</b>

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

Age of Trade Receivables	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Within 30 days	1,479,056	228,140	1,479,056	228,140
Above 30 days	-	-	-	-
	<b>1,479,056</b>	<b>228,140</b>	<b>1,479,056</b>	<b>228,140</b>

- (d) Trade receivables are receivables from insurance contracts as at the year end from brokers and these have been collected subsequent to the year ended 31 December 2021.

6 Reinsurance Assets	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Reinsurance share of UPR (Note 6.1)	1,583,477	1,493,504	1,583,477	1,493,504
Reinsurance share of IBNR (Note 6.2)	1,951,123	680,276	1,951,123	680,276
Reinsurance share of Outstanding Claim (Note 6.3)	1,615,475	1,573,438	1,615,475	1,573,438
	5,150,075	3,747,218	5,150,075	3,747,218
Reinsurance share of Claims paid (Note 6.4)	2,038,968	1,018,429	2,038,968	1,018,429
Co-assurance receivables (Note 6.5)	376,777	342,223	376,777	342,223
Reinsurance receivables (Note 6.6)	-	-	-	-
	<b>7,565,820</b>	<b>5,107,870</b>	<b>7,565,820</b>	<b>5,107,870</b>
Current	1,960,254	1,835,727	1,960,254	1,835,727
<b>Non-current</b>	<b>5,605,566</b>	<b>3,272,143</b>	<b>5,605,566</b>	<b>3,272,143</b>

6.1 Prepaid Reinsurance expense	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Reinsurance share of UPR (Note 6.1(a))	1,583,477	1,493,504	1,583,477	1,493,504
Prepaid reinsurance premium (Note (6.1(b)))	-	-	-	-
	<b>1,583,477</b>	<b>1,493,504</b>	<b>1,583,477</b>	<b>1,493,504</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(a) Reinsurance share of UPR	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	1,493,504	1,082,294	1,493,504	1,082,294
Movement during the year (Note 30)	89,973	411,210	89,973	411,210
<b>Balance at the end of year</b>	<b>1,583,477</b>	<b>1,493,504</b>	<b>1,583,477</b>	<b>1,493,504</b>

(b) Balance at the end of the year	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	-	-	-	-
Changes during the year (Note 30)	-	-	-	-
	-	-	-	-

i Prepaid reinsurance premium of N1,583,477,000 (2020: N1,493,504,000) was as result of time apportionment on reinsurance outward ceded out amounting to N7,329,100,000 (2020: N6,230,641,000).

(c) Prepaid reinsurance premium	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	-	-	-	-
Premium ceded during the year (Note 30)	7,329,100	6,230,641	7,329,100	6,230,641
Balance at the end of the year (Note 6.1(b))	-	-	-	-
<b>Amortised Reinsurance</b>	<b>7,329,100</b>	<b>6,230,641</b>	<b>7,329,100</b>	<b>6,230,641</b>
Movement in UPR during the year (Note 30)	(89,973)	(411,210)	(89,973)	(411,210)
<b>Reinsurance Expenses (Note 30)</b>	<b>7,239,127</b>	<b>5,819,431</b>	<b>7,239,127</b>	<b>5,819,431</b>

6.2 Reinsurance share of IBNR	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	680,276	973,497	680,276	973,497
Movement during the year (Note 32(d))	1,270,847	(293,221)	1,270,847	(293,221)
<b>Balance at the end of year (Note 6)</b>	<b>1,951,123</b>	<b>680,276</b>	<b>1,951,123</b>	<b>680,276</b>

6.3 Reinsurance share of Outstanding Claim	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	1,573,438	1,579,148	1,573,438	1,579,148
Movement during the year (Note 32(d))	42,037	(5,710)	42,037	(5,710)
<b>Balance at the end of year (Note 6)</b>	<b>1,615,475</b>	<b>1,573,438</b>	<b>1,615,475</b>	<b>1,573,438</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 6.4 Reinsurance share of Claims paid

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,018,429	1,063,775	1,018,429	1,063,775
Movement during the year (Note 32(d))	1,306,950	6,391	1,306,950	6,391
	2,325,379	1,070,166	2,325,379	1,070,166
Allowance for impairment Note (6.4(a))	(286,411)	(51,737)	(286,411)	(51,737)
<b>Balance at the end of year (Note 6)</b>	<b>2,038,968</b>	<b>1,018,429</b>	<b>2,038,968</b>	<b>1,018,429</b>

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Impairment allowance as at 1 January	51,737	-	51,737	-
Additions during the year (Note 37(b))	234,674	51,737	234,674	51,737
<b>Balance at the end of the year</b>	<b>286,411</b>	<b>51,737</b>	<b>286,411</b>	<b>51,737</b>

## 6.5 Co assurance receivables

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	497,501	726,851	497,501	726,851
Claims paid on behalf of Co-assurance Companies	421,751	549,998	421,751	549,998
<b>Claims recovered from co-assurance companies (Note 32(c))</b>	<b>(210,875)</b>	<b>(779,348)</b>	<b>(210,875)</b>	<b>(779,348)</b>
	708,377	497,501	708,377	497,501
Allowance for impairment (Note 6.5(b))	(331,600)	(155,278)	(331,600)	(155,278)
<b>Balance at the end of year (Note 6)</b>	<b>376,777</b>	<b>342,223</b>	<b>376,777</b>	<b>342,223</b>

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

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	155,278	-	155,278	-
Allowance for impairment during the year (Note 37(b))	176,322	155,278	176,322	155,278
Balance at the end of the year	331,600	155,278	331,600	155,278

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





# Notes To The Financial Statements

For The Year Ended 31 December 2021

7	Deferred acquisition cost	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Balance at the beginning of the year	1,840,694	810,097	1,840,694	810,097
	Commission paid during the year (Note 33(a))	4,421,642	3,417,935	4,421,642	3,417,935
	Amortised acquisition cost during the year (Note 33(a))	(5,231,583)	(2,387,338)	(5,231,583)	(2,387,338)
	<b>Balance at the end of the year</b>	<b>1,030,753</b>	<b>1,840,694</b>	<b>1,030,753</b>	<b>1,840,694</b>

8	Other receivables and prepayments	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Prepayments (Note 8(a))	39,561	67,602	39,561	67,602
	Interest receivable (Note 8(b))	90,720	81,992	90,720	81,992
	Withholding Tax Receivable	12,697	12,697	12,697	12,697
	Other receivables (Note 8(c))	268,534	305,236	117,598	209,371
	Stock brokers' current accounts (Note 8(d))	3,200	3,200	3,200	3,200
		<b>414,712</b>	<b>470,727</b>	<b>263,776</b>	<b>374,862</b>

(a)	Prepayments	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Balance at the beginning of the year	67,602	66,608	67,602	66,608
	Payment during the year	48,706	31,817	48,706	31,817
	Amortisation during the year (Note 8(ii))	(76,747)	(30,823)	(76,747)	(30,823)
	<b>Balance at the end of the year</b>	<b>39,561</b>	<b>67,602</b>	<b>39,561</b>	<b>67,602</b>

(i)	Breakdown of prepayments	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Prepaid Commission	28,256	49,876	28,256	49,876
	Rent and rates	11,305	17,726	11,305	17,726
		<b>39,561</b>	<b>67,602</b>	<b>39,561</b>	<b>67,602</b>

(ii)	Breakdown of amortisation during the year	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Commission	43,974	-	43,974	-
	Rent and rates (Note 37(b))	32,773	30,823	32,773	30,823
		<b>76,747</b>	<b>30,823</b>	<b>76,747</b>	<b>30,823</b>

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

# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b) Interest receivable	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	81,992	109,430	81,992	109,430
Interest received during the year	(81,992)	(27,438)	(81,992)	(27,438)
Accrued interest during the year	90,720	-	90,720	-
<b>Balance at the end of the year</b>	<b>90,720</b>	<b>81,992</b>	<b>90,720</b>	<b>81,992</b>

(i) Interest receivable represents accrued interest on various placements as at the reporting date. The net movements during the year of N81.99million and N90.72million have been included in investment income reported in Note 34.

(c) Other Receivables	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Staff loans and advances (Note 8(c)(i))	23,343	68,023	23,343	68,023
Others (Note 8(c)(ii))	245,191	237,213	11,755	8,848
Deposit for shares in NEM Asset Management Ltd (Note 8(c)(iii))	-	-	82,500	132,500
	<b>268,534</b>	<b>305,236</b>	<b>117,598</b>	<b>209,371</b>

(i) Staff loans and advances	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	68,023	63,545	68,023	63,545
Additions during the year	26,243	45,739	26,243	45,739
Repayment during the year	(64,845)	(41,261)	(64,845)	(41,261)
Write-off during the year (Note 8(c)(iv) & 37(b))	(6,078)	-	(6,078)	-
<b>Balance at the end of the year</b>	<b>23,343</b>	<b>68,023</b>	<b>23,343</b>	<b>68,023</b>

(ii) The N245million group balance reported includes amount of N234million due from NEM Asset Management Limited's customers.

(iii) Deposit for shares in NEM Asset Management Ltd represents amount given to NEM Asset Management Limited for future increase in shares. Movement during the year represent issue of additional shares.

(iv) Write-off during the year represents staff loans and advances no longer recoverable from the staff who have left the services of the Company

	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	-	-	132,500	182,500
Reclassification during the year (Note 10)	-	-	(50,000)	(50,000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>82,500</b>	<b>132,500</b>





# Notes To The Financial Statements

For The Year Ended 31 December 2021

(d)	Stock brokers' current accounts	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Centrepont Investment Limited	3,200	3,200	3,200	3,200
		<b>3,200</b>	<b>3,200</b>	<b>3,200</b>	<b>3,200</b>

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

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

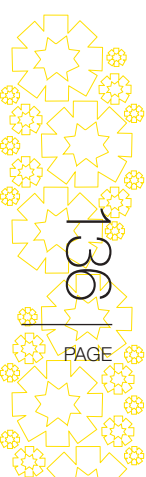
9	Investment in Associate	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Balance at the beginning of the year	412,741	435,165	412,741	435,165
	Impairment during the year (Note 37(b))	(412,741)	-	(412,741)	-
	Share of loss during the year	-	(22,424)	-	(22,424)
	<b>Balance at the end of the year</b>	<b>-</b>	<b>412,741</b>	<b>-</b>	<b>412,741</b>

Nem Insurance Plc holds 40% interest in Regency NEM Insurance Ghana Limited. This investment has been fully impaired as a result of the going concern issues faced by the Company resulting in non performance of the investment.

10	Investment in subsidiary	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Balance at the beginning of the year	-	-	100,000	50,000
	Reclassification during the year (Note 8(c)(iii))	-	-	50,000	50,000
	<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>100,000</b>

(a) NEM Insurance Plc acquired 100% interest in NEM Asset Management in 2016. The principal activity of NEM Asset Management is asset leasing and LPO financing. The Assets and Liabilities of the new Subsidiary (NEM Asset Management) are consolidated in these Financial Statements. During the year, the subsidiary made a Profit after tax of N7.99million (2020: N9million). Reclassification during the year represent additional issued shares by NEM Asset Management from the initial deposit for shares.

11	Investment Properties	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Balance at the beginning of the year	1,617,609	1,589,278	1,617,609	1,589,278
	Addition during the year (Note 11(f))	15,136	3,622	15,136	3,622
	Revaluation gain (Note 35)	73,422	24,709	73,422	24,709
	<b>Balance at the end of the year</b>	<b>1,706,167</b>	<b>1,617,609</b>	<b>1,706,167</b>	<b>1,617,609</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(a)	Carrying amount of investment properties	Status of Title	Balance at the beginning of the year N'000	Additions N'000	Fair value changes N'000	Carrying amount N'000
	Oniru-Block Xv1, Plot 11, Aremo Adesegun Oniru Crecent, Off Onigefon Road, Oniru, Lagos	Not Perfected	232,995	7,433	6,268	246,696
	Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos	Perfected	400,731	270	151	401,152
	Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State	Perfected	56,883	-	1,058	57,941
	Plot 10, Elegba Festival Drive, Off Oba Idowu Abiodun Oniru Street, Victoria Island, Lagos	Not Perfected	927,000	7,433	65,945	1,000,378
			<b>1,617,609</b>	<b>15,136</b>	<b>73,422</b>	<b>1,706,167</b>
			<b>Group</b>		<b>Parent</b>	
			<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
			<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
	<b>The Company's investment properties are allocated as follows:</b>					
	Attributable to policyholders		-	-	-	-
	<b>Attributable to shareholders</b>		<b>1,706,167</b>	<b>1,617,609</b>	<b>1,706,167</b>	<b>1,617,609</b>

- (b) Investment properties are held at fair value which has been determined based on valuations performed by independent valuation experts, Diya Fatimilehin & Co. (Estate Surveyors & Valuers) ; Plot 237B, Muri Okunola Street, Victoria Island , Lagos; The Valuers Fatimilehin Adegboyega and Diya Maurice Kolawole are registered with Financial reporting Council of Nigeria with registration Numbers FRC/2013/NIESV/00000000754 and FRC/2013/NIESV/00000002773 respectively.
- (c) The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.
- (d) This is an investment in land and building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the Company. This is carried in the statement of financial position at their market value.
- (e) In the year, there is revaluation surplus on investment properties of N73,422,000.
- (f) The Company incurred N14,866,000 to perfect title documents and N270,000 to renovate its investments properties during the year



# Notes To The Financial Statements

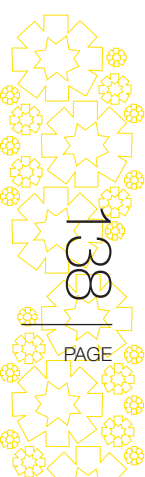
For The Year Ended 31 December 2021

12	Statutory deposit	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Statutory deposit	320,000	320,000	320,000	320,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2021: (2020: N 320m) which was in accordance with section 9(1) and section 10 (3) of Insurance Act CAP I17 LFN 2004. Statutory deposits are measured at cost.

13	Intangible asset	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	<b>Cost</b>				
	At 1 January 1	79,051	79,051	61,596	61,596
	Addition	-	-	-	-
	<b>At 31 December</b>	<b>79,051</b>	<b>79,051</b>	<b>61,596</b>	<b>61,596</b>
	<b>Amortisation</b>				
	At 1 January	79,041	77,826	61,586	60,371
	Amortisation during the year	-	1,215	-	1,215
	<b>At 31 December</b>	<b>79,041</b>	<b>79,041</b>	<b>61,586</b>	<b>61,586</b>
	<b>Carrying Amount</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

Cost/Valuation	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	417,900	2,197,100	138,959	750,939	422,261	426,809	4,353,968
Additions	-	-	4,891	117,859	2,309	31,510	156,569
Disposals	-	-	(120,518)	(69,036)	(396,040)	(305,583)	(891,177)
<b>At 31 December 2020</b>	<b>417,900</b>	<b>2,197,100</b>	<b>23,332</b>	<b>799,762</b>	<b>28,530</b>	<b>152,736</b>	<b>3,619,360</b>
At 1 January 2021	417,900	2,197,100	23,332	799,762	28,530	152,736	3,619,360
Additions	-	-	300	70,252	6,208	32,226	108,986
Disposals	-	-	(2,980)	(177,316)	(11,597)	(29,814)	(221,707)
Revaluation Surplus(Note 26)	254,300	637,600	-	-	-	-	891,900
<b>At 31 December 2021</b>	<b>672,200</b>	<b>2,834,700</b>	<b>20,652</b>	<b>692,698</b>	<b>23,141</b>	<b>155,148</b>	<b>4,398,539</b>
<b>Accumulated depreciation</b>							
At 1 January 2020	-	43,942	121,762	389,058	409,531	357,837	1,322,130
Charge for the year	-	43,942	4,666	159,954	5,817	30,437	244,816
Disposals	-	-	(120,518)	(47,867)	(396,040)	(305,583)	(870,008)
<b>At 31 December 2020</b>	<b>-</b>	<b>87,884</b>	<b>5,910</b>	<b>501,145</b>	<b>19,308</b>	<b>82,691</b>	<b>696,938</b>
At 1 January 2021	-	87,884	5,910	501,145	19,308	82,691	696,938
Charge for the year	-	43,942	4,130	159,079	4,611	30,317	242,079
Disposals	-	-	(2,981)	(159,217)	(11,597)	(29,814)	(203,609)
Transfer to revaluation re-serve(Note 26)	-	(131,826)	-	-	-	-	(131,826)
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>7,059</b>	<b>501,007</b>	<b>12,322</b>	<b>83,194</b>	<b>603,582</b>
Carrying amounts at:							
<b>31 December 2021</b>	<b>672,200</b>	<b>2,834,700</b>	<b>13,593</b>	<b>191,691</b>	<b>10,819</b>	<b>71,954</b>	<b>3,794,957</b>
<b>31 December 2020</b>	<b>417,900</b>	<b>2,109,216</b>	<b>17,422</b>	<b>298,617</b>	<b>9,222</b>	<b>70,045</b>	<b>2,922,422</b>

- (i) Land and buildings were professionally valued by Jide Taiwo & Co. (Estate Surveyors and Valuers) on 31 December 2021 on the basis of their open market values. The revised value of the land buildings was N3,506,900,000 resulting in a surplus on revaluation of N891,900,000 which has been credited to the property, plant and equipment revaluation reserve account. The Valuer Jide Taiwo & Co. is registered with Financial Reporting Council of Nigeria with registration Number FRC/2012/0000000000254.
- (ii) The Group had no capital commitments as at the statement of financial position date (2020: Nil). As at the reporting date land is being carried at revalued amount.

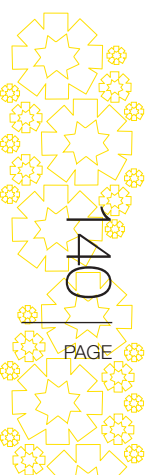


# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b) Property, plant and equipment (Parent)

Cost/Valuation	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	417,900	2,197,100	138,957	746,338	422,175	426,005	4,348,475
Additions	-	-	4,891	117,859	2,309	31,510	156,569
Disposals	-	-	(120,518)	(69,036)	(396,040)	(305,583)	(891,177)
<b>At 31 December 2020</b>	<b>417,900</b>	<b>2,197,100</b>	<b>23,330</b>	<b>795,161</b>	<b>28,444</b>	<b>151,932</b>	<b>3,613,867</b>
At 1 January 2021	417,900	2,197,100	23,330	795,161	28,444	151,932	3,613,867
Additions	-	-	300	58,499	6,208	31,485	96,492
Disposals	-	-	(2,980)	(172,716)	(11,597)	(29,814)	(217,107)
Revaluation Surplus	254,300	637,600	-	-	-	-	891,900
<b>At 31 December 2021</b>	<b>672,200</b>	<b>2,834,700</b>	<b>20,650</b>	<b>680,944</b>	<b>23,055</b>	<b>153,603</b>	<b>4,385,152</b>
<b>Accumulated depreciation</b>							
At 1 January 2020	-	43,942	121,762	385,379	409,478	357,177	1,317,738
Charge for the year	-	43,942	4,666	159,032	5,799	30,276	243,715
Disposals	-	-	(120,518)	(47,867)	(396,040)	(305,583)	(870,008)
	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>87,884</b>	<b>5,910</b>	<b>496,544</b>	<b>19,237</b>	<b>81,870</b>	<b>691,445</b>
At 1 January 2021	-	87,884	5,910	496,544	19,237	81,870	691,445
Charge for the year	-	43,942	4,130	156,728	4,611	30,169	239,580
Disposals	-	-	(2,981)	(154,617)	(11,597)	(29,814)	(199,009)
<b>Revaluation</b>	<b>-</b>	<b>(131,826)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(131,826)</b>
At 31 December 2021	-	-	7,059	498,655	12,251	82,225	600,190
Carrying amounts at:							
<b>31 December 2021</b>	<b>672,200</b>	<b>2,834,700</b>	<b>13,591</b>	<b>182,289</b>	<b>10,804</b>	<b>71,378</b>	<b>3,784,962</b>
<b>31 December 2020</b>	<b>417,900</b>	<b>2,109,216</b>	<b>17,420</b>	<b>298,617</b>	<b>9,207</b>	<b>70,062</b>	<b>2,922,422</b>



# Notes To The Financial Statements

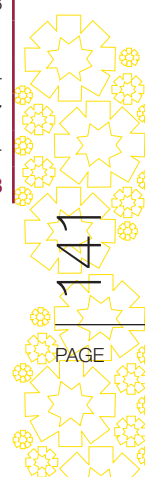
For The Year Ended 31 December 2021

14(c) Right-of-Use Assets	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
<b>Cost</b>				
At 1 January 2021	-	-	-	-
Additions during the year	262,400	-	262,400	-
Reclassifications during the year	-	-	-	-
<b>At 31 December 2021</b>	<b>262,400</b>	<b>-</b>	<b>262,400</b>	<b>-</b>
<b>Accumulated depreciation</b>				
At 1 January 2021	-	-	-	-
Charge for the year	52,480	-	52,480	-
Reclassifications during the year	-	-	-	-
At 31 December 2021	52,480	-	52,480	-
<b>Carrying amounts at:</b>				
<b>At 31 December 2021</b>	<b>209,920</b>	<b>-</b>	<b>209,920</b>	<b>-</b>

15 Insurance Contract Liabilities	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Outstanding Claims reserve (Note 15.1)	2,512,860	2,860,898	2,512,860	2,860,898
Incurred but not reported (IBNR) (Note 15.1(b))	3,375,076	1,918,964	3,375,076	1,918,964
<b>Total outstanding Claims (including IBNR)</b>	<b>5,887,936</b>	<b>4,779,862</b>	<b>5,887,936</b>	<b>4,779,862</b>
Unearned Premium Reserve (Note 15.2)	6,329,907	5,000,073	6,329,907	5,000,073
	<b>12,217,843</b>	<b>9,779,935</b>	<b>12,217,843</b>	<b>9,779,935</b>

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

15.1 Outstanding Claims reserve	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Fire	979,906	1,402,243	979,906	1,402,243
Accident	504,414	493,373	504,414	493,373
Marine and Aviation	214,457	235,291	214,457	235,291
Motor	761,550	680,684	761,550	680,684
Oil and Gas	52,458	49,307	52,458	49,307
Agriculture	75	-	75	-
	<b>2,512,860</b>	<b>2,860,898</b>	<b>2,512,860</b>	<b>2,860,898</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(a)	Movement in outstanding Claims reserve	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Opening balance	2,860,898	2,615,469	2,860,898	2,615,469
	(Decrease)/increase in the year (Note 32)	(348,038)	245,429	(348,038)	245,429
	<b>Closing balance</b>	<b>2,512,860</b>	<b>2,860,898</b>	<b>2,512,860</b>	<b>2,860,898</b>

(b)	Movement in Incurred but not reported	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Opening balance	1,918,964	1,738,829	1,918,964	1,738,829
	Increase in the year (Note 32)	1,456,112	180,135	1,456,112	180,135
	<b>Closing balance</b>	<b>3,375,076</b>	<b>1,918,964</b>	<b>3,375,076</b>	<b>1,918,964</b>

(c) The Age Analysis of Outstanding Claims in thousands of Nigerian Naira as at 31 December 2021 is as follows:

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge vouchers not returned by the customers	"Total" N'000	"2020" N'000
0 - 90 days	130,153	481,105	118,253	729,511	1,290,068
91 - 180 days	220,143	212,856	247,705	680,704	539,516
181 - 270 days	244,134	176,266	196,575	616,975	408,210
270 - 365 days	122,472	131,645	153,110	407,227	336,940
365 days and above	35,126	18,538	24,779	78,443	286,164
	<b>752,028</b>	<b>1,020,410</b>	<b>740,422</b>	<b>2,512,860</b>	<b>2,860,898</b>

15.2	Unearned Premium reserve	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Balance at the beginning of the year (Note 29(a))	5,000,073	4,646,567	5,000,073	4,646,567
	Changes in unearned premium (Note 29(a))	1,329,834	353,506	1,329,834	353,506
	<b>Balance at the end of the year (Note 29(a))</b>	<b>6,329,907</b>	<b>5,000,073</b>	<b>6,329,907</b>	<b>5,000,073</b>

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

16	Trade Payables	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Due to Reinsurance Broker - A.O.N. (Note 16(a)(i))	128,213	205,514	128,213	205,514
	Due to Reinsurance Broker - SCIB (Note 16(a)(ii))	19,318	116,643	19,318	116,643
	Premium Deposit (Note 16(b))	156,785	263,170	156,785	263,170
	Commission payable	106,412	-	106,412	-
		<b>410,728</b>	<b>585,327</b>	<b>410,728</b>	<b>585,327</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

(i)	Due to Reinsurance Broker - A.O.N.	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Premium	115,059	198,958	115,059	198,958
	Commission	13,154	6,556	13,154	6,556
		<b>128,213</b>	<b>205,514</b>	<b>128,213</b>	<b>205,514</b>

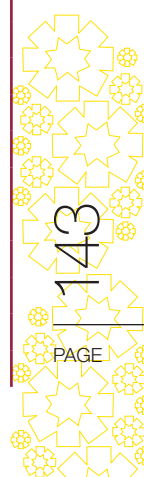
(ii)	Due to Reinsurance Broker - SCIB	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Premium	13,059	114,943	13,059	114,943
	Commission	6,259	1,700	6,259	1,700
		<b>19,318</b>	<b>116,643</b>	<b>19,318</b>	<b>116,643</b>

(b) Premium deposit represents advance received in 2021 for 2022 production.

17	Other Payables	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Accruals (Note 17(b))	590,005	433,710	543,274	429,679
	Dividend payable (Note 17(b)(i))	833,920	728,297	833,920	728,297
	Other creditors (Note 17(c))	107,603	105,293	121,910	108,024
	Deferred commission Income (Note 17(g) and Note 31)	361,710	404,834	361,710	404,834
		<b>1,893,238</b>	<b>1,672,134</b>	<b>1,860,814</b>	<b>1,670,834</b>

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

(b)	Accruals	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Audit fees	4,000	3,600	4,000	3,600
	Profit Sharing	200,000	150,000	200,000	150,000
	Performance bonus	33,547	-	33,547	-
	Medical expenses	7,033	-	7,033	-
	Naicom Levy	278,750	220,357	278,750	220,357
	PAYE payable	-	4,000	-	4,000
	VAT payable	-	9,944	-	9,944
	Pension payable	9,110	8,812	9,110	8,812
	Cooperative	347	17,341	-	17,341
	Others	57,218	19,656	10,834	15,625
		<b>590,005</b>	<b>433,710</b>	<b>543,274</b>	<b>429,679</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Movement in dividend payable:				
Balance at the beginning of the year	728,297	390,482	728,297	390,482
Dividend declared	902,966	792,075	902,966	792,075
Dividend paid	(797,343)	(454,260)	(797,343)	(454,260)
<b>Balance at the end of the year</b>	<b>833,920</b>	<b>728,297</b>	<b>833,920</b>	<b>728,297</b>

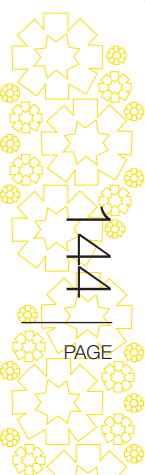
(c) Other Creditors	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Due to NEM Assets Management Ltd (Note 17 (e))	-	-	14,307	2,731
Deferred Income (Note 17(f))	107,603	105,293	107,603	105,293
	<b>107,603</b>	<b>105,293</b>	<b>121,910</b>	<b>108,024</b>

(d) Lease liabilities	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	47,963	117,636	47,963	117,636
Additions during the year	262,400	49,469	262,400	49,469
Interest charged during the year (Note 37)	16,349	19,832	16,349	19,832
Lease initial deposit payment	(65,560)	-	(65,560)	-
Lease payment during the year	(121,529)	(138,974)	(121,529)	(138,974)
<b>Balance as at the end of the year</b>	<b>139,623</b>	<b>47,963</b>	<b>139,623</b>	<b>47,963</b>

(e) NEM Asset Management Ltd financed the purchase of some motor cars for NEM Insurance Plc. The total amount outstanding as at 31 December 2021 was N14,307,000 (2020: N2,731,000). NEM Asset Management Limited is a subsidiary of NEM Insurance Plc.

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

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 18 Retirement Benefit Obligations

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

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Current service cost	-	-	-	-
Interest cost on benefit obligation (Note 37(a))	5,590	9,933	5,590	9,933
	<b>5,590</b>	<b>9,933</b>	<b>5,590</b>	<b>9,933</b>

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Present value of the defined benefit obligation				
<b>Total defined benefit obligation</b>	<b>52,414</b>	<b>78,960</b>	<b>52,414</b>	<b>78,960</b>

The movement in the defined benefit obligation is as follows:

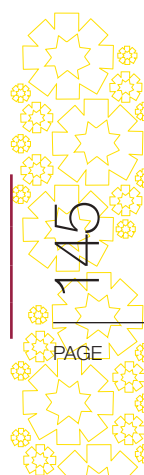
	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	78,960	81,635	78,960	81,635
Current service cost	-	-	-	-
Interest cost	5,590	9,933	5,590	9,933
Benefits paid (Note 42)	(30,638)	(52,916)	(30,638)	(52,916)
Actuarial (gain)/loss - Due to change in assumption	(10,293)	17,624	(10,293)	17,624
Actuarial losses - Due to experience adjustment	8,795	22,684	8,795	22,684
<b>Balance at the end of the year</b>	<b>52,414</b>	<b>78,960</b>	<b>52,414</b>	<b>78,960</b>

### Actuary Report Extracts Valuation Assumption

The Valuation assumptions fall under two broad categories:

- A Financial Assumptions
- B Demographic Assumptions  
The assumptions depict the estimate of the likely future experience of the Company.

	Group		Parent	
	2021	2020	2021	2020
<b>A Financial Assumptions</b>				
Average Long-Term Future				
<b>Discount Rate (p.a)</b>	<b>12.55%</b>	<b>7.12%</b>	<b>12.55%</b>	<b>7.12%</b>
<b>Interest Credit Rate (p.a)</b>	<b>0.00%</b>	<b>0%</b>	<b>0.00%</b>	<b>0%</b>





# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

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

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

The weighted average liability duration for the Plan is 4.24years. The average weighted duration of the closest Nigerian Government bond as at 31 December 2021 was 4.34 years with a gross redemption yield of 12.48%.

**We have prudently adopted a discount rate of 12.55% for the current valuation.**

## B Demographic Assumptions Mortality in Service

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

Sample Age	No of Deaths in year of age out of 10,000 lives		No of Deaths in year of age out of 10,000 lives	
	2021	2020	2021	2020
25	7	7	7	7
30	7	7	7	7
35	9	9	9	9
40	14	14	14	14
45	26	26	26	26

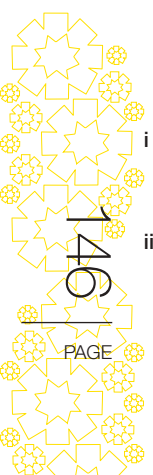
Withdrawal from Service Age Band	Rate		Rate	
	2021	2020	2021	2020
Less than or equal to 30	3%	3%	3%	3%
31-39	2%	2%	2%	2%
40-44	2%	2%	2%	2%
45-50	0%	0%	0%	0%
51-59	0%	0%	0%	0%

## Valuation Method

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

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

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

## MEMBERSHIP DATA

The calculations are based on the membership data as at 31 December 2021 as summarised below.

	Number of Employees	Crystallised Gratuity as 31 December 2014
<b>Summary by Category</b>		<b>N</b>
Category		
Male	17	55,576,601
Female	11	28,584,436
<b>Total</b>	<b>28</b>	<b>84,161,037</b>
<b>Data Reconciliation Summary</b>		<b>N</b>
As at 31 December 2020	40	112,756,485
Exits	(12)	(28,595,448)
<b>As at 31 December 2021</b>	<b>28</b>	<b>84,161,037</b>

Had the plan discontinued as at 31 December 2021, we estimate the accrued benefits payable as N84.2million. This is the sum of the crystallised gratuity benefits of all qualified employees as at the review date.

The statement of financial position liability of N52.4million is lower because it is the discounted value of the crystallised gratuity benefits (with no interest credit) from their expected payment date to the review date.

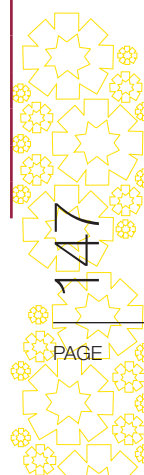
## ACTUARY'S STATEMENT

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

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

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

19	Taxation	Group		Parent	
		2021	2020	2021	2020
(a)	Per Financial Position	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	675,783	462,419	670,286	457,987
	Income tax for the year	489,933	340,109	488,101	337,453
	Education tax for the year	58,442	33,384	58,078	33,119
	Prior year over-provision	(457,987)	-	(457,987)	-
	Information technology levy (Note 19(d))	45,125	51,176	45,125	51,176
	Paid during the year	(187,788)	(211,305)	(184,867)	(209,449)
	<b>Balance at the end of the year</b>	<b>623,508</b>	<b>675,783</b>	<b>618,736</b>	<b>670,286</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(b) Per Income Statement				
Income tax	489,933	340,109	488,101	337,453
Education tax	58,442	33,384	58,078	33,119
Prior year over-provision	(457,987)	-	(457,987)	-
	<b>90,388</b>	<b>373,493</b>	<b>88,192</b>	<b>370,572</b>
Deferred tax asset (Note 20 (i))	5,530	28,168	-	28,168
Deferred tax liabilities (Note 20 (ii))	-	(356,500)	-	(356,500)
<b>Charge for the year</b>	<b>95,918</b>	<b>45,161</b>	<b>88,192</b>	<b>42,240</b>

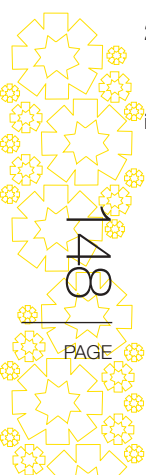
	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
(c) Profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:				
<b>Profit before income tax</b>	<b>4,573,323</b>	<b>5,180,989</b>	<b>4,557,603</b>	<b>5,168,811</b>
Tax calculated at the corporate tax rate	1,369,717	1,553,079	1,367,281	1,550,643
<b>Effect of:</b>				
Non-deductible expenses	95,162	44,477	94,920	44,235
Effect of Education tax levy	58,321	33,362	58,078	33,119
Effect of Capital allowance on income tax	(227,148)	(159,536)	(227,148)	(159,536)
Effect of Balancing and Investment Allowance	(915)	(1,092)	(915)	(1,092)
Effect of Deferred tax	5,530	(328,332)	-	(328,332)
Tax exempt income	(746,762)	(1,096,797)	(746,037)	(1,096,797)
Overprovision in prior years	(457,987)	-	(457,987)	-
<b>Total income tax expense in income statement</b>	<b>95,918</b>	<b>45,161</b>	<b>88,192</b>	<b>42,240</b>
<b>Effective tax rate (%)</b>	<b>2.10</b>	<b>0.87</b>	<b>1.94</b>	<b>0.82</b>

(d) Information Technology Levy

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
20 Deferred Taxation				
Deferred tax Assets				
Balance at the beginning of the year	(263,035)	(291,203)	(253,568)	(281,736)
Write back/ (charge for the year)	5,530	28,168	-	28,168
<b>Balance at the end of the year</b>	<b>(257,505)</b>	<b>(263,035)</b>	<b>(253,568)</b>	<b>(253,568)</b>

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# Notes To The Financial Statements

For The Year Ended 31 December 2021

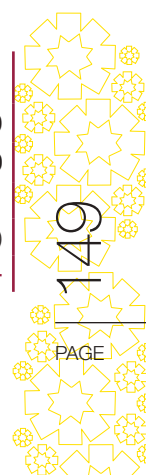
ii	Deferred tax Liabilities	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Balance at the beginning of the year	-	356,500	-	356,500
	Charge for the year	-	(356,500)	-	(356,500)
	Revaluation surplus (Note 26)	10,237	-	10,237	-
	Other reserves-gratuity (Note 27)	150	-	150	-
	<b>Balance at the end of the year</b>	<b>10,387</b>	<b>-</b>	<b>10,387</b>	<b>-</b>

21	Share Capital	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	<b>Authorised Share Capital</b>				
	10,000,000,000 ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
	400,000,000 ordinary shares of 50k each(Note 24(a))	200,000	200,000	200,000	200,000
		<b>5,200,000</b>	<b>5,200,000</b>	<b>5,200,000</b>	<b>5,200,000</b>

(a)	Ordinary shares issued and fully paid	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	5,280,502,913 ordinary shares of 50k each at the beginning of the year	-	2,640,251	-	2,640,251
	Bonus issue/recapitalisation of share premium	-	272,551	-	272,551
	Bonus issue/recapitalisation of retained earnings (Note 24(a))	-	2,103,675	-	2,103,675
	Share reconstruction-5,016,477,767 ordinary shares of N1 each (Note 21(b))	5,016,477	-	5,016,477	-
		<b>5,016,477</b>	<b>5,016,477</b>	<b>5,016,477</b>	<b>5,016,477</b>

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

22	Share Premium	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Balance at the beginning of the year	-	272,551	-	272,551
	Bonus issue/recapitalisation of share premium (Note 21(a))	-	(272,551)	-	(272,551)
	<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

23 Statutory contingency reserve	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	5,213,927	4,198,848	5,213,927	4,198,848
Transfer from revenue reserve (Note 24)	884,857	1,015,079	884,857	1,015,079
<b>Balance at the end of the year</b>	<b>6,098,784</b>	<b>5,213,927</b>	<b>6,098,784</b>	<b>5,213,927</b>

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

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

24 Retained earnings	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	7,005,455	5,831,632	6,981,489	5,816,923
Profit for the year	4,432,280	5,084,652	4,424,286	5,075,395
Transfer to contingency reserve (Note 23)	(884,857)	(1,015,079)	(884,857)	(1,015,079)
Bonus issue/recapitalisation of retained earnings	-	(2,103,675)	-	(2,103,675)
Dividend declared (Note 17(b)(i))	(902,966)	(792,075)	(902,966)	(792,075)
<b>Balance at the end of the year</b>	<b>9,649,912</b>	<b>7,005,455</b>	<b>9,617,952</b>	<b>6,981,489</b>

25 FVOCI reserve	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	(40,178)	(51,468)	(40,178)	(51,468)
Write back during the year (Note 4.2(b))	3,566	11,290	3,566	11,290
<b>Balance at the end of the year</b>	<b>(36,612)</b>	<b>(40,178)</b>	<b>(36,612)</b>	<b>(40,178)</b>

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

26 Asset revaluation reserve	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance at the beginning of the year	1,094,475	1,094,475	1,094,475	1,094,475
Additions during the year: Cost- revaluation surplus (Note 14)	891,900	-	891,900	-
Accumulated depreciation (Note 14)	131,826	-	131,826	-
	<b>1,023,726</b>	<b>-</b>	<b>1,023,726</b>	<b>-</b>
Deferred tax (Note 20(ii))	(10,237)	-	(10,237)	-
	<b>1,013,489</b>	<b>-</b>	<b>1,013,489</b>	<b>-</b>
<b>Balance at the end of the year</b>	<b>2,107,964</b>	<b>1,094,475</b>	<b>2,107,964</b>	<b>1,094,475</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

27	Other Reserves - gratuity	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Balance at the beginning of the year	71,147	111,455	71,147	111,455
	Loss during the year	1,498	(40,308)	1,498	(40,308)
	Deferred tax (Note 20(ii))	(150)	-	(150)	-
	<b>Balance at the end of the year</b>	<b>72,495</b>	<b>71,147</b>	<b>72,495</b>	<b>71,147</b>

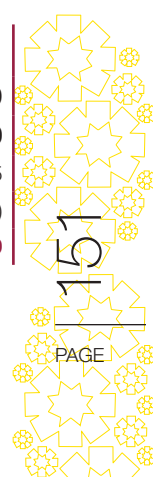
(a) This comprise of the cumulative actuarial gain on change in assumptions and experience adjustment.

28	Gross Premium written	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Direct premium (Note 28(a))	27,412,551	21,776,459	27,412,551	21,776,459
	Inward reinsurance (Note 28(a))	462,537	259,236	462,537	259,236
		<b>27,875,088</b>	<b>22,035,695</b>	<b>27,875,088</b>	<b>22,035,695</b>

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

(a)	Gross Premium written	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Fire	6,334,528	4,630,064	6,334,528	4,630,064
	Oil and Gas	4,340,340	3,560,975	4,340,340	3,560,975
	General accident	4,880,822	4,478,009	4,880,822	4,478,009
	Marine	3,834,348	2,196,887	3,834,348	2,196,887
	Motor	7,951,224	6,908,099	7,951,224	6,908,099
	Agriculture	71,289	2,425	71,289	2,425
	<b>Direct premium (Note 28)</b>	<b>27,412,551</b>	<b>21,776,459</b>	<b>27,412,551</b>	<b>21,776,459</b>
	Inward reinsurance (Note 28)	462,537	259,236	462,537	259,236
		<b>27,875,088</b>	<b>22,035,695</b>	<b>27,875,088</b>	<b>22,035,695</b>

29	Gross premium income	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Premium written during the year (Note 28)	27,875,088	22,035,695	27,875,088	22,035,695
	Changes in unearned premium (Note 29(a))	(1,329,834)	(353,506)	(1,329,834)	(353,506)
		<b>26,545,254</b>	<b>21,682,189</b>	<b>26,545,254</b>	<b>21,682,189</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(a)	Movement in Unearned premium	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Unearned premium brought forward (Note 15.2)	5,000,073	4,646,567	5,000,073	4,646,567
	Unearned premium carried forward (Note 15.2)	(6,329,907)	(5,000,073)	(6,329,907)	(5,000,073)
	<b>Increase in unearned premium</b>	<b>(1,329,834)</b>	<b>(353,506)</b>	<b>(1,329,834)</b>	<b>(353,506)</b>

30	Reinsurance expenses	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Reinsurance premium (Cost) during the year (Note 30(a))	7,329,100	6,230,641	7,329,100	6,230,641
	Change in Reinsurance Share of UPR (Note 6.1(a))	(89,973)	(411,210)	(89,973)	(411,210)
	Change in Prepaid Reinsurance Premium (Note 6.1(b))	-	-	-	-
		<b>7,239,127</b>	<b>5,819,431</b>	<b>7,239,127</b>	<b>5,819,431</b>

(a)	Reinsurance expense	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Motor	46,237	4,257	46,237	4,257
	Marine	1,048,439	961,086	1,048,439	961,086
	Fire	2,376,956	2,247,009	2,376,956	2,247,009
	General Accident	1,696,105	1,466,275	1,696,105	1,466,275
	Oil & Gas	2,122,169	1,552,014	2,122,169	1,552,014
	Agric	39,194	-	39,194	-
		<b>7,329,100</b>	<b>6,230,641</b>	<b>7,329,100</b>	<b>6,230,641</b>
	Opening-Due to Reinsurance Broker-A.O.N (Note 16)	205,514	-	205,514	-
	Opening-Due to Reinsurance Broker - SCIB (Note 16)	116,643	-	116,643	-
	Closing-Due to Reinsurance Broker - A.O.N. (Note 16)	(128,213)	-	(128,213)	-
	Closing-Due to Reinsurance Broker - SCIB (Note 16)	(19,318)	-	(19,318)	-
	<b>Reinsurance expense paid during the year</b>	<b>7,503,726</b>	<b>6,230,641</b>	<b>7,503,726</b>	<b>6,230,641</b>

(b) Reinsurance expenses of N7,503.726,000 was paid during the year, N495,203,449 was paid to the foreign insurers while N7,008,522,551 was paid to local insurers. In 2020 reinsurance expense stood at N6,230,641,000 (Foreign N4,064,884,000 - Local N2,165,757,000).

31	Fees and commission income	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Deferred Commission as at 1 January	404,834	277,126	404,834	277,126
	Fees and Commission Income received during the year (Note 31(b))	1,411,751	1,259,296	1,411,751	1,259,296
	Deferred Commission as at 31 December (Note 17)	(361,710)	(404,834)	(361,710)	(404,834)
	<b>Fees and Commission Income earned during the year</b>	<b>1,454,875</b>	<b>1,131,588</b>	<b>1,454,875</b>	<b>1,131,588</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

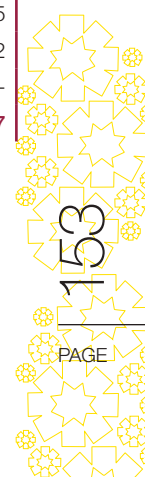
(a) Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

(b) Classes	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Motor	2,786	1,206	2,786	1,206
Marine	244,492	239,515	244,492	239,515
Fire	614,397	616,313	614,397	616,313
General Accident	516,254	402,262	516,254	402,262
Oil and Gas	25,983	-	25,983	-
Agric	7,839	-	7,839	-
	<b>1,411,751</b>	<b>1,259,296</b>	<b>1,411,751</b>	<b>1,259,296</b>

32 Claims Expenses	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Gross Claims paid (Note 32(a))	11,603,949	8,484,357	11,603,949	8,484,357
Increase in outstanding claims (Note 15.1(a))	(348,038)	245,429	(348,038)	245,429
Changes in IBNR (Note 15.1(b))	1,456,112	180,135	1,456,112	180,135
<b>Gross claims incurred during the year</b>	<b>12,712,023</b>	<b>8,909,921</b>	<b>12,712,023</b>	<b>8,909,921</b>
Claims recovered (Note 32(c))	(2,339,304)	(491,717)	(2,339,304)	(491,717)
Recoverables from Reinsurance (Note 32(d))	(4,811,834)	(2,363,735)	(4,811,834)	(2,363,735)
<b>Net Claims expenses</b>	<b>5,560,885</b>	<b>6,054,469</b>	<b>5,560,885</b>	<b>6,054,469</b>

(a) Claims Paid	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Classes				
Motor	4,299,764	3,615,747	4,299,764	3,615,747
Marine	503,209	428,235	503,209	428,235
Fire	4,357,726	2,769,468	4,357,726	2,769,468
General Accident	1,504,825	1,057,175	1,504,825	1,057,175
Oil and Gas	929,124	613,732	929,124	613,732
Agric	9,301	-	9,301	-
	<b>11,603,949</b>	<b>8,484,357</b>	<b>11,603,949</b>	<b>8,484,357</b>

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(c) Claims recovered	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Classes				
Motor	790,555	394,030	790,555	394,030
Marine	255,018	127,107	255,018	127,107
Fire	535,538	266,924	535,538	266,924
General Accident	535,538	266,924	535,538	266,924
Oil and Gas	433,530	216,081	433,530	216,081
	<b>2,550,179</b>	<b>1,271,065</b>	<b>2,550,179</b>	<b>1,271,065</b>
Claims recovered from co-assurance companies (Note 6.5)	(210,875)	(779,348)	(210,875)	(779,348)
	<b>2,339,304</b>	<b>491,717</b>	<b>2,339,304</b>	<b>491,717</b>

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

(d) Reinsurance Recoverable	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Claims recovered from reinsurance	2,192,000	2,555,947	2,192,000	2,555,947
Changes in Reinsurance share of Outstanding Claims (Note 6.3)	42,037	(5,710)	42,037	(5,710)
Changes in Reinsurance share of IBNR (Note 6.2)	1,270,847	(293,221)	1,270,847	(293,221)
Change in Reinsurance share of Claims paid not yet recovered (Note 6.4)	1,306,950	6,391	1,306,950	6,391
Changes in reinsurance receivables (Note 6.6)	-	100,328	-	100,328
	<b>4,811,834</b>	<b>2,363,735</b>	<b>4,811,834</b>	<b>2,363,735</b>

33 Underwriting Expenses	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Commission expense (Note 33(a))	5,231,583	2,387,338	5,231,583	2,387,338
Maintenance expense (Note 33(c))	2,973,048	2,572,396	2,973,048	2,572,396
	<b>8,204,631</b>	<b>4,959,734</b>	<b>8,204,631</b>	<b>4,959,734</b>

(a) Commission expense	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Commission cost incurred during the year (Note 33(b))	4,421,642	3,417,935	4,421,642	3,417,935
Changes in deferred acquisition cost	809,941	(1,030,597)	809,941	(1,030,597)
	<b>5,231,583</b>	<b>2,387,338</b>	<b>5,231,583</b>	<b>2,387,338</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b)	Commission expense	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	The analysis of commission expenses by business class is as follows:				
	Motor	1,011,690	867,590	1,011,690	867,590
	Marine	724,851	423,499	724,851	423,499
	Fire	1,432,020	983,275	1,432,020	983,275
	General Accident	1,047,899	951,190	1,047,899	951,190
	Oil & Gas	194,138	191,630	194,138	191,630
	Agriculture	11,044	751	11,044	751
	<b>Commission cost incurred during the year</b>	<b>4,421,642</b>	<b>3,417,935</b>	<b>4,421,642</b>	<b>3,417,935</b>
	Commission payable (Note 16)	(106,412)	-	(106,412)	-
	<b>Commission paid during the year</b>	<b>4,315,230</b>	<b>3,417,935</b>	<b>4,315,230</b>	<b>3,417,935</b>

(c)	The analysis of Maintenance expenses by business class is as follows:	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Motor	951,375	823,167	951,375	823,167
	Marine	297,305	257,240	297,305	257,240
	Fire	624,340	540,203	624,340	540,203
	General Accident	624,340	540,203	624,340	540,203
	Oil & Gas	475,688	411,583	475,688	411,583
		<b>2,973,048</b>	<b>2,572,396</b>	<b>2,973,048</b>	<b>2,572,396</b>

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

34	Investment Income	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Dividend income	622,121	99,193	622,121	99,193
	Interest from fixed deposit	477,788	486,558	477,788	486,558
	Interest from Amortised cost financial assets	15,355	376,842	15,355	376,842
	Interest from statutory deposit	19,243	41,751	19,243	41,751
		<b>1,134,507</b>	<b>1,004,344</b>	<b>1,134,507</b>	<b>1,004,344</b>
	Amortised cost financial assets - Accrued interest (Note 4.3(a))	-	-	-	-
		<b>1,134,507</b>	<b>1,004,344</b>	<b>1,134,507</b>	<b>1,004,344</b>

The increase in Interest from Amortised cost financial assets was as a result of about N4billion increase in Financial assets at Amortised cost during the year.



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(a)	Investment Income	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Attributable to Policy holders	635,324	560,811	635,324	560,811
	Attributable to Share holders	499,183	443,533	499,183	443,533
		<b>1,134,507</b>	<b>1,004,344</b>	<b>1,134,507</b>	<b>1,004,344</b>

35	Net Fair Value Gain	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	<b>Investment properties</b>				
	Fair Value Gain (Note 11)	73,422	24,709	73,422	24,709
	<b>Fair Value through Profit or Loss:</b>				
	Quoted Equity Securities (4.1(a))	284,896	1,093,983	284,896	1,093,983
		<b>358,318</b>	<b>1,118,692</b>	<b>358,318</b>	<b>1,118,692</b>

36	Other Income	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Sundry Income	23,807	75,996	18,946	72,279
	Interest and Similar Income	38,209	38,699	-	-
	Rental Income (Note 36(a))	47,198	42,110	48,889	43,519
	Gain on equity disposed (Note (4.1(b)))	-	-	-	-
	Unrealised exchange gain (Note 36(b))	183,312	210,825	183,312	210,825
		<b>292,526</b>	<b>367,630</b>	<b>251,147</b>	<b>326,623</b>

(a)	Rental income	Group		Parent	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	Ebute Meta property	7,650	5,000	7,650	5,000
	Head office	11,167	16,210	12,858	17,619
	Abuja office (Sub lease)	506	900	506	900
	Oniru property	27,875	20,000	27,875	20,000
		<b>47,198</b>	<b>42,110</b>	<b>48,889</b>	<b>43,519</b>

(b) Unrealised exchange gain represents exchange difference from translation of cash and cash equivalents denominated in foreign currencies.

# Notes To The Financial Statements

For The Year Ended 31 December 2021

37 Management Expenses	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Employee benefit expenses (Note 37(a))	1,898,656	1,506,087	1,888,317	1,494,725
Other Management Expenses (Note 37(b))	1,841,804	1,325,168	1,830,183	1,310,002
Directors emoluments	100,745	103,993	100,745	103,993
AGM expenses	34,452	29,246	34,452	29,246
Auditors Remuneration (Note 39(a) and (b))	11,200	10,200	10,000	9,000
Depreciation of property, plant and equipment (Note 14)	242,079	244,816	239,580	243,715
Depreciation of Right-of-use Assets (Note 14(c))	52,480	-	52,480	-
Interest expense (Note 17(d))	16,349	-	16,349	-
Amortisation (Note 13)	-	1,215	-	1,215
	<b>4,197,765</b>	<b>3,220,725</b>	<b>4,172,106</b>	<b>3,191,896</b>

(a) Employee benefit expenses	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Salaries and Wages	1,104,168	892,859	1,095,153	883,867
Medical Expenses	92,963	50,999	92,842	50,827
Staff Training	122,105	129,539	122,105	129,202
Staff Welfare	514,415	348,516	513,694	347,137
Employers' Pension Contribution	59,415	74,241	58,933	73,759
	<b>1,893,066</b>	<b>1,496,154</b>	<b>1,882,727</b>	<b>1,484,792</b>
Gratuity (Note 18)	5,590	9,933	5,590	9,933
	<b>1,898,656</b>	<b>1,506,087</b>	<b>1,888,317</b>	<b>1,494,725</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b) Other Management Expenses	Group		Parent	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Advertising	205,991	185,906	205,130	185,906
Bank charges	52,748	48,879	52,467	48,620
Business permit	2,242	1,070	2,242	1,070
Computer Expenses	23,999	21,545	23,796	21,375
Dailies and Subscription	103,405	79,878	103,115	79,758
Donations	31,476	41,750	31,476	41,750
ECOWAS Brown Card	4,772	4,354	4,772	4,354
Electricity expenses	42,910	27,506	42,910	27,506
Filing Fees	1,400	23,470	1,400	23,470
Fine & penalty	-	232	-	232
Generator Expenses	171,874	219,597	171,874	219,597
Hotel expenses	29,356	30,476	29,356	30,476
Insurance Expenses	88,972	107,629	88,972	107,629
Impairment provision on claim recoverable (Note 6.4(a))	234,674	51,737	234,674	51,737
Impairment provision on Co-assurance (Note 6.5)	176,322	155,278	176,322	155,278
Impairment of investment in associate (Note 9)	412,741	-	412,741	-
Motor running expenses	15,617	12,787	15,617	12,717
Motor Repair & Maintenance	38,863	35,453	38,400	35,131
Nigerian Insurers Association Levy	11,096	8,543	11,096	8,543
Office General Expenses	83,333	67,878	83,265	67,859
Withholding tax written off	-	118,555	-	118,555
Postages & telephone	11,232	14,586	11,232	14,586
Rent, rates and other expenses (Note 8(a)(ii))	32,773	30,823	32,773	30,823
Repair & Maintenance	31,522	22,650	31,522	22,650
Staff loan written off (Note 8 (c)(i))	6,078	-	6,078	-
Other Expenses	28,408	14,586	18,953	380
	<b>1,841,804</b>	<b>1,325,168</b>	<b>1,830,183</b>	<b>1,310,002</b>

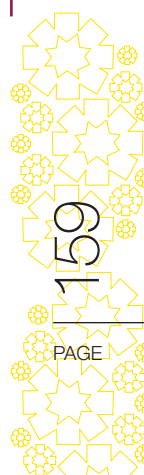
# Notes To The Financial Statements

For The Year Ended 31 December 2021

(c) Expected credit loss expense	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Allowance for credit losses - Cash (Note 3(c))	6,030	(22,281)	6,030	(22,281)
Allowance for credit losses - Fixed deposits and treasury bills (Note 4.3(f))	9,997	12,186	9,997	12,186
Allowance for credit losses - Bonds (Note 4.3(e))	(22,122)	39,936	(22,122)	39,936
Allowance for credit losses - Reinsurance share of Claims paid (Note 6.4(a))	234,674	51,737	234,674	51,737
Impairment provision on Co-assurance (Note 6.5)	176,322	155,278	176,322	155,278
Impairment of investment in associate (Note 9)	412,741	-	412,741	-
	<b>817,642</b>	<b>236,856</b>	<b>817,642</b>	<b>236,856</b>

	Group		Parent	
	2021	2020	2021	2020
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6,030	-	-	6,030
Financial Assets measured at amortised costs	9,997	-	-	9,997
Financial Assets measured at amortised costs-Bonds	(22,122)	-	-	(22,122)
Financial Assets-Reinsurance share of Claims paid	234,674	-	-	234,674
Financial Assets-Co-assurance Receivable	176,322	-	-	176,322
Financial Assets-Investment in associate	412,741	-	-	412,741
	<b>817,642</b>	<b>-</b>	<b>-</b>	<b>817,642</b>

38 Loss on disposal of Property, Plant and Equipment	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Cost (Note 14(b))	(221,707)	(891,177)	(217,107)	(891,177)
Accumulated depreciation (Note 14(b))	203,609	870,008	199,009	870,008
<b>Carrying amount</b>	<b>(18,098)</b>	<b>(21,169)</b>	<b>(18,098)</b>	<b>(21,169)</b>
Sale proceeds	5,994	4,339	5,994	4,339
	<b>(12,104)</b>	<b>(16,830)</b>	<b>(12,104)</b>	<b>(16,830)</b>

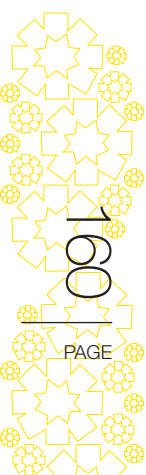




# Notes To The Financial Statements

For The Year Ended 31 December 2021

39	Supplementary profit or loss information	Group		Parent	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
(a)	Profit before taxation is arrived at after charging:				
	Depreciation (Note 14)	242,079	244,816	239,580	243,715
	Amortisation (Note 13)	-	1,215	-	1,215
	Auditors' fees (Note 37)	11,200	10,200	10,000	9,000
	Loss on disposal of property, plant and equipment (Note 38)	(12,104)	(16,830)	(12,104)	(16,830)
	<b>Directors' emoluments (Note 37)</b>	<b>100,745</b>	<b>103,993</b>	<b>100,745</b>	<b>103,993</b>
	<b>and after crediting:</b>				
	Unrealised exchange gain (Note 36)	183,312	210,825	183,312	210,825
	<b>Gain on investment properties (Note 35)</b>	<b>73,422</b>	<b>24,709</b>	<b>73,422</b>	<b>24,709</b>
(b)	BDO Professional Services was appointed to carry out only the statutory audit of the financial statements of the Company. The Auditors did not provide any non-audit services to the Company during the year (2020:Nil).				
(c)	Staff Costs	Group		Parent	
		2021	2020	2021	2020
	The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows:	Number	Number	Number	Number
	Managerial	15	12	14	11
	Senior	181	173	180	172
	Junior	18	21	16	19
		<b>214</b>	<b>206</b>	<b>210</b>	<b>202</b>
(d)	Employees Remunerated at Higher Rates	Group		Parent	
	The number of employees in receipt of emoluments excluding allowance and pension within the following ranges were:	2021	2020	2021	2020
	N N	Number	Number	Number	Number
	60,001 - 500,000	-	-	-	-
	500,001 - 1,000,000	6	-	6	-
	1,000,001 - 1,500,000	12	9	10	7
	1,500,001 - 2,000,000	74	4	74	4
	2,000,001 - 2,500,000	34	46	34	46
	2,500,001 - 3,000,000	1	33	-	32
	3,000,001 - Above	87	114	86	113
		<b>214</b>	<b>206</b>	<b>210</b>	<b>202</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(e) Chairman's and Directors' Emoluments		Group		Parent	
i	Aggregate emoluments of the directors were:	2021	2020	2021	2020
		N'000	N'000	N'000	N'000
	<b>Fees</b>				
	Chairman	6,500	6,000	6,500	6,000
	Other Directors	30,000	28,000	30,000	28,000
		<b>36,500</b>	<b>34,000</b>	<b>36,500</b>	<b>34,000</b>
	<b>Emoluments as Executives</b>	81,567	82,000	81,567	82,000
		<b>118,067</b>	<b>116,000</b>	<b>118,067</b>	<b>116,000</b>
ii	The number of Directors excluding the Chairman whose emoluments were within the following ranges were:	Group		Parent	
		2021	2020	2021	2020
	N N	Number	Number	Number	Number
	2,000,000 - 4,000,000	6	6	6	6
	4,000,001 - 6,000,000	-	-	-	-
	6,000,001 - 8,000,000	-	-	-	-
	8,000,001 and Above	4	4	-	4
		<b>10</b>	<b>10</b>	<b>6</b>	<b>10</b>

The Highest paid Director earned N40,500,000 in 2021 (2020:N38,000,000)

40	Basic/Diluted earnings per ordinary share	Group		Parent	
		2021	2020	2021	2020
	Basic/Diluted earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.				
		N'000	N'000	N'000	N'000
	<b>Net profit attributable to ordinary shareholders for basic and diluted EPS</b>	<b>4,432,280</b>	<b>5,084,652</b>	<b>4,424,286</b>	<b>5,075,395</b>
	<b>Weighted average number of ordinary shares for EPS</b>	<b>5,016,477</b>	<b>5,280,503</b>	<b>5,016,477</b>	<b>5,280,503</b>
	Basic Earnings Per Share (kobo)	0.88	0.96	0.88	0.96
	Diluted Basic Earnings Per Share (kobo)	0.88	0.96	0.88	0.96

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

## 41 Related party disclosures

### (a) Parent

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

### (b) Subsidiary

During the year, the Company conducted transactions with its related Company and also with its subsidiary Company, Details of amount due from and to these related parties are as disclosed in Notes 9, 10 and 17(c)) to the financial statements. Lease financing





# Notes To The Financial Statements

For The Year Ended 31 December 2021

transactions with related parties were carried out in the ordinary course of business and were on an arm's length basis. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

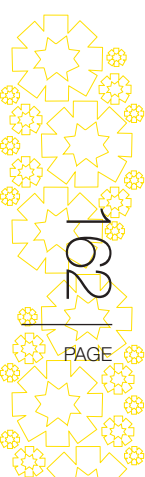
	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Due to NEM Assets Management Limited	-	-	14,307	2,731
Investment in Subsidiary	-	-	150,000	100,000
<b>Investment in Associate</b>	<b>-</b>	<b>412,741</b>	<b>-</b>	<b>412,741</b>

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

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

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

	Group		Parent	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>Fees:</b>				
Chairman	6,500	6,000	6,500	6,000
Other Directors	30,000	28,000	30,000	28,000
	<b>36,500</b>	<b>34,000</b>	<b>36,500</b>	<b>34,000</b>
<b>Other Emoluments:</b>				
Other Directors	81,567	82,000	81,567	82,000
	<b>118,067</b>	<b>116,000</b>	<b>118,067</b>	<b>116,000</b>
Short term Benefits (Management Team)				
<b>Salaries and Allowances:</b>	<b>243,187</b>	<b>231,607</b>	<b>236,934</b>	<b>225,651</b>
Post Employment Benefits (Management Team)				
<b>Pension</b>	<b>21,733</b>	<b>20,698</b>	<b>21,098</b>	<b>20,093</b>
<b>Total Benefits to Key Personnel</b>	<b>382,987</b>	<b>368,305</b>	<b>376,099</b>	<b>361,744</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

42	Cash flow from Operating activities	Notes	Group		Parent	
			2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Operating profit before tax		4,528,198	5,129,813	4,512,478	5,117,635
	<b>Adjustment for non-operating items:</b>					
	Depreciation - Property, plant & equipment	14	242,079	244,816	239,580	243,715
	Interest charged during the year	37	16,349	-	16,349	-
	Depreciation - Right-of-use Assets	14	52,480	-	52,480	-
	Amortisation - Intangible assets	13	-	1,215	-	1,215
	Reclassification of deposit for shares	10	-	-	(50,000)	(50,000)
	Loss on disposal of property and equipment	38	12,104	16,830	12,104	16,830
	Share of loss in Associate	9	-	22,424	-	22,424
	Fair value gain on investment properties	11	(73,422)	(24,709)	(73,422)	(24,709)
	Fair value gain on quoted investment	4.1(a)	(284,896)	(1,058,421)	(284,896)	(1,093,983)
	Information Technology Development Levy	19(a)	45,125	51,176	45,125	51,176
	Allowance for credit losses		(12,125)	29,841	(12,125)	52,122
	Impairment of Associate		412,741	-	412,741	-
	Service & Interest cost on retirement benefit	18	5,590	9,933	5,590	9,933
	Investment Income	34	(1,134,507)	(1,004,344)	(1,134,507)	(1,004,344)
	<b>Cash flow changes before changes in working capital</b>		<b>3,809,716</b>	<b>3,418,574</b>	<b>3,741,497</b>	<b>3,342,014</b>
	<b>Changes in operating assets and liabilities</b>					
	Increase in Trade receivables		(1,250,916)	(20,656)	(1,250,916)	(20,656)
	(Increase)/decrease in Reinsurance assets		(2,457,950)	418,023	(2,457,950)	418,023
	Decrease/(increase) in Deferred acquisition cost		809,941	(1,030,597)	809,941	(1,030,597)
	Decrease in Other receivables and prepayments		56,015	212,648	111,086	252,391
	Increase in Insurance contract liabilities		2,437,908	765,789	2,437,908	779,070
	(Decrease)/increase in Trade payables		(174,599)	287,281	(174,599)	287,281
	Lease liabilities		-	69,673	-	69,673
	Increase in Other payables		115,481	263,743	84,357	266,647
	<b>Net cash inflows from operating activities</b>		<b>3,345,596</b>	<b>4,384,478</b>	<b>3,301,324</b>	<b>4,363,846</b>
	Gratuity benefit to employees (Note 18)		(30,638)	(52,916)	(30,638)	(52,916)
	Tax paid		(187,788)	(211,305)	(184,867)	(209,449)
			<b>3,127,170</b>	<b>4,120,257</b>	<b>3,085,819</b>	<b>4,101,481</b>
(a)	Premium received from policy holders	Notes	Group		Parent	
			2021 N'000	2020 N'000	2021 N'000	2020 N'000
	Trade receivable at the beginning	5(a)	228,140	207,484	228,140	207,484
	Gross premium written	28	27,875,088	22,035,695	27,875,088	22,035,695
	Trade receivable at the end	5(a)	(1,479,056)	(228,140)	(1,479,056)	(228,140)
	Deposit premium	16	(156,785)	(272,636)	(156,785)	(272,636)
			<b>26,467,387</b>	<b>21,742,403</b>	<b>26,467,387</b>	<b>21,742,403</b>





# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## **43 Capital Commitments**

There were no material capital commitments at 31 December 2021 (2020: Nil).

## **44 Contingent liabilities**

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

## **45 Comparative Figures**

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

## **46 Legal proceedings and regulations**

### **(a) Legal Proceedings**

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

### **(b) Regulations**

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

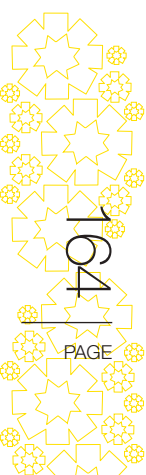
### **(c)**

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

## **47 Events after the reporting date**

The directors are not aware of any events which occurred since 31 December 2021 which may have material effect on the financial statements at that date or which may need to be mentioned in the financial statements in order not to make them misleading as to the operations or financial position at 31 December 2021.

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 48 Segment reporting

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

Segments Report – Underwriting Result per class of business

Group	MOTOR	MARINE	FIRE	GENERAL ACCIDENT	OIL & GAS	AGRI CULTURE	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Direct Business Premium	7,951,224	3,834,348	6,334,528	4,880,822	4,340,340	71,289	27,412,551	21,776,459
Reinsurance Inward	48,944	13,123	258,434	139,001	1,690	1,345	462,537	259,236
<b>Gross Premium written</b>	<b>8,000,168</b>	<b>3,847,471</b>	<b>6,592,962</b>	<b>5,019,823</b>	<b>4,342,030</b>	<b>72,634</b>	<b>27,875,088</b>	<b>22,035,695</b>
Increase in Unexpired Risk	(159,814)	(636,688)	(208,843)	(127,744)	(186,785)	(9,960)	(1,329,834)	(353,506)
<b>Gross Premium Earned</b>	<b>7,840,354</b>	<b>3,210,783</b>	<b>6,384,119</b>	<b>4,892,079</b>	<b>4,155,245</b>	<b>62,674</b>	<b>26,545,254</b>	<b>21,682,189</b>
Reinsurance Cost	(50,455)	(1,002,991)	(2,013,574)	(1,695,517)	(1,847,850)	(628,740)	(7,239,127)	(5,819,431)
<b>Net Premium Earned</b>	<b>7,789,899</b>	<b>2,207,792</b>	<b>4,370,545</b>	<b>3,196,562</b>	<b>2,307,395</b>	<b>(566,066)</b>	<b>19,306,127</b>	<b>15,862,758</b>
Commission Received	421,914	203,683	258,690	261,878	267,848	40,863	1,454,875	1,131,588
	<b>8,211,813</b>	<b>2,411,475</b>	<b>4,629,235</b>	<b>3,458,440</b>	<b>2,575,243</b>	<b>(525,203)</b>	<b>20,761,002</b>	<b>16,994,346</b>
Direct Claim Paid	(4,299,764)	(503,209)	(4,357,726)	(1,504,825)	(929,124)	(9,301)	(11,603,949)	(8,484,357)
Increase in Outstanding Claims & IBNR	(138,294)	(79,973)	(486,066)	(159,756)	(240,920)	(3,065)	(1,108,074)	(425,564)
<b>Gross Claim Incurred</b>	<b>(4,438,058)</b>	<b>(583,182)</b>	<b>(4,843,792)</b>	<b>(1,664,581)</b>	<b>(1,170,044)</b>	<b>(12,366)</b>	<b>(12,712,023)</b>	<b>(8,909,921)</b>
Claim recoveries	530,724	356,869	714,887	457,426	279,338	60	2,339,304	491,717
Reinsurance Recoveries	1,811,011	549,941	280,435	548,045	1,615,089	7,313	4,811,834	2,363,735
<b>Net Claim Expense</b>	<b>(2,096,323)</b>	<b>323,628</b>	<b>(3,848,470)</b>	<b>(659,110)</b>	<b>724,383</b>	<b>(4,993)</b>	<b>(5,560,885)</b>	<b>(6,054,469)</b>
Acquisition Cost	(1,358,953)	(732,422)	(1,346,060)	(941,685)	(801,985)	(50,478)	(5,231,583)	(2,387,338)
<b>Underwriting Expenses</b>	<b>(951,375)</b>	<b>(297,305)</b>	<b>(624,340)</b>	<b>(624,340)</b>	<b>(475,688)</b>	<b>-</b>	<b>(2,973,048)</b>	<b>(2,572,396)</b>
<b>Total Deduction</b>	<b>(4,406,651)</b>	<b>(706,098)</b>	<b>(5,818,870)</b>	<b>(2,225,135)</b>	<b>(553,290)</b>	<b>55,471</b>	<b>(13,765,516)</b>	<b>(11,014,203)</b>
<b>Underwriting Profit</b>	<b>3,805,161</b>	<b>1,705,376</b>	<b>(1,189,635)</b>	<b>1,233,304</b>	<b>2,021,953</b>	<b>(469,732)</b>	<b>6,995,486</b>	<b>5,980,143</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 49 Claim Development Table

Extracts from EY Nigeria Limited Valuation Report

### 49.1 Data Reconciliation

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

(a) Claims Data	Gross Claims Paid Data N'000	Gross Claims Paid Account N'000	Percentage Difference
<b>Class of Business</b>			
General Accident	1,504,901	1,504,825	0%
Fire	4,357,726	4,357,726	0%
Marine	503,208	503,209	0%
Motor	4,299,764	4,299,764	0%
Oil and Gas	929,124	929,124	0%
Agriculture	9,301	9,301	0%
<b>Total</b>	<b>11,604,024</b>	<b>11,603,949</b>	<b>0%</b>

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

(b) Premium Data	Gross Premium Written Data N'000	Gross Premium Written Account N'000	Percentage Difference
<b>Class of Business</b>			
General Accident	5,019,823	5,019,823	0%
Fire	6,592,961	6,592,962	0%
Marine	3,847,471	3,847,471	0%
Motor	8,000,168	8,000,168	0%
Oil and Gas	4,342,030	4,342,030	0%
Agriculture	72,634	72,634	0%
<b>Total</b>	<b>27,875,087</b>	<b>27,875,088</b>	

### (c) Comments on Claims Data

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

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

# Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

(d) **Business Trend**

We illustrate in the table below, the Gross Written Premium as at 31 December 2021 and 2020 respectively. All lines of business experienced increases and there was an overall increase in GWP by 26%.

	Gross Premium Written Data 2021 N'000	Gross Premium Written Data 2020 N'000	Percentage Difference
<b>Class of Business</b>			
General Accident	5,019,823	4,606,047	9%
Fire	6,592,961	4,729,614	39%
Marine	3,847,471	2,198,755	75%
Motor	8,000,168	6,935,939	15%
Agriculture	72,634	3,832	1795%
Oil and Gas	4,342,030	3,561,508	22%
<b>Total</b>	<b>27,875,087</b>	<b>22,035,695</b>	<b>26%</b>

## 49.2 Valuation Methodology

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

(a) **Premium Reserves**

- i Our reserves consist of Unearned Premium Reserve ("UPR"), Unexpired Risk Reserve ("URR") and Additional Unexpired Risk Reserve ("AURR"), which are all described in section 2.
- ii We adopted the 365th (time apportionment) method. Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date. The UPR is calculated as the premium \*(Unexpired duration)/ full policy duration.
- iii Each policy's URR= Unearned Premium\* Assumed Loss Ratio. Typically, the Unearned Risk Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 2.

(b) **Claims Reserves**

The claim reserves comprise of:

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

Reserving method

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

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

# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 49.3 Valuation Results

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

	Gross Outstanding Claims	Estimated Reinsurance Recoveries	Net Outstanding Claims
Class of Business	N'000	N'000	N'000
General Accident	1,228,074	(837,714)	390,360
Fire	2,400,152	(1,524,097)	876,055
Marine	604,141	(362,484)	241,657
Motor	1,220,307	(645,306)	575,001
Agriculture	3,226	(2,581)	645
Oil and Gas*	432,036	(194,416)	237,620
<b>Total</b>	<b>5,887,936</b>	<b>(3,566,598)</b>	<b>2,321,338</b>
Accounts (Outstanding Claims)	2,512,860	(1,615,475)	897,385
<b>Difference</b>	<b>3,375,076</b>	<b>(1,951,123)</b>	<b>1,423,953</b>

\* Estimated using Expected loss ratio method and discounted

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

	Outstanding Claim Reserves	Outstanding Reported Claim Reserves	Gross IBNR
Class of Business	N'000	N'000	N'000
General Accident	1,228,074	504,414	723,660
Fire	2,400,152	979,906	1,420,246
Marine	604,141	214,457	389,684
Motor	1,220,307	761,550	458,757
Agriculture	3,226	75	3,151
Oil and Gas	432,036	52,458	379,578
<b>Total</b>	<b>5,887,936</b>	<b>2,512,860</b>	<b>3,375,076</b>

### (c) Reinsurance IBNR table

	Total Outstanding Reinsurance Recoveries	Outstanding Reported Reinsurance Recoveries	Reinsurance IBNR
Class of Business	N'000	N'000	N'000
General Accident	837,714	382,676	455,038
Fire	1,524,097	765,461	758,636
Marine	362,484	132,098	230,386
Motor	645,306	335,180	310,126
Agriculture	2,581	60	2,521
Oil and Gas	194,416	-	194,416
<b>Total</b>	<b>3,566,598</b>	<b>1,615,475</b>	<b>1,951,123</b>

# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

Class of Business	Gross UPR N'000	Reinsurance UPR N'000	Net UPR N'000
General Accident	1,061,807	(489,479)	572,328
Fire	1,322,112	(540,492)	781,620
Marine	1,085,200	(308,432)	776,768
Motor	2,081,833	(730)	2,081,103
Agriculture	12,987	(9,308)	3,679
Oil and Gas	765,968	(235,036)	530,932
<b>Total</b>	<b>6,329,907</b>	<b>(1,583,477)</b>	<b>4,746,430</b>

(e) Additional Unexpired Risk Reserve (AURR)

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

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

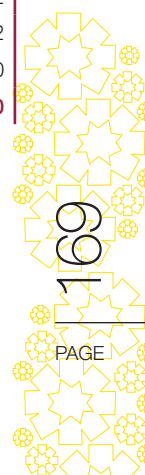
Class of Business	Claims Ratio N'000	Combined Ratio N'000	AURR N'000
General Accident	21%	42%	-
Fire	55%	76%	-
Marine	10%	31%	-
Motor	71%	92%	-
Agriculture	34%	55%	-
Oil and Gas	34%	55%	-

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

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

Estimated DAC and DAR

Class of Business	Combined Ratio N'000	AURR N'000
General Accident	215,389	134,971
Fire	274,666	142,212
Marine	212,097	78,933
Motor	261,745	182
Agriculture	1,939	1,862
Oil and Gas	64,917	3,550
<b>Total</b>	<b>1,030,753</b>	<b>361,710</b>





# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 49.4 Conclusion

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

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

### Technical Reserves

We are reporting Gross Reserves of N12.22 billion and Reinsurance Assets of N5.15 billion as shown in the table below. Our estimates meet the Liability Adequacy Test.

Reserves	Gross N'000	Reinsurance Assets N'000	Net N'000
Claims	5,887,936	(3,566,598)	2,321,338
UPR	6,329,907	(1,583,477)	4,746,430
<b>Total</b>	<b>12,217,843</b>	<b>(5,150,075)</b>	<b>7,067,768</b>

## 50 Financial Risk Management Policy

Management of financial and insurance risk

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

### (a) Insurance risk

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

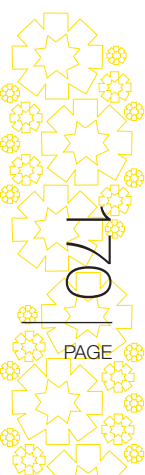
NEM is exposed to underwriting risk through the insurance contracts that are underwritten. The risks within the underwriting risk category are associated with both the perils covered by the specific lines of insurance including General Accident, Motor, Fire, Marine and Aviation, Oil and Gas and Miscellaneous insurance, as well as the specific processes associated with the conduct of the insurance business. The various subsets of underwriting risks are listed below;

- i **Underwriting Process Risk:** risk from exposure to financial losses related to the selection and acceptance of risks to be insured.
- ii **Mispricing Risk:** risk that insurance premiums will be too low to cover the Company's expenses related to underwriting, claims, claims handling and administration.

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

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

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



# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## Underwriting Risk Appetite

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

## Underwriting Strategy

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

## Products and Services

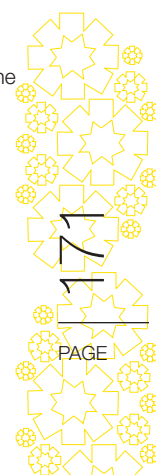
NEM Insurance Plc is presently operating as a non-life insurance company and we have a wide range of insurance products and services that are tailored to meet the specific needs of the company's clients. Insurance contracts are issued on an annual contract either directly to the customer or through accredited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

## Fire/Extraneous Perils Policy

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

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

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





# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## **Consequential Loss Policy**

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

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

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

## **Burglary/Housebreaking Policy**

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

## **Fidelity Guarantee Policy**

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

## **Public Liability Policy**

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

## **Money Policy**

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

## **Goods in Transit Policy**

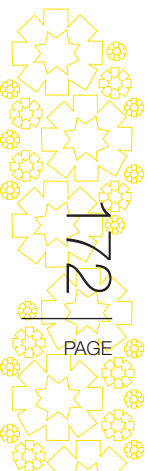
This is also an “All Risks” policy covering goods being carried from one location to another. Any loss not specifically excluded under the policy is covered and the insurance is suitable for any organization that is engaged in movement of goods either by road or rail and the cover will operate when the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

## **Group Personal Accident Policy**

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

## **Motor Insurance Policy**

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



# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

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

## **Marine Policies**

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

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

## **Aviation Policy**

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

## **Machinery Breakdown Policy**

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

## **Electronic Equipment Policy**

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

## **Energy Risks**

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

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

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

## **Approach to Management of Underwriting Risks**

The Company's underwriting risk shall be managed by adhering to policies, principles and guidelines spelt out in the Annual Underwriting Plan.



# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

Where the broker has inadequate knowledge of the trade of the client or the class of business and the client not willing to disclose such information, the Company shall exercise caution in taking on such risks.

The Company shall exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and The Company shall ensure compliance with the National Insurance Commission's guidelines on "Know Your Customer" (KYC) requirement to get enough information about the transaction.

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

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

## **Risk Acceptance Rules**

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

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

## **Marine Insurance Risks**

No Marine insurance risk (Hull or Cargo), Marine Cargo or any other special risks of different nature but relating to Marine Insurance e.g. Marine Cargo Insurance export, shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments. The company shall not accept Marine Cargo business in respect of fish head risks whether as import or export. Where it must be covered for any reason, cover shall be limited to ICC "C" and on rate of premium of a minimum of 0.20%.

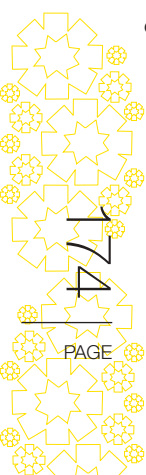
## **Aviation Risks**

No Aviation risk, Marine Hull risk, Marine Cargo export and any other special risks of different nature shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments.

## **Approaches to Risk Mitigation**

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

- a) **Risk Termination (Avoidance)**  
Under the risk termination approach, we will take measures to avoid risks that are outside our risk appetite, not aligned to our strategy or offer rewards that are unattractive when compared to the risk undertaken. Specifically, we will discontinue activities that generate these risks, such as divesting from certain geographical markets, product lines or businesses. Generally, we will utilise these approach for high-risk events that remain unacceptably high even after we have applied controls.
- b) **Risk Treatment (Reduction)**  
Under the risk treatment approach, we would accept the risks inherent in our transactions, but shall take measures, through our system of internal controls, to reduce the likelihood and/or impact of these risks. Generally, we would utilise this approach for risks that occur frequently and have low impact. Some of the measures we shall take under this approach may include formulating or enhancing policies, defining boundaries and authority limits, assigning accountabilities and measuring performance, improving processes, strengthening existing controls or implementing new controls and continuing education and training.
- c) **Risk Transfer (Sharing)**  
Under the risk transfer approach, we would accept the risks inherent in our transactions, but shall take measures to transfer whole or portions of the risk to an independent counterparty. Specifically, we shall transfer our risks to an independent counterparty such as co-insurance and reinsurance companies by utilising contracts and arrangements. We will retain accountability for the outsourced risk and that outsourcing does not eliminate risk but only changes our risk profile. The relevant business units shall be responsible for identifying and incorporating the risks arising from such risk transfer arrangements in their risk registers. The business units shall also be responsible for managing the resultant risks and reviewing the risk transfer arrangement to ensure that it is still capable of mitigating the initial risk.



# Notes To The Financial Statements

For The Year Ended 31 December 2021

**d) Risk Tolerance (Acceptance)**

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

**e) Reinsurance Treaty Cover**

We have arranged very adequate reinsurance treaties to enable us accommodate risks with high necessary support in the event of large claims. Our treaties are arranged by UAIB RE and placed with a consortium of reputable reinsurance companies.

The types of re-insurance on NEM Treaty are:

- 1) Quota share
- 2) Surplus
- 3) Excess of loss

**1) Quota share**

This is the simplest type of Re-insurance whereby a Reinsurer agrees to reinsure a fixed proportion of every risk accepted by the ceding Company, sharing proportionately in all losses and receiving in the same proportion of all direct net premium, less the agreed reinsurance commission.

**2) Surplus**

Under this arrangement the ceding Company can retain a risk up to the level of its agreed Retention amount. The proportion of the risk which is beyond the Retention amount is then ceded into the Surplus treaty and reinsurer receives a proportionate share of the premium, less reinsurance commission.

**3) Excess of Loss**

This arrangement protects the ceding Company against a loss where the ceding company's claims liability exceeds its retention.

**Concentration of insurance risk**

The Company monitors concentrations of insurance risk by product and sector. An analysis of concentrations of insurance risk at 31 December 2021 and 2020 for Gross Premiums written is set out below:

<b>(a) By product</b>	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>
Motor business	8,000,168	6,935,939
Fire & Property	6,592,962	4,729,615
Marine & Aviation	3,847,471	2,198,754
General Accident	5,019,823	4,606,047
Energy business	4,342,030	3,561,508
Agriculture	72,634	3,832.00
	<b>27,875,088</b>	<b>22,035,695</b>

<b>(b) By product</b>	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>
Energy	4,134,684	2,620,044
Financial Services	8,191,865	6,302,209
IT/Telecoms & Other Corp.	6,265,829	5,244,495
Manufacturing	6,729,965	5,663,173
Retail	2,552,745	2,205,774
	<b>27,875,088</b>	<b>22,035,695</b>





# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## 51 Financial risk management

NEM Insurance Plc operates in a highly complex and competitive environment driven by the need to meet all claim obligations, maximize returns to shareholders and comply with all statutory and regulatory requirements. The Company is in the business of managing risks for public and private entities as well as individuals. In the ordinary course of its business activities, the Company is exposed to a variety of financial risks, including currency risk, liquidity risk, credit risk, country risk and market risk as well as operational and compliance risks.

Risk is the level of exposure to opportunity, threat and uncertainty – that should be identified, understood, measured and effectively managed, in the course of executing the Company's business strategies. In terms of opportunity, we see risk in relation to returns in that the greater the risk, the greater the potential return. We therefore manage risk by using several methods to maximize the positive aspects within the constraints of our risk appetite and business environment.

In terms of threat, we see risk as the potential for the occurrence of negative events such as financial loss, fraud, damage to reputation or public image and loss of competitive advantage. We therefore manage risk in this context by introducing risk management techniques to reduce the probability of these negative events occurring without incurring excessive costs or stifling the initiative, innovation, and entrepreneurial flair of our staff.

In terms of uncertainty, we see risk as the distribution of all possible outcomes both positive and negative. In this context, we manage uncertainty by seeking to reduce the variance between anticipated outcomes and actual results.

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

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

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

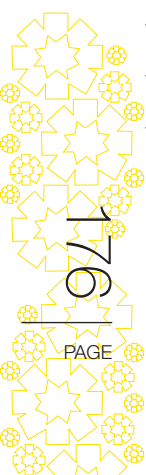
### (a) Risk Management Strategy

The Company adopts the following strategy for managing risks:

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

### Short-term insurance contracts

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

## 48 Segment reporting

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

Segments Report – Underwriting Result per class of business

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

At 31 December 2020	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
Financial assets							
Cash & bank balances	1,820,377	-	1,820,377	-	-	-	-
Short Term Deposits	5,508,294	-	3,497,088	-	-	-	-
Trade receivables	228,140	-	228,140	-	-	-	-
Other Receivables	374,862	-	162,291	3,200	209,371	-	-
Amortised Cost Assets	6,105,529	-	-	2,628,533	-	-	3,476,996
Equity securities							
Financial Assets -FVTPL	4,479,121	4,479,121	-	-	-	-	-
Financial Assets -FVOCI	81,318	81,318	-	-	-	-	-
	<b>18,597,641</b>	<b>4,560,439</b>	<b>5,707,896</b>	<b>2,631,733</b>	<b>209,371</b>	<b>-</b>	<b>3,476,996</b>
Insurance liabilities							
Insurance Contract liability	9,779,935	-	9,779,935	-	-	-	-
Reinsurance Assets	(5,107,870)	-	(5,107,870)	-	-	-	-
	<b>4,672,065</b>	<b>-</b>	<b>4,672,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(b) **Sensitivity analysis - interest-rate risk**

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

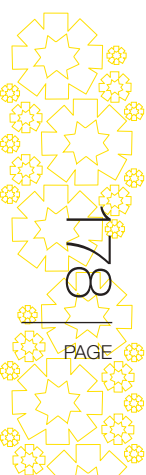
**31 December 2021**

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

**31 December 2020**

	Carrying amount N'000	Fixed rate N'000	Floating rate N'000
<b>Assets</b>			
Cash and cash equivalents	7,326,758	-	-
Trade receivables	228,140	-	-
Reinsurance Assets	5,107,870	-	-
Amortised Cost Assets	6,105,529	6,105,529	-
	<b>18,768,297</b>	<b>6,105,529</b>	-
<b>Liabilities</b>			
Non-life insurance liability	9,779,935	-	-
Other liabilities	2,256,161	-	-
Bank Overdraft	-	-	-
Debt security in issue	-	-	-
	<b>12,036,096</b>	-	-

The impact on the Company's profit before tax if interest rates on financial instruments held at amortised cost or at fair value had increased or decreased by 100 basis points, with all other variables held constant are considered insignificant. This is due to the short term nature of the majority of the financial assets measured at amortised cost.



# Notes To The Financial Statements

For The Year Ended 31 December 2021

(c) **Sensitivity analysis - equity risk**

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of financial assets and equity price risk movements by assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company's equity instruments in that particular index moving proportionally.

As at 31 December 2021, the market value of quoted securities held by the Company is N5.4 billion (2020: N4.48 billion). If the all share index of the NSE moves by 100 basis points at 31 December 2021, the effect on profit or loss would have been N54 million (2020: N44.8 million).

**Credit Risk**

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

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

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

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

NEM is exposed to the following categories of credit risk;

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

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

Counterparty Risk - the risk that a counterparty is not able or willing to meet its financial obligations to the Company as they fall due.

(a) **Credit Risk Principles**

The following principles underpin the Company's credit risk management policies:

- Individuals who create the credit risk and those who manage the risk clearly understand the nature of the risk;
- The Company's credit risk exposure is within the limits as approved by the Board;
- Credit decisions are clear and explicit and in line with the business strategy and objectives as approved by the Board;
- Credit risk exposures shall be within the defined limits to ensure there is no excessive concentration and that credit control procedures for managing large exposures and related counterparties are adhered to;
- Appropriate classification of credit risk through periodic evaluation of the collectability of risk assets; and
- Adequate loan loss provisioning to ensure that provisions or allowances are made to absorb anticipated losses.
- The expected payoffs more than compensate for the credit risks taken by the Company;
- Credit risk taking decisions are explicit and clear;
- There shall be clear delegated authorization limits for transactions;
- Sufficient capital as a buffer is available to take credit risk;

# Notes To The Financial Statements

For The Year Ended 31 December 2021

The Company's credit risk appetite shall be in line with its strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, NEM takes into consideration its corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients. In setting the credit limit, a few conditions were put into consideration and these actually assisted in the selection of the brokers that made this list. From the records available for this purpose, the conditions used as yardstick are as follows:

1. Speed of payment;
2. Relationship management;
3. Volume of business and
4. Size of the accounts

From the above conditions, the few Insurance Brokers identified have been categorized into three (3) groups namely A, B and C. Maximum exposure to credit risk before collateral held or other credit enhancements The table below provides information regarding the credit risk exposure of the Company in relation with comparative exposure::

	Maximum exposure	
	2021	2020
	N'000	N'000
Maximum exposure to credit risk before collateral held or other credit enhancements:		
Cash and cash equivalents	7,841,181	7,326,758
Trade receivables	1,479,056	228,140
Debt measured at amortised cost	8,143,491	6,105,529
Loans and other receivables	263,776	374,862
<b>Total assets bearing credit risk</b>	<b>17,727,504</b>	<b>14,035,289</b>

Age analysis for past due and impaired	Cash and cash equivalents	Trade receivables	Loans and other receivables	Amortised cost	Total
	N'000	N'000	N'000	N'000	
31 December 2021	7,841,181	1,479,056	263,776	8,143,491	17,727,504
Neither past due nor impaired	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Impaired	-	-	-	-	-
<b>Net</b>	<b>7,841,181</b>	<b>1,479,056</b>	<b>263,776</b>	<b>8,143,491</b>	<b>17,727,504</b>

## Business Risk Management

Business risk is managed by Management Underwriting & Investment Committee through consistent monitoring of product lines' profitability, stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control and prompt response to changes in the external environment.

## Reputational Risk Management

NEM Insurance Plc norms and values set a tone for acceptable behaviours required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

The Group identifies, assesses and manages reputational risks predominately within its business processes. Management of reputational risks is based on the Group's risk governance framework. In addition, company-wide risks are identified and assessed qualitatively as part of the annual risk & control self-assessment. The Group's risk functions analyses the overall risk profile and regularly informs management about the current profile and potential exposures to the risk. Risk functions' presentation of potential reputational risk guides management decisions in executing business operations and strategies.

# Notes To The Financial Statements

For The Year Ended 31 December 2021

The Group has laid great emphasis on effective management of its exposure to credit risk especially premium related debts. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement. Credit risk exposure to direct business is low as the Company requires debtors to provide payment plans before inception of insurance policies. The Company's exposure to credit risk arising from brokerage business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

The Group credit risk originates from reinsurance recoverable transactions, retail clients, corporate clients, brokers and agents.

## Management of credit risk due to outstanding premium

### Credit Rating

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers while others are explored for possible potentials.

Receivables are reviewed and categorized into grade A, B, C and D on the basis of:

- a) Previous year contribution
- b) Payment mode
- c) Outstanding as at December of the previous year
- d) Future prospect
- e) Recommendation

The Group credit risk is constantly reviewed and approved during the weekly Management Operations meeting. The monthly Group management meeting is responsible for the assessment and continual review of the Company premium debt and direct appropriate actions in respect of delinquent ones. It also ensured that adequate provisions are taken in line with the regulatory guidelines. Other credit risk management includes:

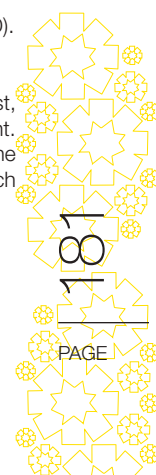
- a) Formulating credit policies with strategic business units, underwriters, brokers covering, brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- b) Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.
- c) Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.
- d) Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during management meeting.
- e) Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three models:

- a) The Probability of Default (PD), the likelihood that the insured will fail to make full and timely payment of financial obligations
- b) The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default
- c) The Loss Given Default (LGD) which states the amount of the loss if there is a default, expressed as a percentage of the (EAD).

### Impairment Mode

Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The Group adopts simplified provision matrix for calculating expected losses on premium receivables as a practical expedient in line with IFRS 9. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables which is adjusted for forward-looking estimates





# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## **Credit quality**

The Group loan and receivables has no collateral as security and other credit enhancements, thus the group has no loan or receivables that are past due but not impaired. Insurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is low.

## **Operational Risk Management**

A summary of the analytical tools that the Group employed in operational risk management are discussed below:

### **Issue tracking report/action plan report:**

Issues can surface from the internal self-assessment process, an audit, or regulators requirements. A key result of the self-assessment process is an action plan with assigned responsibilities. This report contains a reap of major issues, the status of the action plan, and an aging of overdue tasks.

Risk control and self-assessment (RCSA): The business areas perform self-assessments semi- annually and results are aggregated to provide a qualitative and quantitative profile of risk across the organization and related action items. Severity of the risks identified is compared with previous RCSA risk severity and a trend is ascertained. The register summarizes findings into list of risks facing the institution. These summary results are accompanied by descriptions of the significant gaps and trends, suggested mitigants, and process owners and timeline for each risk.

The profile of risks across the organization is an integral input for the Group's internal audit whilst preparing audit plans. Areas with high-risk exposures are thoroughly audited and performance of recommended controls tested by the Group's internal control function to ascertain that risks are properly managed.

**Risk Maps:** Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. Risks in the upper right are very severe and need to be monitored closely to reduce the Group's exposure. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

**Key risk indicators dashboard:** These are numerous measures of actual risks in the business and support functions, such as error rates and control breaks. Summary indicators, related escalation criteria, explanations of any excesses, and identified trends are all important aspects that are tracked. Many indicators are specific to each business unit or process, but some may be common and reported in a consolidated fashion. Threshold is set by management for each key risk indicators and escalation of indicators above such levels triggers a mitigation response.

**Loss events report:** The ERM team developed a database for loss event collation named Loss Event Register. This register allows staff to report actual and near-miss (an unplanned event that did not result in injury, illness, or damage – but had the potential to do so) loss events. Summary statistics from the loss event database are used to show trends of total losses and mean average loss, with analysis by type of loss and business line.

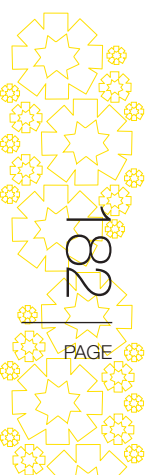
**Business continuity plan:** A critical tool in managing our operational risk is the Business Continuity Plan (BCP) that documents the procedures to be executed by relevant teams in the event of a disaster.

## **Liquidity Risk Management**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

## **Expected Credit Loss Impairment Model for financial assets**

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

- **Stage 1** – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- **Stage 2** – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- **Stage 3** – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

## Measurement of Expected credit losses

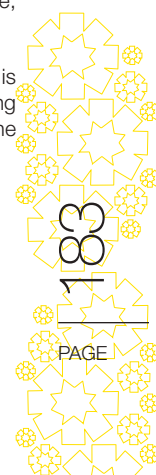
The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

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

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

## Details of these statistical parameters/inputs are as follows:

- **PD** – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
  1. 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over) the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
  2. Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.
- **EAD** – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. Basically, It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. However, the group make use of the combination of the following in establishing its LGD:
  - 1) Fixed LGD ratios prescribed by the Bank for International Settlements (BIS) under the foundation approach
  - 2) Recovery rates on insolvencies in Nigeria as published by the World bank





# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## **Forward-looking information**

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

## **Macroeconomic factors**

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

## **Multiple forward-looking scenarios**

The Group determines allowance for credit losses using probability-weighted forward looking scenarios.

The Group considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ) and Trading Economics.

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

## **Assessment of significant increase in credit risk (SICR)**

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

The Group adopts a multi factor approach in assessing changes in credit risk. This approach considers:

Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

### **i Quantitative elements**

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

### **ii Qualitative elements**

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Group recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

### **iii Backstop indicators**

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Group has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.



# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVO-Cl are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred.

## Evidence that a financial asset is credit-impaired includes the following observable data:

- (i) Significant financial difficulty of the borrower or issuer;
- (ii) A breach of contract such as a default or past due event;
- (iii) It is becoming probable that the issuer will enter bankruptcy or other financial reorganisation; or
- (iv) The disappearance of an active market for a security because of financial difficulties.
- (v) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

An asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

## Presentation of allowance for ECL in the statement of financial position

The Company assesses the possible default events within 12 months for the calculation of the 12month ECL and lifetime for the calculation of Life Time ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Loan allowances for ECL are presented in the statement of financial position as follows:

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

## Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both qualitative and quantitative information analysis based on the Group's experience, expert credit assessment and forward looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally. Whenever available, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.



# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

Where external credit ratings are not available, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statements, management accounts and cash flows projections, available regulatory and press information about the borrowers and apply experienced credit judgement). Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and Standards and Poor.

The Group has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments have not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

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

## **Modified financial assets**

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occurring at the reporting date based on the modified term; with
- The risk of default occurring estimated based on Data on initial recognition and the original contractual terms.

## **Liquidity Risk**

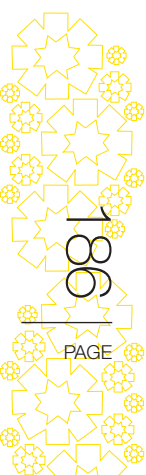
Liquidity risk is the inability of a Group to meet obligations on a timely basis. It is also the inability of a Group to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. Our liquidity risk exposure is strongly related to our credit and investment risk profile. The Group is exposed to daily calls on its available cash resources from claims to be paid.

At 31 December 2021, management does not believe the current maturity profile of the Group lends itself to any material liquidity risk, taking into account the level of cash and deposits and the nature of its securities portfolio at year end, as well as the reinsurance structure of the Group's insurance portfolio. The Group's bank deposits and trading securities are able to be released at short notice when and if required. The possible payments of significant insurance claims are secured by the reinsurance contracts' clause that allows a cash call from the reinsurers for the losses exceeding a certain amount based on line of business.

## **Sources of Liquidity Risk**

Our liquidity risk exposure depends on the occurrence of other risks. Some of the factors that could lead to liquidity risks are:

- Reputational loss or rating downgrade, leading to inability to generate funds;
- Failure of insurance brokers and clients to meet their premium payment obligation as and when due;
- Lack of timely communication between Finance & Investment Division and Claims Department resulting in mismatch of funds;
- Investment in volatile securities; and
- Frequency and severity of major and catastrophic claims.



# Notes To The **Financial Statements**

For The Year Ended 31 December 2021

## **Liquidity Risk Management Strategy**

The Group's strategy for managing liquidity risks are as follows:

- Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs;
- Ensure strict credit control and an effective management of account receivables;
- Ensure unrestricted access to financial markets to raise funds;
- Develop and continuously update the contingency funding plan;
- Adhere to the liquidity risk control limits; and
- Communicate to all relevant staff on the liquidity risk management objectives and control limits.

## **Liquidity Risk Appetite/Tolerance**

Our liquidity risk appetite is defined using the following parameters:

- Liquidity gap limits;
- Scenario and Sensitivity Analysis
- Liquidity Ratios such as:
  - Claims ratio
  - Cash ratio
  - Quick ratio
- Receivable to capital ratio
- Technical provision to capital ratio
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio
- Retention rate
- Re-insurance receipts to ceded premium ratio
- Solvency margin

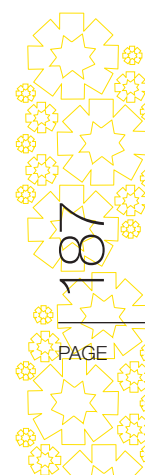
## **(b) Financial instruments measured at fair value**

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

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

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

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





# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

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

At 31 December 2020 (N'000)	Level 1	Level 2	Level 3
Financial assets			
Financial Assets -FVTPL	4,479,121	-	-
Financial Assets -FVOCI	-	81,318	-
Amortised Cost Assets	6,105,529	-	-
	<b>10,584,650</b>	<b>81,318</b>	-

## (c) Fair valuation methods and assumptions

### (i) Cash and bank balances

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

### (ii) Equity securities

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

### (iii) Debt securities

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

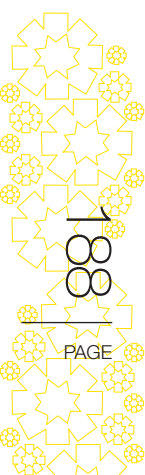
### (iv) Other assets

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

## 52 Capital management Policy

NEM has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Company to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

NEM's capital management strategy focuses on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.



# Notes To The Financial Statements

For The Year Ended 31 December 2021

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

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

**(a) Minimum Capital Requirement**

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

**(b) Solvency Status**

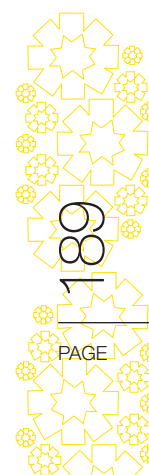
The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N15,397,451,000

**(c) Capital Adequacy Test**

Based on the capital adequacy calculation below, NEM Insurance Plc has a surplus of N19.87 billion.

	2021	
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		22,877,060
Less:		
Intangible Assets	(10)	
Deferred tax liability	(10,387)	
Due from related parties	-	
		(10,397)
<b>Capital base</b>		<b>22,866,663</b>

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



# Notes To The Financial Statements

For The Year Ended 31 December 2021

			2021	2020
	Admissible	Inadmissible	N'000	N'000
(d) DETERMINATION OF SOLVENCY MARGIN				
Cash and cash equivalents	6,816,804	1,024,377	7,841,181	6,261,684
Financial assets				
-FVTPL	5,354,017	-	5,354,017	4,479,121
-Amortised Cost	6,384,950	1,758,541	8,143,491	5,311,989
-FVOCI	84,884	-	84,884	81,318
Trade receivables	1,479,056	-	1,479,056	228,140
Reinsurance assets	7,565,820	-	7,565,820	5,107,870
Deferred acquisition costs	1,030,753	-	1,030,753	1,840,694
Investment in Subsidiary	150,000	-	150,000	100,000
Staff loans and advances	23,343	-	23,343	68,023
Investment in Properties	-	1,706,167	1,706,167	-
Property, plant and equipment	1,278,062	2,506,900	3,784,962	1,395,306
Right-of-use Assets	209,920	-	209,920	-
Statutory deposit	320,000	-	320,000	320,000
<b>Admissible assets</b>	<b>30,697,609</b>	<b>6,995,985</b>	<b>37,693,594</b>	<b>25,194,145</b>
<b>LIABILITIES</b>				
Insurance contract liabilities	12,217,843		12,217,843	9,779,935
Trade payables	410,728		410,728	585,327
Provisions and other payables	1,860,814		1,860,814	1,670,834
Lease liabilities	139,623		139,623	47,963
Retirement benefits obligations	52,414		52,414	78,960
Current income tax liabilities	618,736		618,736	670,286
<b>Admissible liabilities</b>	<b>15,300,158</b>	<b>-</b>	<b>15,300,158</b>	<b>12,833,305</b>
<b>Solvency margin</b>	<b>15,397,451</b>			<b>12,360,840</b>
<b>Minimum share capital</b>	<b>3,000,000</b>			<b>3,000,000</b>
<b>Surplus in solvency margin</b>	<b>12,397,451</b>			<b>9,360,840</b>
<b>Percentage of solvency</b>	<b>81 %</b>			<b>76 %</b>

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

## Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

Asset and Liability management (ALM) attempts to address financial risks the group is exposed to which include interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Group.

# Notes To The Financial Statements

For The Year Ended 31 December 2021

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

	Insurance funds N'000	Shareholders' funds N'000	Total N'000
<b>Assets</b>			
Cash and cash equivalents	6,816,804	1,024,377	7,841,181
Financial assets			
-FVTPL	5,354,017	-	5,354,017
-FVOCI	-	84,884	84,884
- At amortised cost	-	8,143,491	8,143,491
Trade receivables	-	1,479,056	1,479,056
Reinsurance assets	5,150,075	2,415,745	7,565,820
Deferred acquisition costs	-	1,030,753	1,030,753
Other receivables and prepayment	-	263,776	263,776
Investment in Associate	-	-	-
Investment in Subsidiary	-	150,000	150,000
Investment properties	-	1,706,167	1,706,167
Statutory deposit	-	320,000	320,000
Intangible assets	-	10	10
Property, plant and equipment	-	3,784,962	3,784,962
Right-of-use Assets	-	209,920	209,920
Deferred tax assets	-	253,568	253,568
<b>Total assets</b>	<b>17,320,896</b>	<b>20,866,709</b>	<b>38,187,605</b>
<b>Liabilities:</b>			
Insurance contract liabilities	12,217,843	-	12,217,843
Trade payables	-	410,728	410,728
Other payables	-	1,860,814	1,860,814
Lease liabilities	-	139,623	139,623
Retirement benefit obligations	-	52,414	52,414
Income tax liability	-	618,736	618,736
Deferred tax liabilities	-	10,387	10,387
<b>Total liabilities</b>	<b>12,217,843</b>	<b>3,092,702</b>	<b>15,310,545</b>
<b>Gap</b>	<b>5,103,053</b>	<b>17,774,007</b>	<b>22,877,060</b>

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.



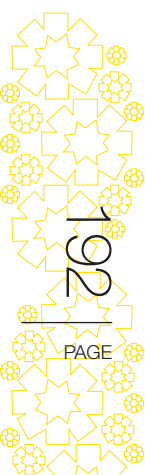
# Other National Disclosure Statement Of Value Added - Group

For The Year Ended 31 December 2021

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

	2021		2020	
	N'000	%	N'000	%
<b>Gross Premium Income:</b>				
Local	26,545,254		21,682,189	
Foreign	-		-	
<b>Other Income:</b>				
Local	2,869,804		2,486,732	
Foreign	-		(22,424)	
	<b>29,415,058</b>		<b>24,146,497</b>	
<b>Bought in Services:</b>				
Local	(20,958,302)		(15,457,412)	
Foreign	-		-	
<b>Value Added</b>	<b>8,456,756</b>	<b>100</b>	<b>8,689,085</b>	<b>100</b>
<b>Applied as follows:</b>				
<b>Employees</b>				
Salaries and other employees benefits	1,898,656	22	1,506,087	17
Provider of Capital				
Dividend to Shareholders	902,966	11	792,075	9
<b>Government</b>				
Taxation	95,918	1	45,161	1
<b>Retention and Expansion</b>				
Depreciation and Amortisation Charges	242,079	3	246,031	3
Contingency reserves	884,857	11	1,015,079	12
Retained profits for the year	4,432,280	52	5,084,652	58
<b>Value Added</b>	<b>8,456,756</b>	<b>100</b>	<b>8,689,085</b>	<b>100</b>

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



# Other National Disclosure Statement Of Value Added - Parent

For The Year Ended 31 December 2021

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

	2021		2020	
	N'000	%	N'000	%
<b>Gross Premium Income:</b>				
Local	26,545,254		21,682,189	
Foreign	-		-	
<b>Other Income:</b>				
Local	2,828,425		2,445,725	
Foreign	-		(22,424)	
	<b>29,373,679</b>		<b>24,105,490</b>	
<b>Bought in Services:</b>				
Local	(20,945,481)		(15,441,046)	
Foreign	-		-	
<b>Value Added</b>	<b>8,428,198</b>	<b>100</b>	<b>8,664,444</b>	<b>100</b>
<b>Applied as follows:</b>				
<b>Employees</b>				
Salaries and other employees benefits	1,888,317	22	1,494,725	17
<b>Provider of Capital</b>				
Dividend to Shareholders	902,966	11	792,075	9
<b>Government</b>				
Taxation	88,192	1	42,240	-
<b>Retention and Expansion</b>				
Depreciation and Amortisation Charges	239,580	3	244,930	3
Contingency reserves	884,857	11	1,015,079	12
Retained profits for the year	4,424,286	52	5,075,395	59
<b>Value Added</b>	<b>8,428,198</b>	<b>100</b>	<b>8,664,444</b>	<b>100</b>

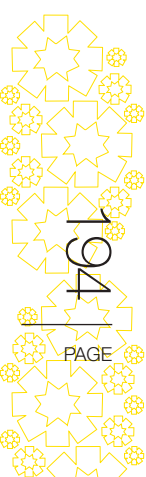
Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.



# Other National Disclosure Five Year Financial Summary - Group

## Statement Of Financial Position

	2021	2020	2019	2018	2017
	N'000	N'000	N'000	N'000	N'000
<b>Assets</b>					
Cash and Cash Equivalents	7,895,469	7,352,189	8,101,885	6,697,017	3,328,800
Financial assets					
- At fair value through profit or loss	5,354,017	4,479,121	2,485,564	1,108,206	1,347,462
- At fair value through other comprehensive income	84,884	81,318	70,028	1,260,729	-
- At amortised cost	8,143,491	6,105,529	2,130,855	1,235,106	-
-Available for Sale	-	-	-	-	4,388,095
-Held-to-Maturity	-	-	-	-	181,364
Trade Receivable	1,479,056	228,140	207,484	279,709	723,535
Reinsurance Assets	7,565,820	5,107,870	5,525,893	4,809,590	2,382,459
Deferred Acquisition Cost	1,030,753	1,840,694	810,097	655,614	587,244
Investment in Associate	-	412,741	435,165	413,752	392,501
Investment Properties	1,706,167	1,617,609	1,589,278	682,951	676,555
Intangible Assets	10	10	1,225	6,405	18,997
Property, plant and equipment	3,794,957	2,922,422	3,031,838	4,158,807	2,864,795
Right-of-use Assets	209,920	-	-	-	-
Other Receivables and Prepayment	414,712	470,727	683,375	709,859	259,516
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred tax asset	257,505	263,035	291,203	92,773	92,773
<b>Total Assets</b>	<b>38,256,761</b>	<b>31,201,405</b>	<b>25,683,890</b>	<b>22,430,518</b>	<b>17,564,096</b>
<b>Liabilities</b>					
Insurance Contract Liabilities	12,217,843	9,779,935	9,000,865	7,126,871	6,518,667
Trade Payables	410,728	585,327	298,046	319,023	73,694
Other Payables	1,893,238	1,672,134	1,386,681	1,247,829	550,458
Finance lease obligations	139,623	47,963	-	-	-
Income Tax Liabilities	623,508	675,783	462,419	835,998	591,760
Deferred Tax Liability	10,387	-	356,500	397,746	-
Retirement Benefit Obligations	52,414	78,960	81,635	78,496	91,910
<b>Total liabilities</b>	<b>15,347,741</b>	<b>12,840,102</b>	<b>11,586,146</b>	<b>10,005,963</b>	<b>7,826,489</b>
<b>Net Assets</b>	<b>22,909,020</b>	<b>18,361,303</b>	<b>14,097,744</b>	<b>12,424,555</b>	<b>9,737,607</b>
<b>Equity</b>					
Share Capital	5,016,477	5,016,477	2,640,251	2,640,251	2,640,251
Share Premium	-	-	272,551	272,551	272,551
Other Reserves-gratuity	72,495	71,147	111,455	131,043	140,614
FVOCI reserve	(36,612)	(40,178)	(51,468)	(35,344)	-
Available for sale reserve	-	-	-	-	(128,734)
Asset revaluation reserve	2,107,964	1,094,475	1,094,475	1,094,475	-
Contingency Reserve	6,098,784	5,213,927	4,198,848	3,606,052	3,154,568
Retained Earnings	9,649,912	7,005,455	5,831,632	4,715,527	3,658,357
<b>Shareholders' Fund</b>	<b>22,909,020</b>	<b>18,361,303</b>	<b>14,097,744</b>	<b>12,424,555</b>	<b>9,737,607</b>



# Other National Disclosure

## Five Year Financial Summary - Group

### Statement Of Financial Position

	2021	2020	2019	2018	2017
	N'000	N'000	N'000	N'000	N'000
Gross Premium Written	27,875,088	22,035,695	19,759,872	15,049,453	13,416,270
<b>Gross premium income</b>	<b>26,545,254</b>	<b>21,682,189</b>	<b>19,259,541</b>	<b>14,346,488</b>	<b>13,031,779</b>
Net Premium income	19,306,127	15,862,758	12,617,540	10,693,794	9,801,951
Other Revenue	3,228,122	3,583,000	2,147,044	1,934,089	2,244,226
<b>Total Revenue</b>	<b>22,534,249</b>	<b>19,445,758</b>	<b>14,764,584</b>	<b>12,627,883</b>	<b>12,046,177</b>
Claims expense	(5,560,885)	(6,054,469)	(3,937,318)	(2,554,253)	(1,783,574)
Other Expenses	(12,445,166)	(8,261,476)	(8,907,512)	(7,387,969)	(7,167,712)
<b>Total Benefits, Claims and Other Expenses</b>	<b>(18,006,051)</b>	<b>(14,315,945)</b>	<b>(12,844,830)</b>	<b>(9,942,222)</b>	<b>(8,951,286)</b>
<b>Profit Before Tax</b>	<b>4,528,198</b>	<b>5,129,813</b>	<b>1,919,754</b>	<b>2,685,661</b>	<b>3,094,891</b>
Income tax	(95,918)	(45,161)	475,612	(648,957)	(319,499)
<b>Profit For the Year</b>	<b>4,432,280</b>	<b>5,084,652</b>	<b>2,395,366</b>	<b>2,036,704</b>	<b>2,775,392</b>
Other Comprehensive income/ (loss)					
for the year	1,018,403	(29,018)	(35,712)	1,208,882	(25,885)
Total Comprehensive Income					
for the year	5,450,683	5,055,634	2,359,654	3,245,586	2,749,507
<b>Basic EPS (Kobo)</b>	<b>0.88</b>	<b>0.96</b>	<b>0.45</b>	<b>0.39</b>	<b>0.53</b>
<b>Diluted Basic EPS (Kobo)</b>	<b>0.88</b>	<b>0.96</b>	<b>0.45</b>	<b>0.39</b>	<b>0.53</b>



# Other National Disclosure Five Year Financial Summary - Parent

## Statement Of Financial Position

	2021	2020	2019	2018	2017
	N'000	N'000	N'000	N'000	N'000
<b>Assets</b>					
Cash and Cash Equivalents	7,841,181	7,326,758	8,095,230	6,675,924	3,325,340
Financial Assets					
- At fair value through profit or loss	5,354,017	4,479,121	2,485,564	1,108,206	1,347,462
- At fair value through other comprehensive income	84,884	81,318	70,028	1,260,729	-
- At amortised cost	8,143,491	6,105,529	2,130,855	1,235,106	-
-Available for Sale	-	-	-	-	4,388,095
-Held-to-Maturity	-	-	-	-	181,364
Trade Receivable	1,479,056	228,140	207,484	279,709	723,535
Reinsurance Assets	7,565,820	5,107,870	5,525,893	4,809,590	2,382,459
Deferred Acquisition Cost	1,030,753	1,840,694	810,097	655,614	587,244
Investment in Associate	-	412,741	435,165	413,752	392,501
Investment in Subsidiary	150,000	100,000	50,000	50,000	50,000
Investment Properties	1,706,167	1,617,609	1,589,278	682,951	676,555
Intangible Assets	10	10	1,225	2,042	10,270
Property, plant and equipment	3,784,962	2,922,422	3,030,737	4,156,609	2,861,499
Right-of-use Assets	209,920	-	-	-	-
Other Receivables and Prepayments	263,776	374,862	627,253	698,696	276,254
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred tax asset	253,568	253,568	281,736	83,306	83,306
<b>Total Assets</b>	<b>38,187,605</b>	<b>31,170,642</b>	<b>25,660,545</b>	<b>22,432,234</b>	<b>17,605,884</b>
<b>Liabilities</b>					
Insurance Contract Liabilities	12,217,843	9,779,935	9,000,865	7,126,871	6,518,667
Trade Payables	410,728	585,327	298,046	319,023	73,694
Other Payables	1,860,814	1,670,834	1,382,477	1,247,412	573,576
Finance lease obligations	139,623	47,963	-	-	-
Income Tax Liabilities	618,736	670,286	457,987	835,528	591,760
Deferred Tax Liability	10,387	-	356,500	397,746	-
Retirement Benefit Obligations	52,414	78,960	81,635	78,496	91,910
Bank Overdraft	-	-	-	-	-
<b>Total liabilities</b>	<b>15,310,545</b>	<b>12,833,305</b>	<b>11,577,510</b>	<b>10,005,076</b>	<b>7,849,607</b>
<b>Net Assets</b>	<b>22,877,060</b>	<b>18,337,337</b>	<b>14,083,035</b>	<b>12,427,158</b>	<b>9,756,277</b>
<b>Equity</b>					
Share Capital	5,016,477	5,016,477	2,640,251	2,640,251	2,640,251
Share Premium	-	-	272,551	272,551	272,551
Other Reserves-gratuity	72,495	71,147	111,455	131,043	140,614
FVOCI reserve	(36,612)	(40,178)	(51,468)	(35,344)	-
Available for sale reserve	-	-	-	-	(128,734)
Asset revaluation reserve	2,107,964	1,094,475	1,094,475	1,094,475	-
Contingency Reserve	6,098,784	5,213,927	4,198,848	3,606,052	3,154,568
Retained Earnings	9,617,952	6,981,489	5,816,923	4,718,130	3,677,027
<b>Shareholders' Fund</b>	<b>22,877,060</b>	<b>18,337,337</b>	<b>14,083,035</b>	<b>12,427,158</b>	<b>9,756,277</b>

# Other National Disclosure

## Five Year Financial Summary - Parent

### Statement Of Financial Position

	2021	2020	2019	2018	2017
	N'000	N'000	N'000	N'000	N'000
INCOME STATEMENT					
Gross Premium Written	27,875,088	22,035,695	19,759,872	15,049,453	13,416,270
<b>Gross premium income</b>	<b>26,545,254</b>	<b>21,682,189</b>	<b>19,259,541</b>	<b>14,346,488</b>	<b>13,031,779</b>
Net Premium income	19,306,127	15,862,758	12,617,540	10,693,794	9,801,951
Other Revenue	3,186,743	3,541,993	2,102,279	1,894,521	2,214,417
<b>Total Revenue</b>	<b>22,492,870</b>	<b>19,404,751</b>	<b>14,719,819</b>	<b>12,588,315</b>	<b>12,016,368</b>
Claims expense	(5,560,885)	(6,054,469)	(3,937,318)	(2,554,253)	(1,783,574)
Other Expenses	(12,419,507)	(8,232,647)	(8,884,559)	(7,364,939)	(7,150,172)
<b>Total Benefits, Claims and Other Expenses</b>	<b>(17,980,392)</b>	<b>(14,287,116)</b>	<b>(12,821,877)</b>	<b>(9,919,192)</b>	<b>(8,933,746)</b>
<b>Profit Before Tax</b>	<b>4,512,478</b>	<b>5,117,635</b>	<b>1,897,942</b>	<b>2,669,123</b>	<b>3,082,622</b>
Income tax	(88,192)	(42,240)	480,112	(648,487)	(319,499)
<b>Profit For the Year</b>	<b>4,424,286</b>	<b>5,075,395</b>	<b>2,378,054</b>	<b>2,020,636</b>	<b>2,763,123</b>
Other Comprehensive income/ (loss)					
for the year	1,018,403	(29,018)	(35,712)	1,208,882	(25,885)
Total Comprehensive Income					
for the year	5,442,689	5,046,377	2,342,342	3,229,518	2,737,238
<b>Basic EPS (Kobo)</b>	<b>0.88</b>	<b>0.96</b>	<b>0.45</b>	<b>0.38</b>	<b>0.52</b>
<b>Diluted Basic EPS (Kobo)</b>	<b>0.88</b>	<b>0.96</b>	<b>0.45</b>	<b>0.38</b>	<b>0.52</b>



# Shareholding Structure /Free Float Status

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

## Declaration:

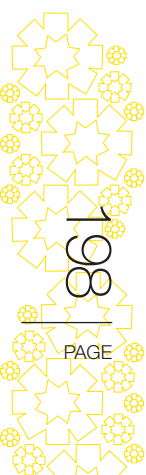
- (A) NEM Insurance Plc with a free float percentage of 44.35% as at 31st December 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.
- (B) NEM Insurance Plc with a free float value of N10,010,642,265. as at 31st Dec 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

## Securities Trading Policy

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

## Rules Governing Free Float Requirements

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



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**NEM Insurance Plc**

RC: 6971

Head Office:  
NEM House, 199, Ikorodu Road,  
P. O. Box 654 Marina,  
Tel: 01-4489560-9; 01-4489570  
Email: [nem@nem-insurance.com](mailto:nem@nem-insurance.com)  
[nemsupport@nem-insurance.com](mailto:nemsupport@nem-insurance.com)



A MEMBER OF THE NIGERIAN  
INSURERS ASSOCIATION

[www.nem-insurance.com](http://www.nem-insurance.com)

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

# PROXY FORM



NEM Insurance Plc

Number of Shares held	FOR	AGAINST
<b>1.0 ORDINARY BUSINESS</b>		
To receive the account and the Reports thereon		
To declare a dividend		
To ratify the appointment of Mr. Sunday Joshua Adebayo as a director		
To ratify the appointment of Mr. Momoh Abdurrahman Odamah as a director		
To re-elect Mr. Papa Ndiaye as a Director		
To re-elect Mr. Kelechi Okoro as a Director		
To authorize the Directors to fix the remuneration of the Auditors		
To elect members of the Audit committee		
To disclose the Remuneration of Managers of the company in line with Section 257 of the Companies and Allied Matters Act, 2020		
<b>2.0 SPECIAL BUSINESS</b>		
To approve the remuneration of Directors.		
To consider and if thought fit, pass the following, with or without modification as Ordinary Resolutions of the Company:		
That, in compliance with the Rule of the Nigerian Exchange Limited governing transactions with Related Parties or Interested Persons, the Company and its related entities be and are hereby granted a General Mandate in respect of all recurrent transactions entered into with a related party or interested person provided such transactions are of a revenue or trading nature or are necessary for the Company's day-to-day operations. This Mandate shall commence on the date on which this resolution is passed and shall continue to operate until the date on which the next Annual General Meeting of the Company is held.		
To consider and if thought fit, pass the following, with or without modification as Ordinary Resolution of the Company:		
(i) That the Company be and is hereby authorised to take all steps necessary to comply with the requirements of Section 124 of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, as it relates to unissued Shares forming part of the Share Capital of the Company, including the cancellation of the unissued shares of the Company;		
(ii) That the Company be and is hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 10(i) above, including replacing the provision stating the authorised share capital with the issued share capital;		



<p>(iii) That the Company be and is hereby authorised to enter into and execute agreements, deeds, notices and any other document(s) necessary for and/or incidental to resolution 10(i) above;</p> <p>(iv) That the Company be and is hereby authorised to appoint such professional parties, consultants and advisers as may be required to comply with resolution 10(i) above; and</p> <p>(v) That the Company be and is hereby authorised to perform all acts and to do all such other things as may be necessary for or incidental to giving effect to the above resolutions, including without limitation, complying with the directives of the regulatory authorities".</p>		
		Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion. Before posting the above form, please tear off this part and retain it for admission to the meeting.

## ADMISSION FORM

### NEM INSURANCE PLC 52<sup>nd</sup> ANNUAL GENERAL MEETING

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

**The Conference Room,**

**NEM Insurance Plc**

**199, Ikorodu Road, Obanikoro, Lagos.**

**On Thursday 19<sup>th</sup> May 2022 at 10.00 am**

Name of Shareholders:

Note: You are requested to sign this form at the entrance in the presence of the Registrar on the

day of AGM \_\_\_\_\_



# PROXY FORM



NEM Insurance Plc

I/We .....  
being a Shareholder/Shareholders of NEM INSURANCE PLC, hereby appoint any of the underlisted persons as my/our Proxy to act and vote for me/us on my/our behalf at the 52<sup>nd</sup> Annual General Meeting to be held on Thursday, 19th of May 2022 and at any adjournment thereof.

- |                                 |                   |
|---------------------------------|-------------------|
| (1) Dr. Fidelis Ayebae          | Chairman          |
| (2) Mr. Tope Smart              | GMD/CEO           |
| (3) Mrs. Olajumoke Philip-Akede | Company Secretary |
| (4) Sir Sunny Nwosu             | Shareholder       |
| (5) Mrs. Adebisi Bakare         | Shareholder       |
| (6) Mr. Gbenga Idowu            | Shareholder       |
| (7) Mr. Nornah Awoh             | Shareholder       |

Dated this ..... Day of

..... 2022

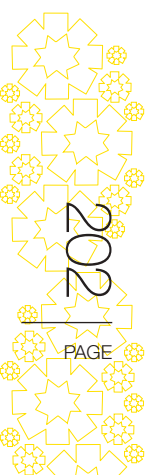
Signature: .....

## NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxies must reach the Registrars, Apel Capital Registrars Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi, Lagos or emailed to [registrars@apel.com.ng](mailto:registrars@apel.com.ng) not less than 48 hours before the time of holding the meeting. A proxy need not to be a member of the company.
2. In the case of joint shareholders any one of such may complete the form, but the names of all joint shareholders must be stated.
3. It is a requirement of the law under the Stamp Duties Act. Cap 411 Laws of Federation of Nigeria 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear a Stamp Duty. This shall be at the company's expense.
4. If the shareholder is a corporation this form must be under its common seal or under the hand of any officer or attorney duly authorized in that behalf.

## IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms.



## SHAREHOLDER INFORMATION UPDATE

Dear Sir,

Kindly update my information with the below:

FULL NAME

---

CONTACT ADDRESS

---

EMAIL ADDRESS(ES)

---

MOBILE NUMBERS

---

COMPLAINT/SUGGESTION

Thank you.

Yours faithfully,

\_\_\_\_\_  
Shareholder's signature /Date  
signature/Date

\_\_\_\_\_  
Joint Shareholder's  
signature/Date

(If corporate)

Company  
seal

**Kindly return the duly completed form to:**

TICK	NAME OF COMPANY	SHAREHOLDER'S ACNO
	AIICO BALANCED FUND	
	ANINO INT'L PLC	
	ARBICO PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	CITITRUST FINANCIAL SERVICES PLC	
	EUNISELL INTERLINKED PLC	
	INTERNATIONAL BREWERIES PLC	
	KSIP FUNDING SPV LIMITED	
	KSIP FUNDING SPV LIMITED SERIES 2	
	LAGOS COMMODITIES & FUTURE EXCHANGE	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	MANZ SPV LTD	
	METAL SECURITY PRODUCTS LTD	
	MUTUAL BENEFITS ASSURANCE PLC	
	MUTUAL TRUST MICROFINANCE BANK LTD	
	NCR (NIGERIA) PLC	
✓	<b>NEM INSURANCE PLC</b>	
	OGC FOODS & BEVERAGES LIMITED	
	PARAMOUNT EQUITY FUND	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

SECOND FOLD HERE

Please Affix  
Postage Stamp

FIRST FOLD HERE

APEL Capital Registrars Limited  
8, Alhaji Bashorun Street  
Off Norman Williams  
Crescent South West Ikoyi  
Lagos

THIRD FOLD HERE

Affix  
Current  
Passport

(To be stamped by Bankers)

Write your name at the back of  
your passport photograph

## E-DIVIDEND MANDATE ACTIVATION FORM

### Instruction

Only Clearing Banks are acceptable

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

The Registrar,

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

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

### Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACNO
	AIICO BALANCED FUND	
	ANINO INT'L PLC	
	ARBICO PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	CITITRUST FINANCIAL SERVICES PLC	
	EUNISELL INTERLINKED PLC	
	INTERNATIONAL BREWERIES PLC	
	KSIP FUNDING SPV LIMITED	
	KSIP FUNDING SPV LIMITED SERIES 2	
	LAGOS COMMODITIES & FUTURE EXCHANGE	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	MANZ SPV LTD	
	METAL SECURITY PRODUCTS LTD	
	MUTUAL BENEFITS ASSURANCE PLC	
	MUTUAL TRUST MICROFINANCE BANK LTD	
	NCR (NIGERIA) PLC	
✓	NEM INSURANCE PLC	
	OGC FOODS & BEVERAGES LIMITED	
	PARAMOUNT EQUITY FUND	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

Email: [registrars@apel.ng](mailto:registrars@apel.ng)  
W: [www.apel.com.ng](http://www.apel.com.ng)

Tel : +234 (1) 293 2121  
+234 (0) 704 612 6698

Address : 8, Alhaji Bashorun Street,  
Off Norman Williams Crescent,  
S.W. Ikoyi Lagos

SECOND FOLD HERE

Please Affix  
Postage Stamp

FIRST FOLD HERE

APEL Capital Registrars Limited  
8, Alhaji Bashorun Street  
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- Instant copy of your policy certificate
- Receive a copy of your certificate via email
- Instant upload of your motor and marine policy details in NIID - where genuine motor and marine policies are verified.



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

2021  
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