Inspired Past, Inspiring Future

2017 Annual Report + Accounts

55 years Anniversary 1963-2018
AIICO INSURANCE
AMERICAN INTERNATIONAL

Inspired Past, Inspiring Future

"Remember to celebrate milestones as you prepare for the road ahead." - Nelson Mandela

It is true that life is a journey; a continuum - a voyage through time.

As it is in the lives of human beings, so it is with institutions. And behind every mileage of progress made, there is always a story, bearing echoes from the past, through the present and to the future.

Our story began in 1963; we had a dream that generations of Nigerians would rise above tough times and flourish in freedom from future worries in a land of opportunities.

Indeed, our beautiful dream has come a long way through these past 55 years. We literally grew up together with Nigeria since the infancy of her independence. Along the way, we have kept faith with generations of Nigerians and protected their own dreams through the 60s, 70s, 80s and right into this 21st Century.

Over time, we have enriched lives and businesses with insurance that inspired hope, preserved wealth, grew value, gave stability and instilled confidence for the future.

Today, we celebrate the story of an Inspired Past, Inspiring Future with a rich heritage deeply rooted in enduring trust, leadership, competence, knowledge and excellence.

We are not just a Company, but a Companion; nurturing strong relationships with our customers, protecting and growing things they value, and inspiring a radiant future for generations to come.

We are a dream that keeps coming true: a story that never ends.

We are AIICO Insurance; and we see the future, shining brighter.

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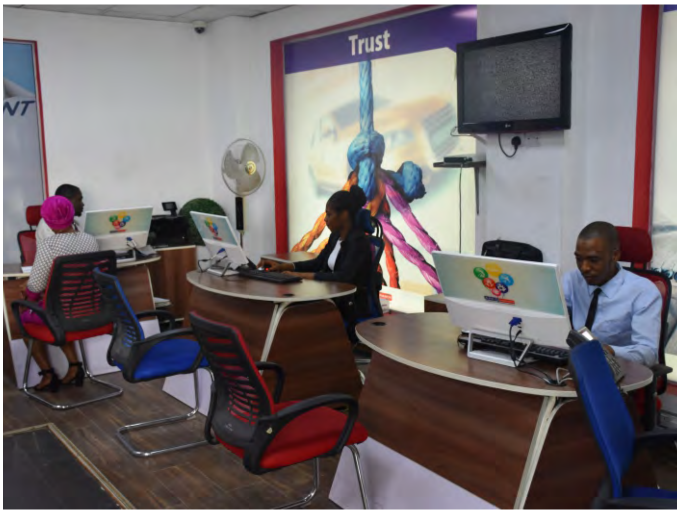
Company Profile

Established in 1963, AIICO Insurance Plc (NSE Ticker: ''AIICO'') is an Insurance, Pensions Management, and Asset Management Group in Nigeria with market-leading position in its key business lines:



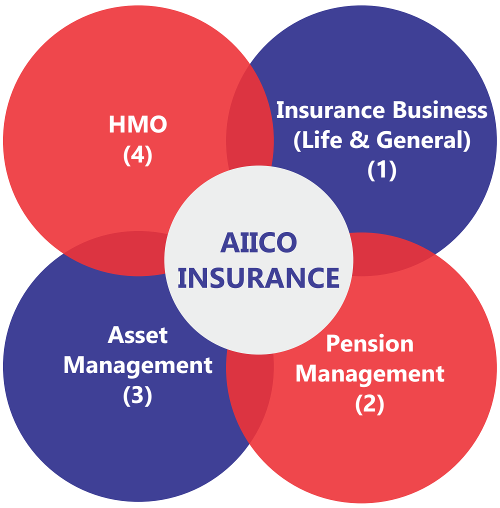
AIICO commenced operations in Nigeria in 1963 as an Agency of American Life Insurance Company ("ALICO") - a subsidiary of American International Group (AIG) at that time.

The company was incorporated, registered and licensed in Nigeria as American Life Insurance Company Limited as a wholly owned subsidiary of ALICO/AIG in 1970 to offer Life, Pension products and Insurance services. It was later renamed American International Insurance Company Limited (AIICO) upon the acquisition of a 60% stake by the Federal Government of Nigeria, and later listed on the Nigerian Stock Exchange in 1990, after which shareholders divested.

Following the consolidation of the insurance industry in 2007, the company acquired NFI Insurance Plc. and Lamda Insurance Company Limited (both cumulatively accounting for less than 30% of AIICO's pre-acquisition gross premiums). The company subsequently recertified as both General Insurance and Life Assurance Company, taking advantage of its legacy, brand, franchise and strong retail distribution network to grow a leading General Insurance business.

To take advantage of the opportunities presented by the Pension Reform Act of 2004, AIICO Pension Managers Limited (APML) was incorporated in February 2005 and licensed in April 2006 as a Pension Fund Administrator (PFA) by the National Pension Commission (PenCom), and commenced operations in May 2006. AIICO also owns valuable financial and strategic assets including a controlling stake in AIICO Multishield Limited and a 19% stake in Healthcare International Limited, both Health Maintenance Organizations (HMOs), and AIICO Capital Limited, an asset management wholly-owned subsidiary.

A depiction of the corporate structure is shown below:



CORPORATE STRUCTURE

1. Life and general insurance are strategic business units/divisions within AIICO
2. AIICO Pension Managers Limited - a ca.79.5% owned subsidiary of AIICO
3. AIICO Capital - a 100% owned subsidiary of AIICO providing asset management services for AIICO and 3rd parties
4. AIICO owns ca.80.88% of AIICO Multishield Limited -a Health Maintenance Organisation operating in Nigeria

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of AIICO Insurance Plc. will be held at the Civic Centre, Ozumba Mbadiwe Street, Lagos on Thursday, 24th May, 2018 at 11:00 am to transact the following businesses:-

Ordinary Business:

1. To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31st December 2017, and the Reports of the Auditors and the Statutory Audit Committee thereon.

2. To declare a dividend

3. To elect/re-elect Directors.

4. To reappoint KPMG Professional Services as the Auditors to the Company from the end of the Annual General Meeting until the end of the next year's Annual General Meeting

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

6. To elect shareholders as members of the Statutory Audit Committee.

Special Business

That in compliance with Article 5.07 (iv) of the National Insurance Commission (NAICOM) Code of Good Corporate Governance for the Insurance Industry in Nigeria, the Directors are hereby authorized to appoint an external consultant to conduct the Annual Board Performance Appraisal for the financial year ending December 31, 2018.

NOTES:

1. PROXY

i. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his or her place. A proxy need not be a member of the Company. A form of proxy is attached at the last page of this report.

ii. If the proxy form is to be valid for the purpose of this meeting, it must be completed, detached and deposited at the Office of the Registrar, United Securities Limited, 009 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island. P.M.B. 12753, Lagos, not later than 48 hours before the time for holding the meeting.

2. CLOSURE OF REGISTER OF MEMBERS

In compliance with the provisions of Section 89 of the Companies and Allied Matters Act, 2004, the Register of Members and Share Transfer Books will be closed from the 21st - 23rd May 2018 [both days inclusive].

3. DIVIDEND WARRANTS

If the Dividend recommended by the Directors is approved by the Shareholders at the Annual General Meeting, dividend warrants and E-dividends will be posted on the 25th day of May 2018 to the Shareholders whose names appear on the register of members as at close of business on the 18th of May 2018.

4. APPOINTMENT OF MEMBERS OF THE STATUTORY AUDIT COMMITTEE.

Pursuant to and in accordance with Section 359(5) of the Companies and Allied Matters Act 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting. To comply with the requirements of the Code of Corporate Governance, Nominations should have proof of Nominee's financial literacy attached.

NOTICE OF ANNUAL GENERAL MEETING

5. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Some dividend warrants and share certificates remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members is circulated with the Annual Report and Financial Statements. Members affected are advised to write to or call at the office of the Company's Registrar, United Securities Ltd., 9 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island, P.M.B. 12753, Lagos.

6. BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of Directors standing election/re-election are contained in the Annual Report and Accounts

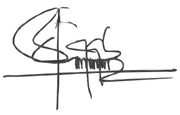
7. WEBSITE

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

8. RIGHT OF SECURITY HOLDERS TO ASK QUESTIONS

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before close of business on Tuesday May 15, 2018.

BY ORDER OF THE BOARD



Donald KANU

Dated this 6th Day of April, 2018.
Company Secretary/Legal Adviser
AIICO Insurance Plc
AIICO Plaza,
PC 12, Churchgate Street
(formerly, Afribank Street,)
Victoria Island,
Lagos.

Corporate Information

Directors	Mr. Bukola Oluwadiya	Chairman
	Mr. Edwin Igbiti	MD/CEO
	Mr. Babatunde Fajemirokun	Executive Director/COO
	Mr. Adewale Kadri	Executive Director, Technical
	Mr. Ademola Adebise	Non-Executive Director
	Mr. S.D.A. Sobanjo	Non-Executive Director
	Mr. Sonnie Ayere	Non-Executive Director
	Mr. Samaila Dalhat Zubairu	Non-Executive Director - Independent
	Mr. Kundan Sainani	Non-Executive Director - Independent

Company Secretary

Mr. Donald Kanu
AIICO Insurance Plc
AIICO Plaza
Plot PC 12, Churchgate Street
Victoria Island, Lagos

Registered Office

AIICO Plaza
Plot PC 12, Churchgate Street
Victoria Island, Lagos

Rc.No

7340

Corporate Head Office

Plot PC 12,
Churchgate Street,
Victoria Island, Lagos
Tel: 01 279 2930
0700 AIIContact (0700 2442 6682 28)
Website: www.aiicoplc.com
E-mail: aiicontact@aiicoplc.com

Registrars

United Securities Limited
9, Amodu Ojikutu Street
Off, Bishop Oluwole Street,
Victoria Island,
Lagos

Auditors

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
P.M.B 40014, Falomo
Ikoyi, Lagos
Website: www.kpmg.com/ng

Major Bankers

Ecobank Plc
First City Monument Bank (FCMB) Ltd
First Bank of Nigeria Limited
GTBank Plc
Union Bank of Nigeria Plc
United Bank for Africa (UBA) Plc
Zenith Bank Plc

Actuary

Ernst & Young
FRC/2012/NAS/00000000738

Estate Valuer

Niyi Fatokun & Co.
(Chartered Surveyors & Valuers)
FRC/2013/NIESV/70000000/1217

Reinsurers

African Reinsurance Corporation
Continental Reinsurance Plc
Swiss Reinsurance
WAICA Reinsurance
Nigerian Reinsurance
Trust Reinsurance
Zep Reinsurance
Arig Reinsurance
Aveni Reinsurance
NCA Reinsurance

Regulatory Authority

National Insurance Commission (NAICOM)

Corporate Information

Head Office
AIICO Plaza
Plot PC 12, Churchgate Street,
Victoria Island, Lagos.
01 279 2930, 0700 AIIContact
(0700 2442 6682 28)
Email: aiicontact@aiicoplc.com

BRANCH NETWORK

Aba
7 Factory Road,
Aba, Abia State.
Tel: 08055314351

Abeokuta
46 Tinubu Street,
Ita Eko, Abeokuta,
Ogun State.
Tel: 08032557071

Abuja
Prime Plaza: Plot 1012,
Ademola Adetokunbo Crescent,
Opposite Rockview Hotel,
Wuse II, Wuse, FCT Abuja.
Tel: 08058200439,08090335125,
08176684115

Akure
Tisco House, 3rd Floor
Opposite Mr. Biggs Outlet, Ado- Owo Road,
Akure, Ondo State.
Tel: 07035649969,
08085815508

Amuwo
Plot 203 Festac Link Road,
Amuwo Odofin, Lagos State.
Tel: 09030326931, 08085840886

Benin
28 Sokponba Road,
Benin City, Edo State.
Tel: 08051163395,
08134051972

Calabar
Henss House
24/26 Murtala Mohammed Way, Calabar,
Cross Rivers State.
Tel :08032194197,
08075318777

Enugu
55/59 Chime Avenue,
Gbujas Plaza, New Haven,
Enugu State.
Tel : 08037246767

Ibadan
12 Moshood Abiola Way,
beside FCMB Bank, Challenge Area,
Ibadan, Oyo State.
Tel : 08032318925,
08028344263

Ikeja
AIICO House,
Plot 2 Oba Akran Avenue,
Opposite Dunlop, Ikeja,
Lagos State.
Tel:014602097-8,
014602218,
014602343,
08083134376, 08023166167

Ilorin
1 New Yidi Road,
Gomola Building,
Ilorin, Kwara State.
Tel: 08083134860,
08090335125, 08174613826

Ilupeju
AIICO House,
36-38 Ilupeju Industrial Avenue,
Ilupeju, Lagos State.
Tel: 07039880436, 08160466239,
08033158714,
08033343036,
08023048695

Isolo
203-205 Oshodi/Apapa Expressway,
Isolo, Lagos State.
Tel: 08057176063,
08023054803,
08036803169,
08023090069

Jos
4 Beach Road,
Jos, Plateau State
Tel: 08057356726,
08090335125, 08033282241

Kaduna
Yaman Phone House,
1 Constitution Road,
Opposite MTD, Kaduna,
Kaduna State.
Tel: 08033386968, 08056019667

Kano
8, Post Office Road,
Kano, Kano State.
Tel: 08078107938, 08065934787

Lokoja
Suite 32, Second Floor,
Lokongoma Plaza,
Along Okene-Kaba Rd,
Lokongoma, Lokoja, Kogi State.
Tel: 08023279920,
07031003095

Onitsha
Noclink Plaza, 41 New Market Road,
Opposite UBA Bank,
Onitsha, Anambra State.
Tel: 07086064999,
08033750361

Owerri
46 Wetheral Road,
Owerri, Imo State.
Tel: 07066032065, 07032733505,
08056033269

Port Harcourt
11 Ezimgbu Link Road
(Mummy B Road), off Stadium Road,
GRA Phase IV, Port Harcourt,
Rivers State.
Tel: 08083134875,
09094489393

Warri
60, Effurun/Sapele Road,
Effurun, Warri, Delta State.
Tel: 08187497490,
08039710794

RETAIL OUTLETS

AIICO EXPRESS, Abuja
No. 46 Lobito Crescent,
Wuse 2, Abuja.
Tel: 0809 993 0117,
0812 912 3143

AIICO EXPRESS, Churchgate
Opposite Churchgate Towers,
Victoria Island, Lagos.
Tel: 0812 912 3143,
0708 795 5065

AIICO EXPRESS, Falomo
No. 8 Post Office, Bourdillon Road,
Ikoyi, Lagos.
Tel: 0812 912 3143,
0809 993 0126

AIICO EXPRESS, Lekki
Ikate Community,
Opposite Manor House,
Ikate, Lekki, Lagos.
Tel: 0812 912 3143,
0701 318 4117

AIICO EXPRESS, Park N Shop, Victoria Island
Guru Plaza,
47B Adeola Odeku Street,
Victoria Island, Lagos.
Tel: 0812 912 3143,
0812 912 3138

Brand Platform

Our Vision

To become the indisputable leader in all markets we choose to play in.

Our Mission

We exist to create and protect wealth for our customers.

Our Core Values

- **S**ervice Excellence
- **T**rust
- **T**eam Spirit
- **E**ntrepreneurship
- **P**rofessionalism

Financial Position

Consolidated Results At A Glance

Profit or loss and other comprehensive income *In thousands of naira*	**Dec 2017**	**Dec 2016**	**Changes**	**%**
Gross premium written	32,097,692	27,064,365	5,033,327	19
Gross premium income	21,291,729	30,029,334	(8,737,605)	(29)
Net premium income	17,500,898	26,687,570	(9,186,672)	(34)
Claim expenses (net)	(20,774,186)	(13,096,190)	(7,677,996)	(59)
Underwriting (loss)/profit	(4,022,320)	12,448,233	(16,470,553)	132
Other expenses	(11,237,968)	(11,880,530)	642,563	(5)
Total benefits, claims and other expenses	(32,012,154)	(24,976,720)	(7,035,433)	28
Profit before taxation	3,040,489	11,835,236	(8,794,747)	(74)
Profit after taxation	1,283,276	10,238,411	(8,955,134)	(87)
Other comprehensive (loss)/profit net of tax	1,122,661	(10,893,465)	12,016,126	110
Total comprehensive profit/ (loss) for the year	2,405,938	(655,054)	3,060,992	467
Basic earnings per share (kobo)	18	147	(129)	(88)
Diluted earnings per share (kobo)	13	105	(92)	(87)

Financial Position

In thousands of Naira	**Dec 2017**	**Dec 2016**	**Changes**	**%**
Cash and cash equivalents	5,199,385	7,491,178	(2,291,793)	(31)
Financial assets	73,635,612	56,556,261	17,079,351	30
Trade receivable	301,172	411,969	(110,797)	(27)
Reinsurance assets	3,644,489	2,816,503	827,986	29
Deferred acquisition cost	334,935	285,232	49,703	17
Other receivables and prepayments	454,902	324,457	130,445	40
Deferred tax asset	157,008	1,088,677	(931,669)	(86)
Investment property	582,000	990,000	(408,000)	(41)
Goodwill and other intangible assets	1,060,451	1,092,031	(31,580)	(3)
Property and equipment	6,513,175	5,915,891	597,284	10
Statutory deposit	530,000	530,000	-	-
Total assets	**92,413,127**	**77,502,199**	**14,910,928**	**19**
Insurance contract liabilities	59,959,751	49,987,893	9,971,858	(20)
Investment contract liabilities	10,909,624	10,061,636	847,988	(8)
Trade payables	1,721,918	1,599,841	122,077	(8)
Other payables and accruals	1,325,766	1,787,068	(461,301)	26
Fixed income liabilities	3,981,591	2,531,870	1,449,721	(57)
Current tax payable	826,643	623,761	202,881	(33)
Deferred tax liability	547,017	270,408	276,609	(102)
Finance lease obligation	-	7,368	(7,368)	100
Long term borrowing	2,182,289	1,785,650	396,639	(22)
Derivative liabilities	-	143,725	(143,725)	100
Total liabilities	**81,454,599**	**68,799,221**	**12,799,104**	**(19)**
Issued share capital	3,465,102	3,465,102	-	-
Share premium	2,824,389	2,824,389	-	-
Revaluation reserves	1,802,662	1,221,707	580,955	48
Available-for-sale reserve	(13,072,413)	(14,065,457)	993,044	7
Currency reserves	145,640	596,977	(451,337)	(76)
Statutory reserve	116,458	96,688	19,770	20
Contingency reserve	5,182,190	4,703,531	478,659	10
Retained earnings	10,083,426	9,498,054	585,373	6
Shareholders' funds	**10,547,455**	**8,340,991**	**2,206,463**	**26**
Non - Controlling Interest	411,073	361,987		
Total equity	**10,958,528**	**8,702,978**	**2,255,550**	**26**
Total equity and liabilities	**92,413,127**	**77,502,199**	**14,910,928**	**19**

Business Review

''However far the stream flows, it never forgets its source.''
- Nigerian (Yoruba) Proverb

Bukola Oluwadiya

A Storied Heritage...

The journey of a thousand miles starts with one step. This sometimes-trivialized statement means much to us as we celebrate our 55th anniversary this year

As I reflect on how far we have come, from our time as ALICO, an agency of AIG in Nigeria founded in 1963, to where we are now, a well-diversified Group with businesses in Life and General Insurance, Pensions, Health, and Asset Management, I am humbled to be the current custodian of a Company with such a storied history. I believe that our achievements rest on the shoulders of giants who preceded us and laid the solid foundation for our interesting future. On this note, I take this opportunity to acknowledge past custodians who have steered the ship over the past decades - we would not be here without your guidance.

While the Company has many past achievements to jubilate, I can assure you that the future is even brighter. I have confidence and high hopes for the future of the Insurance Industry in Nigeria and I believe that AIICO has a big part to play in its growth and development in the years to come. We have much to look forward to.

It is on this note that I welcome you to AIICO's 48th Annual General Meeting. In my address, I will provide an overview of the progress we made in 2017. I will also provide guidance on any changes in the leadership in the Company as well as new developments in governance and corporate responsibility in 2017. I will close with a view on expectations for the 2018 fiscal year.

AIICO Insurance PLC - 2017 Overview

Financial Performance

2017 was a better year for the country than 2016. The Country finally exited the recession experienced in 2016, growing 1.4% in the third quarter year-on-year. This growth was driven by the improved availability of foreign exchange and the increasing oil prices over the last six to eight months of 2017. While the extent to which this plan is sustainable is dependent on the size of our foreign reserves, the signs look good going into 2018. We should see some modest growth in the economy (analysts expect 1%) and a gradual decline in year-on-year inflation barring any external price shocks.

As a Group, we recorded N32.1 billion in premiums in 2017, growing 19% compared to 2016. This was driven by growth in both the Life and Non-Life

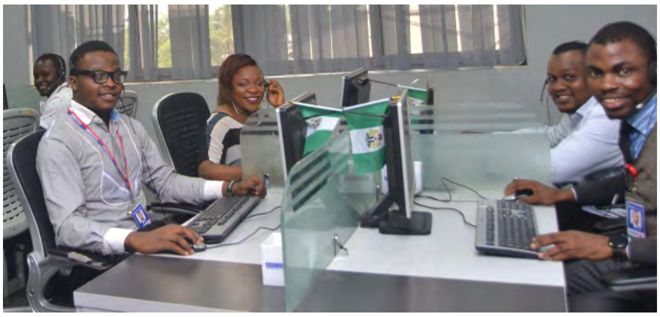
"Intrinsically, however, the value of your Company has increased. Tangible Net Asset Value increased by 26% from N8.7 billion in 2016 to N10.9 billion in 2017, driven by increased value of marked-to-market Assets such as Bonds and profits in our Life assurance, General insurance and Asset management businesses."

businesses. We also saw an improvement in investment performance (including Net Realized Gains) in 2017 as Investment Income grew 90% from N7.7 billion to N14.2 billion. Profits, however, reduced year-on-year largely due to the increase in the Life Insurance Liabilities as discount rates used to value the pension annuity liabilities fell by 12.9% (reflected by a reduction in Gross premium income from N30bn to 21bn). Therefore, this adversely affected Life underwriting profits, reducing profits for the year ended 31st December 2017 to N1.2bn (N10.2bn in 2016).

Intrinsically, however, the value of your Company has increased. Tangible Net Asset Value increased by 26% from N8.7 billion in 2016 to N10.9 billion in 2017, driven by increased value of marked- to-market Assets such as Bonds and profits in our Life assurance, General insurance and Asset management businesses.

Our Financial Position

The Company's financial position remains robust. In insurance, as in most financial services, capital is a significant indicator of capacity and as such, strengthening our Balance Sheet was a major area of focus for the Company when we embarked on our transformation plan in 2013. As we enter the last year of our transformation plan, I am glad to inform you that the company has rid itself of the legacy concerns identified in 2013 and long terms assets are adequately matched to long term liabilities. In 2017, this is reflected by the complete derecognition of deferred tax assets (N978 million) in line with extant tax rules in the Nigerian Insurance sector. Despite this,



Shareholder funds grew N2.3 billion and regulatory Solvency Margin increased by 52% from 128% to 195%.

You will recall that we announced our intention to seek additional investment into the Company to finance our growth over the next few years. While there have been delays in the process, we have made significant progress in our search and will intimate our Shareholders as and when due, but not later than 2018.

Our Business Model

2017 was a year of growth - our Life business model continues to prove resilient. Our agency remains a competitive advantage in the industry and the efforts by the Management to improve it are reaping dividends. Premiums in our Life Business grew 15.2% year-on-year while the Non-Life business grew 16.1% compared to FY 2016.

To grow the business on a sustainable basis AIICO is working to improve its internal processes and core operations to maintain an acceptable level of service to our customers. Businesses are increasingly leveraging technology and this is where I believe that the Company's focus should be over the next few years. Our customers are changing and we must adapt to the changing landscape or risk oblivion.

Our People

The Company continues to strengthen its career management framework by using technology to enable greater communication, closeness, and collaboration between leadership and other members of staff. The Company has also implemented a coaching program to help employees chart a career in the Company, highlight strengths, weaknesses and areas for improvement as well as align employee aspirations to Company goals.

Chairman's Statement

Corporate Responsibility, Governance and Board Changes

We welcomed a new member of the Board this year, Adewale Kadri. He was brought in to lead the Non-Life business. Mr. Kadri is a seasoned Insurance professional with decades of experience. Prior to joining AIICO, he was the Head of the Non-Life business at Old Mutual Nigeria.

Dividend

Our dear Shareholders, for the financial year ended December 31st, 2017, your Board is recommending for approval at this Annual General Meeting, the payment of a total of N346,510,224 representing 5k (five kobo) per ordinary share of fifty kobo each. This dividend will be payable, net of withholding tax, if approved at this Annual General Meeting.

2018 Outlook

Nigeria's recovery from recession will be slow - the IMF expects 2.1% growth in GDP in 2018. This is, however, predicated on oil prices remaining stable or rising over the course of the year. 2018 is also an important year for the Country as we prepare for the elections in 2019. As a result, we expect economic activity to pick up quite gradually and for Government spending to increase. These bode well for the economy at least in the short term.

For AIICO, 2018 is the final year of our transformation plan and there is much for the Company to achieve this year to put it in a position to grow sustainably over the next few years. We must secure capital to finance our growth over the next five years and continue our journey to become the leading Non-Bank Financial Services Group in the country.

In conclusion, as we look back on 55 years of our existence, we have achieved much but there is still much more to be done. There is significant potential in this market and I believe that 2018 is poised to be even better than 2017 was for the Company. We therefore look to the future with hope and expectation in our hearts.

It remains an honour and a privilege to serve you as Chairman.
Thank you very much for your time.

Mr. Bukola Oluwadiya
Chairman
FRC/2013/CISN/00000005132

Directors' Report

For the year ended 31 December 2017

The Directors present their annual report on the affairs of AIICO Insurance Plc ("The Company") and the subsidiary companies ("The Group"), together with the Group Audited Financial Statements and the Auditors' Report for the year ended December 31, 2017.

Legal form and principal activity:

The Company was established in 1963 by the American Life Insurance Company and was incorporated as a limited liability Company on July 14, 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) with effect from December 3, 1990. The Company was registered by the Federal Government of Nigeria to provide Insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals.

The Company is registered by the National Insurance Commission ("NAICOM"). It has three subsidiaries namely:

AIICO Multishield Limited

Multishield Limited was incorporated in 1997 as a Health Management Organization. It commenced operations in the same year with prepaid health plans to cater for the health needs of individuals and corporate organizations. The Company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

AIICO Pension Managers Limited

AIICO Pension Managers Limited (AIICO Pensions) provides pension administration services to private and public sector contributors. AIICO Pension is owned by consortium of five reputable companies namely: AIICO Insurance PLC, Oasis Insurance PLC, UNIC Insurance PLC, Wema Securities and Finance PLC and Magnartis Finance and Investment Limited. The Company was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, 2004, and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006.

AIICO Capital Limited

AIICO Capital Limited was registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. AIICO Capital Limited commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision. AIICO Capital Limited offers portfolio management services, structured investments and mutual funds to suit the investment needs of corporate and individual clients.

Operating results:

The following is a summary of the Group's operating results and transfers to reserves:

Profit or loss and other comprehensive income

In thousands of naira	2017	2016	Change	Change (%)
Gross premium written	32,097,692	27,064,365	5,033,327	19
Gross premium income	21,291,729	30,029,334	(8,737,605)	(29)
Net premium income	17,500,898	26,687,570	(9,186,672)	(34)
Claim expenses (net)	(20,774,186)	(13,096,190)	(7,677,996)	(59)
Underwriting (loss)/profit	(4,022,320)	12,448,233	(7,035,433)	28
Profit before taxation	3,040,489	11,835,236	(8,794,747)	(74)
Profit after taxation	1,283,276	10,238,411	(8,955,134)	(87)
Other comprehensive income/(loss), net of tax	1,122,661	(10,893,465)	12,016,126	110
Total comprehensive income/(loss)/income for the year	2,405,938	(655,054)	3,060,992	467
Basic earnings per share (kobo)	**18**	**147**	**(129)**	**(88)**
Diluted earnings per share (kobo)	**13**	**105**	**(92)**	**(87)**

Directors that served during the year and their shareholding

The direct and indirect interest of Directors in the Issued Share Capital of the Company as recorded in the Register of Directors' Shareholding and/or as notified by the Directors for the purposes of section 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 and the listing requirements of the Nigerian Stock Exchange are disclosed as follows:

Directors' Report

For the year ended 31 December 2017

Directors	Direct Holding	Indirect Holding	31 December 2017 Total Holding	31 December 2016 Total Holding
Mr Bukola Oluwadiya	272,800	-	272,800	272,800
Mr. S. D. A Sobanjo	37,284,985	-	37,284,985	37,284,985
Mr. Edwin Igbiti	1,380,202	-	1,380,202	1,380,202
Mr. Babatunde Fajemirokun	2,340,695	-	2,340,695	2,340,695
Mr. Sonnie Ayere	-	-	-	-
Mr Samaila Zubairu**	-	-	-	-
Mr. Kundan Sainani**	-	-	-	-
Mr Ademola Adebise	21,030	-	21,030	21,030

**Independent director

Directors' interest in contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Company and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the Company was involved during the year ended December 31, 2017.

Substantial interest in shares

According to the Register of Members at December 31, 2017, no shareholder held more than 5% of the issued share capital of the Company except as disclosed as follows:

	31 December 2017 Number of Shares held	%	31 December 2016 Number of Shares held	%
AIICO Bahamas Limited	889,291,665	12.83	1,020,833,332	14.73
DF Holdings Limited	1,524,650,716	22	1,059,515,292	15.40
	2,413,942,381	34.83	2,080,348,624	30.13

Shareholding Analysis

The shareholding pattern of AIICO Insurance PLC as at December 31, 2017 is as stated below:

Holding pattern (range) as at 31 December 2017

		No of Holders	% of Shareholders	No of Shares	% of Shareholdings
1	1,000	3,860	4.22	2,222,667	0.03%
1,001	10,000	42,834	46.80	212,554,737	3.07%
10,001	100,000	41,422	45.26	1,041,219,752	15.02%
100,001	500,000	2,725	2.98	550,561,339	7.94%
500,001	1,000,000	322	0.35	235,601,475	3.40%
1,000,001	5,000,000	282	0.31	567,492,688	8.19%
5,000,001	10,000,000	39	0.04	270,283,032	3.90%
10,000,001	100,000,000	37	0.04	984,087,373	14.20%
100,000,001	1,000,000,000	7	0.01	1,968,198,940	28.40%
1,000,000,001	10,000,000,000	1	0.00	1,097,982,477	15.84%
		91,529	**100**	**6,930,204,480**	**100.00%**

Holding pattern (range) as at 31 December 2016

		No of Holders	% of Shareholders	No of Shares	% of Shareholdings
1	1,000	3,698	4.00	2,159,108	0.03%
1,001	10,000	43,103	46.66	214,301,042	3.09%
10,001	100,000	42,141	45.61	1,059,125,069	15.28%
100,001	500,000	2,756	2.98	554,938,658	8.01%
500,001	1,000,000	317	0.34	229,803,224	3.32%
1,000,001	5,000,000	279	0.30	567,682,844	8.19%
5,000,001	10,000,000	41	0.04	293,795,121	4.24%
10,000,001	100,000,000	41	0.04	1,092,233,568	15.76%
100,000,001	1,000,000,000	8	0.01	1,895,332,514	27.35%
1,000,000,001	10,000,000,000	1	0.00	1,020,833,332	14.73%
		92,385	**100**	**6,930,204,480**	**100.00%**

Company's Distributors

The Company's products are marketed by insurance brokers and agents throughout the country. The Company also employs the direct marketing method to source for insurance business.

Post balance sheet events

There has been no material change in the Group's financial position since 31st December, 2017 that would have affected the true and fair view of the Company's state of affairs as at that date.

Property and equipment

Investment in property and equipment during the year is limited to the amounts shown in (Note 16) the financial statements. In the opinion of the directors, the market value of property and equipment is not less than the value indicated in the financial statements.

Acquisition of own shares

The Company did not purchase any of its own shares during the year.

Employment and Employees:

Employees' health, safety and environment

The Company strictly observes all health and safety regulations. The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Financial provision is also made for all employees in respect of transportation, housing, medical expenses and meals.

Employment of disabled persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their knowledge and to qualify for promotion in furtherance of their careers.

Employees' Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought, where practicable, on matters which particularly affect them as employees. The Company runs an open door management policy. Management, professional and technical expertise are the Company's major assets and investment in developing such skills is continuous. The Company's expanding skills base is being brought about by a wide range of in-house and external training. Opportunities for career development within the Company have also been broadened. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include staff retirement benefit, productivity bonus, promotion and salary review.

Directors' Report

For the year ended 31 December 2017

Dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a dividend of 5kobo per share. (2016: 0.02k) from the retained earnings account as at 31 December 2017. This is subject to approval by shareholders at the next Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

Donations

Donations during the year ended 31 December, 2017 amounted to ₦235,000 (2016: ₦2,100,000) as follows:

In thousands of naira	**Amount**
Nigeria Red Cross Society	185,000
The Immortal Blessed Trinity Initiative Int'l	50,000
	235,000

Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY THE ORDER OF THE BOARD OF DIRECTORS

Mr. Donald Kanu
Company Secretary

FRC/2013/NBA/00000002884
Plot PC 12, Churchgate Street
Victoria Island
Lagos, Nigeria

Date: 20 March 2018




Corporate Governance

"When the roots are deep, there is no reason to fear the wind." - African Proverb

Corporate Governance Report

The Board of AIICO Insurance PLC recognizes that it has the primary responsibility for ensuring good corporate governance. Accordingly the Company, through the Board, maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of stakeholders.

The Board is accountable to the Shareholders and does this through pro-actively evaluating the socio-economic, environmental and ethical matters that may impact on stakeholders' interest.

The Board also oversees the performance of Management in order to protect and enhance shareholder value and meet the Company's obligations to its employees and all other stakeholders.

To guarantee the highest level of legal and ethical requirements, internal control measures and processes have been put in place to ensure that Board, Management and staff conduct the affairs of the company in compliance with all legislations, regulations standards and codes that will positively impact on the performance of the Company.

Roles & Responsibilities of The Board

The Board of Directors provides entrepreneurial leadership for the Company within a framework of prudent and effective controls, sets the Company's strategic direction, objectives, values and standards and ensures that the necessary financial, material and human resources are in place for the Company to meet its objectives, review Management performance and ensure that its obligations to shareholders and other stakeholders are understood and met. The Board Charter sets out the role, responsibilities, structure and processes of the Board of AIICO Insurance PLC (AIICO).

Roles And Responsibilities

The Group Board is the main decision making body at the Group level and it:

(a) Works as a team and meets on a regular basis.

(b) Considers and approves strategic direction of AIICO Group and corporate strategic initiatives.

(c) Approves expenditures over certain limits in respect of its principal businesses.

(d) Has overall responsibility for management of the business and the affairs of the Group, the establishment of Group strategy, capital raising and allocation.

(e) Monitors and oversees the Group's operations, ensures competent and prudent management, sound planning and proper procedures for the maintenance of adequate accounting policies and systems of internal control, and for compliance with statutory and regulatory obligations.

(f) Determines and reviews the Group's strategic direction including, as appropriate, the strategies for each of the principal business units.

(g) Determines the Group's key financial objectives including target rates of return on capital and assets.

(h) Considers emerging issues which may be material to the business and affairs of the Group.

(i) Keeps under review and maintains the Group's capital and liquidity positions.

(j) Reviews and approves proposals for the allocation of capital and other resources within the Group.

(k) Approves material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of the Group.

(l) Approves material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Group.

(m) Reviews and approves the Group's annual capital and revenue budgets (and any material changes thereto).

(n) Receives monthly Business and Financial Reports from the principal business units and consolidated reports for the Group and reviews actual performance in the light of the Group's strategy, objectives, corporate and business plans and budgets.

(o) Considers and approves the Group's procedures for reviewing and monitoring risk, and receives regular reports thereon.

(p) Approves the Group's annual targets and financial statements and monitoring financial performance against forecast and prior periods.

(q) Approves the Group's Annual Report and Accounts and its other published financial statements and other material and significant statements issued to shareholders or the Nigerian Stock Exchange.

(r) Determines dividend policy and the amount, nature and timing of dividends to be paid.

(s) Approves arrangements for Annual and Extraordinary General Meetings.

(t) Receives and considers high level reports on matters material to the Group, in particular:

(i) Relations with Regulatory Authorities;

(ii) Human Resources matters;

(iii) Information systems and Technology;

(iv) Insurance cover;

(v) Disaster recovery;

(vi) Litigation and claims;

(vii) Investor and public relations;

(viii) Environmental Policy; and

(ix) Socially Responsible Investment Policy

(u) Establishes and maintains appropriate accounting policies, implement and monitor the maintenance of adequate accounting policies and other records and systems of planning and internal control.

(v) Considers and approves appointments to the Board, the Group Executive Management and approves remuneration arrangements for Executive Directors.

(w) Receives the minutes of and/or reports from the Boards of subsidiary companies and the Committees of the Group Board.

(x) Approves delegated authorities for expenditure and for lending, and for other risk exposures.

(y) Reviews and, as appropriate, agrees changes in the terms of reference of Committees established by the Board.

(z) Approves the appointment of Reporting Accountants.

(aa) Maintains a satisfactory dialogue with shareholders and use the AGM to communicate with investors and encourage their participation.

(bb) Presents a balanced and understandable assessment of the Company's position and prospects.

Board composition

The Board of Directors is made up of eight (8) directors comprising the Managing Director, one Executive Director and six Non-Executive Directors. Each of the directors, being qualified and outstanding individuals in their various fields of endeavours, is knowledgeable on Board and Corporate matters. The Board members are provided with full, timely and adequate information to enable them carry out their duties from a very well informed position.

There are clear separation of responsibilities between the Chairman, CEO, Board and Management thus ensuring non-interference of the Board in Management functions.

Directors' Independence and Terms of Office

In line with the provisions of the Company's Articles of Association, a third of the directors or a number closest to a third, excluding non-executive directors and those appointed by the Board during the year, retire by rotation at each Annual General Meeting of the Company and being eligible, present themselves for re-election. Directors retiring are those longest in office since their last election or re-election.

Directors also make unfettered judgments and bring in views that are independent of Management and devoid of any business or other relationships that could interfere with their independent judgment.

Directors' Orientation and Induction

New Directors are expected to give in their best as much as other directors on the Board. To assist them become effective, these new directors are given an orientation regarding the Group's business, Directors duties, code of conduct, policies and procedures applicable to Board and Board committees. A training plan has also been approved by the Board in relevant areas of the Company's core business.

Directors' Access to Management and Right to seek Independent Professional Advice

Directors receive financial reports of the Company and may invite members of senior management at Board or Committee meetings. Access to senior Management is unhindered and is calculated to ensure adequate clarification and information flow leading up to Management decisions. All the Directors are free to seek independent professional advice in the course of their duties at the Company's expense. Directors also have access to the advice and services of the Company Secretary on rules and regulations applicable to the operations of the Board and in particular corporate governance.

Profile of Directors

Mr. Bukola Oluwadiya (B. Sc., MBA, FCA, FCS) (Chairman)

Mr. Oluwadiya has a well-rounded experience in both the Banking/Financial Services and the Oil & Gas Sectors respectively. His banking career started in Grindlays Merchant Bank of Nigeria Limited where he rose to the position of Assistant General Manager (Corporate Banking) before he was seconded to Sydney, Australia for two years to work for the Australia and New Zealand Banking Group (ANZ) - the parent company of Grindlays Bank Plc, London. On his return in January 1992, Mr. Oluwadiya was General Manager (Strategic Planning) of Grindlays Merchant Bank of Nigeria Limited (now Stanbic IBTC Bank).

Presently, he is the Managing Director of Magnartis Finance & Investment Limited and sits on the Board as Chairman of Matrix Petrochem Limited; Worldwide Marine & Inspection Services Limited and AIICO Multishield Limited. He was, at some point, the Chairman of the Investment Strategy Committee of the Board of AIICO Pension Managers Limited.

Mr. Edwin Friday Igbiti (MBA, FLIIN) (Managing Director)

Mr. Igbiti is a highly competent, ethical and widely respected business leader who has built a distinguished career in Insurance over the past 20 years. Over these decades, he has provided Insurance expertise and advisory to Government and many large corporations across several industries/sectors in Nigeria.

He is an expert in specialist areas including Underwriting of Property, Casualty, Oil & Gas and Special Risks. His other competencies include Reinsurance, Claims and Operations Management amongst others.

During his distinguished career, he has won several personal and institutional awards and continues to receive accolades from reputable institutions both within and outside the Industry.

He is a member of the Governing Council of the Chartered Insurance Institute of Nigeria (CIIN) and a Fellow of the institute. He is affiliated to many professional bodies including the Nigerian Institute of Management, Chartered (NIMC) and a member of Institute of Directors Nigeria.

He holds an MBA from the University of Ado-Ekiti, an Advanced Diploma in Management from the University of Lagos, an Insurance Certificate from Chartered Insurance Institute, London and is an Alumnus of Howard University Business School, U.S.A.

Mr. Babatunde Fajemirokun (BA. Hons. M.Sc., MBA, ACII) (Executive Director, Operations)

Mr. Fajemirokun has almost two decades' experience, with ten years in Senior Positions in management consulting, insurance & asset management. He serves as the Chief Operating Officer and is responsible for key shared service functions and strategic growth in subsidiary companies.

He joined AIICO in May 2009 and has served in several roles and overseen principal and operational functions during this time. He has overseen significant turnaround of the insurance business during this time; improving the company's financial position (fixed the base), diversifying the product mix to a true customer composite, driving the company's digital strategy, implementing the company's capital management strategy (including corporate finance) and corporate strategy.

Prior to AIICO, he worked in Accenture and then Capgemini Consulting (UK). In both companies, he provided consulting/advisory services to financial services and government clients predominantly in mergers and acquisitions (post-merger integration) and then the UK government transformation programmes.

He earned an MBA with a concentration in Finance from University of Chicago Booth School of Business, a Business Information Technology Systems Master's degree with distinction from University of Strathclyde and a Bachelor's degree in Business Economics from Glasgow, UK. He is a Chartered Insurer (ACII, UK) and a Senior Member of the Chartered Insurance Institute of Nigeria.

Mr. Kundan Sainani (B.Comm., FCA)
(Non Executive Director)

Mr. Sainani brings to the Board over 20 years of experience spanning various industries within and outside Nigeria including Viva Methanol Limited and Lekki Deep Sea Port which are part of the Tolaram Group. He was until recently a Director in the Lagos Free Trade Zone. Kundan Sainani holds a Bachelor of Commerce degree from India and is also a Chartered Accountant.

Mr. Ademola Adebise (B. Sc., MBA, FCA)
(Non-Executive Director)

An alumnus of the prestigious Harvard Business School, Lagos Business School and University of Lagos, Ademola Adebise is the Deputy Managing Director at Wema Bank.

Prior to joining Wema Bank Plc, he worked at Accenture, the global consulting firm, National Bank of Nigeria and Chartered Bank in various capacities spanning over 26 years.

Ademola Adebise is a graduate of Computer Science. He also holds an MBA from Pan African University, Lagos Business School. A thorough-bred, resourceful and self-motivated personality, Ademola is a Fellow of the Institute of Chartered Accountants of Nigeria as well as an Associate of the Chartered Institute of Taxation & Computer Professionals (Registration Council of Nigeria).

Ademola also serves on the Boards of AIICO Pension Funds Administrator and the Financial Institutions Training Centre (FITC).

Mr. Samaila Dalhat Zubairu (B. Sc.(Hons), FCA)
(Non-Executive Director)

Mr. Zubairu is the Vice Chairman of Africapital-Gem Development Partners Limited, a project development firm focused on providing pragmatic infrastructure solutions to the significantly underserved Nigerian market. He is also a Director of West Africa Infrastructure Investment Managers - JV with Old Mutual to raise and manage the Nigerian Infrastructure Investment Fund. Over the last 26 years, Samaila has worked in various capacities-he was Chief Financial Officer at Dangote Cement Plc, as well as CFO for Obajana Cement Plc.

At Obajana he was a key member of the team that spearheaded the development of Africa's largest green-field cement project. Prior to that, he was the Treasurer for the Dangote Group during its transformation from a trading company to an industrial conglomerate. Samaila also spent time at Liberty Bank Plc. where he was the Head of Investment Banking and subsequently Group Head of Risk Management.

Prior to his post at Liberty Bank, he was the Head of Project Finance at FSB Bank (Fidelity Bank).

Samaila is a Fellow of the Institute of Chartered Accountants of Nigeria and the Eisenhower Fellowships International Leader Exchange Philadelphia USA. He also holds a B.Sc Hons. Accounting from Ahmadu Bello University. Zaria

Mr Sonnie Ayere (B.Sc., M.Sc.)
(Non-Executive Director)

Mr. Ayere is a motivated and goal oriented financial economist and investment banker with more than 17 continuous years of solid Corporate and Structured Finance, Banking and Asset Management experience working with HSBC, NatWest Bank, Sumitomo Mitsui Bank of Montreal Nesbitt Burns in London and the International Finance Corporation (The World Bank Group) in Washington and South Africa.

He was a Principal adviser on the IFC team that advised the Nigerian Government on the development of the domestic bond market. He was also a key member of the SEC market structure committee. He has been a key speaker in numerous prestigious functions and seminars across Africa on diverse aspects of African and international financial markets.

Mr. Ayere holds an MA (Hons.) in Financial Economics from the University of Dundee, Scotland in June 1993. He is an Alumnus of Cass Business School London (MBA) - July 1996 and London Business School (June 1996). He is also FSA registered. He was conferred with an Honorary Doctorate Degree in Science (DSc.) from the European-American University in July 2009.

Mr. Sobandele David Ayodele Sobanjo (B.Sc., MBA, FCII)
(Non-Executive Director)

Mr. S.D.A Sobanjo was a past MD/CEO of AIICO Insurance PLC. Upon his retirement, he was elevated to the Board as a Non-Executive Director in 2013. He holds a Bachelors Degree in Actuarial Science from the University of Lagos (1977-1981). A Post Graduate Degree in Business Administration, specializing in General Management from his Alumni University (1995-1996), University of Lagos and an M.B.A, specializing in Marketing from the Enugu State University of Technology (ESUT) (1997-1999). He holds the ACII (General) London, FCII (Life) London, and the FCII (Nigeria) and is also a member of the Nigerian Institute of Management, Chartered. His career history showcases organisations like Union Bank of Nigeria PLC, SCIB Nigeria and Company, Glanville Einthoven Life and Pensions Insurance Brokers, High Gate Insurance Brokers Limited, and AIICO Insurance. He left AIICO to join African Alliance Insurance Company Limited before returning to AIICO as Managing Director/CEO. He has varied experience spanning Pension Administration, Life Operations, General Insurance Administration, Product Development, Marketing and information Technology. He has attended several Management and Strategic Management Programmes within and outside Nigeria and has served as resource person for many seminars and conferences across Nigeria. Mr. Sobanjo has been a Director of AIICO Insurance PLC since January 1, 2006.

Board/Committees and Meetings

The Board functions through these committees, whose terms of reference are as hereinafter set forth:

Establishment and Corporate Governance Committee

This Committee assists the Board to fulfil its Governance responsibilities as well as its responsibilities for the management of human resources to ensure that recruitment and remuneration policies and practices are designed to attract, retain and reward fairly and responsibly with a clear link to corporate and individual performances. Its terms of reference include;

- Receiving reviews and making recommendations to the Board on the terms of reference of the Board,
- Setting the terms of reference of each Board Committee and the terms of reference of engagement of Directors,
- Making recommendations on the Board's composition and effectiveness;
- Advising on the Company's Code of Conduct and its application;
- Assessing the needs of the Board and Board Committees regularly in terms of the frequency of Board and Board Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings;
- In consultation with the Chairman of the Board, assessing and planning for Board composition and succession, as well as considering the competencies and skills necessary for the Board, as a whole, the competencies and skills that the Board considers each existing Director to possess and the competencies and skills that each new nominee would bring to the Board.

The Committee also reviews and approves the terms of service upon appointment and any subsequent changes, including the total individual remuneration package for senior executives; ensures that individuals are not involved in setting their remuneration; determine contractual notice periods and termination commitments and approve any retention and termination arrangements for senior executives.

Finance and General Purpose Committee

This Committee's responsibilities include considering and advising the Board on transactions, including the Company's finances, financial policies, financial controls and financial strategies; giving consideration to, and recommending to, the Board the annual budget for revenue income and expenditure and any associated capital expenditure; reviewing the periodic management accounts of the Company and recommending to the Board, any in-year budget adjustments; reviewing the annual financial statements of the Company and recommending same to the Board for approval; monitoring the financial liquidity and solvency of the Company and ensuring that action is taken to maintain this at an acceptable level. The Committee also monitors the planning, implementation and progress against plan of approved major capital expenditure projects and major procurements within the Committee's approval limits as stated in the Expense Control and Procurement Policies of the Company; Considering the Financial Regulations periodically and approving any amendments that become necessary from time to time; Considering the annual review of the effectiveness of Internal Audit.

Investment and Enterprise Risk Management Committee

This Committee ensures that sound policies, procedures and practices are in place for the enterprise-wide management of the Company's material risks and reports the results of the Committee's activities to the Company's Audit Committee of the Board of Directors. Management of the Company is responsible for satisfactorily mitigating material business risks. It does this by designing and implementing risk management practices, including providing ongoing guidance and support for the refinement of the overall risk management framework and ensuring best practices are incorporated, ensuring that management understands and accepts its responsibility for identifying, assessing and managing risk, ensuring that risk assessments are performed periodically and completely.

Meetings of the Committees

Establishment & Corporate Governance Committee

	Position	No of Meeting	Attendance
Mr. Kundan Sainani	Chairman	4	3
Mr. Sonnie Ayere	Member	4	4
Mr. Samaila Zubairu	Member	4	4
Mr Babatunde Fajemirokun	Member	4	4
Mr. Edwin Igbiti	Member	4	4

These meetings were held on January 20, April 24, July 18, October 23, 2017

Finance & General Purpose Committee

	Position	No of Meeting	Attendance
Mr. Sonnie Ayere	Chairman	5	5
Mr Babatunde Fajemirokun	Member	5	5
Mr. S.D.A Sobanjo	Member	5	4
Mr. Edwin Igbiti	Member	5	5
Mr. Samaila Zubairu	Member	5	5
Mr. Ademola Adebise	Member	5	5

These meetings were held on January 20, March 13, April 24, July 18, October 23, 2017

Investment & Enterprise Risk Management Committee

	Position	No of Meeting	Attendance
Mr. Sonnie Ayere	Chairman	4	4
Mr Babatunde Fajemirokun	Member	4	4
Mr. Kundan Sainani	Member	4	3
Mr. Edwin Igbiti	Member	4	4
Mr. Ademola Adebise	Member	4	4

These meetings were held on January 20, April 24, July 18, October 23, 2017

Statutory Audit Committee	Position	No of Meeting	Attendance
Mr. Samaila Zubairu	Independent Director/Chairman	5	5
Chief Edmund U. Njoku	Shareholder/Member	5	5
Mrs. Funke Augustine	Shareholder/Member	5	5
Chief Robert I. Igwe	Shareholder/Member	5	5
Mr. S.D.A. Sobanjo	Member	5	5
Mr. Kundan Sainani	Member	5	4

These meetings were held on January 20, March 13, April 24, July 18, October 23, 2017

Nomination Committee	Position	No of Meeting	Attendance
Mr. Sonnie Ayere	Chairman	1	1
Mr. Kundan Sainani	Member	1	1
Mr. Edwin Igbiti	Member	1	1

****This meeting was held on October 23, 2017**

All the committees endeavoured to perform their duties competently during the year under review.

HAPPINESS NOT SENTIMENT

Everybody is in pursuit of happiness. At AIICO, we support you as you take concrete steps towards your happiness.

Life Insurance | General Insurance | Investments

bsi. ISO 22301 Business Continuity Management

AIICO INSURANCE
AMERICAN INTERNATIONAL
...stability assured

AIICO Plaza, Plot PC 12 Churchgate Street, Victoria Island, P.O. Box 2677, Lagos, Nigeria
01279 2930, 0700AIIContact (0700 2442 6682 28) | aiicontact@aiicoplc.com | www.aiicoplc.com

Authorized and Regulated by the National Insurance Commission. RIC No. 004

NAICOM/CA/ADV/2017/1761

BOARD OF DIRECTORS

Bukola Oluwadiya
Chairman

Edwin Igbiti
MD/CEO

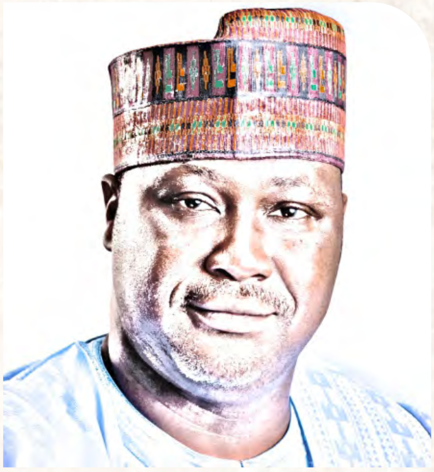
Babatunde Fajemirokun
Executive Director

Adewale Kadri
Executive Director

Ademola Adebise
Non-Executive Director

S.D.A. Sobanjo
Non-Executive Director

Sonnie Ayere
Non-Executive Director



Samaila Dalhat Zubairu
Non-Executive Director - Independent

Kundan Sainani
Non-Executive Director - Independent

Statement Of Directors' Responsibilities In Relation To The Financial Statements

For The Year Ended 31 December 2017

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Edwin Igbiti
Group MD/CEO
FRC /2013/CIIN/00000005551
20 March 2018

Mr. Bukola Oluwadiya
Chairman
FRC/2013/CISN/0000005132
20 March 2018

Certification Pursuant To Section 60 (2) Of Investment And Securities Act No. 29 0f 2007

We the undersigned, hereby certify the following with regards to our audited financial statements for the period ended December 31, 2017 that:

(i) We have reviewed the report and to the best of our knowledge, the report does not contain:

- Any untrue statement of a material fact, or
- Omission 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 Group as of, and for the years presented in the report.

(ii) 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 subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(iii) We have disclosed to the auditors of the Group and audit committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the Group'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. Edwin Igbiti
Group MD/CEO
FRC /2013/CIIN/00000005551

Mr. Ayodele Bamidele
Group Financial Officer
FRC/2013/ICAN/0000004332

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PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AIICO Insurance PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of AIICO Insurance PLC ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 105.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Guidelines and Circulars.

Basis for Opinion

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

Key Audit Matters

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

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Registered in Nigeria No BN 986925

Partners

Abiola F. Bada, Adewale K. Ajayi, Ayodele A. Soyinka, Ibitomi M. Adepoju, Lawrence C. Amadi, Oladapo R. Okubadejo, Olusegun A. Sowande, Tolulope A. Odukale, Adebisi O. Lamikanra, Ajibola O. Olomola, Chibuzor N. Anyanechi, Ijeoma T. Emezie-Ezigbo, Mohammed M. Adama, Oladimeji I. Salaudeen, Oluwafemi O. Awotoye, Victor U. Onyenkpa, Adekunle A. Elebute, Ayobami L. Salami, Ehile A. Aibangbee, Joseph O. Tegbe, Nneka C. Eluma, Olanike I. James, Oluwatoyin A. Gbagi, Adetola P. Adeyemi, Ayodele H. Othihiwa, Goodluck C. Obi, Kabir O. Okunlola, Oguntayo I. Ogungbenro, Olumide O. Olayinka, Temitope A. Onitiri

Valuation of insurance contract liabilities

The Company has significant life and non-life insurance contract liabilities of ₦59.8 billion (2016: ₦49.8 billion). The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.

Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates, hence the eventual outcome is uncertain.

The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, expenses and discount rates.

The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.

How the matter was addressed in our audit
Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls instituted by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data.
- We engaged our actuarial specialists to challenge the appropriateness of the methodology used by the Company's external actuary in calculating the insurance contract liabilities. This involved an assessment of the appropriateness the valuation methods, taking into account available industry data and specific product features of the Company.
- With the assistance of our actuarial specialist, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary and performed liability adequacy tests on insurance contract liabilities including assumptions and estimates on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate by comparing them to Company specific data and market experience.
- We considered the Company's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard.

The Group's accounting policy on the valuation of insurance contract liabilities and related disclosures are shown in notes 3.16 (accounting policy), note 4(a) (critical accounting estimates and judgments) and note 18 (insurance contract liabilities).

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which comprises the Directors' report, Statement of Directors' responsibilities, Certification pursuant to section 60(2) of the Investments and Securities Act No.29 of 2007, Corporate governance report, Report of the Statutory Audit Committee, Financial highlights, Consolidated results at a glance, Other national disclosures, but does not include the consolidated and separate financial statements and our audit report thereon, which we obtained prior to the date of this auditors' report and Board of Directors pictures,

Corporate Profile & Strategy, Management team profile, Corporate social responsibility, Notice of Annual General Meeting, Chairman's Statement, Chief Executive's letter to shareholders, Internal Control report, Complaints management policy, Enterprise Risk Management report (together "the outstanding reports") which is expected to be made available to us after that date.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Guidelines and Circulars, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Section 28(2) of the Insurance Act 2003.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Penalties

The Company paid a penalty in respect of contravention of the requirements of certain sections of the National Insurance Commission of Nigeria's Operational Guidelines during the financial year. The details of this contravention and penalty paid is disclosed in note **40** to the financial statements.

Signed:

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
26 March 2018
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1 370635

Report Of The Statutory Audit Committee

Report of the Statutory Audit Committee

To the members of **AIICO Insurance PLC**

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

- We have reviewed the scope and planning of the audit for the year ended December 31, 2017 and we confirm that they were adequate;
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended December 31, 2017.

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

SIGNED ON BEHALF OF THE COMMITTEE BY:

Mr. Samaila Zubairu
Chairman of the Statutory Audit Committee
FRC/2014/ICAN/00000007663
20 March 2018

Members Of The Statutory Audit Committee Are:

Mr. Samaila Zubairu	(Independent Directors' Representative)	Chairman
Chief Edmond. U. Njoku	(Shareholders' Representative)	Vice-Chairman
Mrs 'Funke Augustine	(Shareholders' Representative)	Member
Chief Robert I. Igwe	(Shareholders' Representative)	Member
Mr. Kundan Sainani	(Independent Directors' Representative)	Member
Mr. S. D. A. Sobanjo	(Directors' Representative)	Member

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

Internal Control Report

Introduction

The Board and Management of AIICO Insurance Plc. consider an effective Internal Control management system as fundamental to the successful operation of the business. The scope of internal control in the organization includes all controls incorporated in the strategic, governance and management processes, covering AIICO's entire range of activities and operations, and not just those directly related to financial operations and reporting. It also includes non-financial activities that relate to the achievement of the business objectives.

Internal control system in AIICO encompasses the control framework guided by systems, organizational structures, statutory requirements, international best practices, management philosophy, codes of conduct, policies, and standard operating procedures. Internal Control in AIICO is designed to ensure essential business objectives are met. These objectives are to:

- Ensure effective and efficient operations;
- Safeguard AIICO's assets against losses and making adequate provision for liability;
- Ensure the reliability of financial reporting and compliance with Generally Accepted Accounting Principles;
- Ensure compliance with applicable laws and regulations, including internal policies;
- Ensure systematic and orderly recording of transactions; and
- Provide reasonable assurance that undesired events will be prevented or detected and corrected.

AIICO is committed to creating and maintaining a world class internal control environment capable of sustaining its current leadership position in the industry. The internal control system is established to strengthen the effectiveness and ensure adequacy of internal control environment of the company, thereby increasing its capability to proactively manage the impact of external (and internal) events and uncover possible flaws, gaps and deficiencies in processes and structures as well as provide information for informed decision. The internal control framework guide the internal control functions and roles in accordance with International best practices.

In order to ensure effective and efficient management of the organisation's resources as well as adherence to all extant regulatory laws and guidelines within the operating environment, every employee of AIICO performs an internal control role which may vary depending on their respective functions; Business Unit (BU) Managers play key roles in assuring that high standards of business processes and ethical practices are observed for the achievement of AIICO's corporate objectives.

Internal Control Framework

Primarily, the internal control department ensures compliance with all extant laws and regulatory guidelines, implementation of the company's policies, standard operating procedures, prevention and correction of all systematic errors and omissions in the operations. It ensures far-reaching improvement and development through added value in process advancements regarding the achievement of the organisation's corporate objectives. Internal control as a process is developed and implemented to provide reasonable assurance regarding the achievement of objectives in the following areas:

- Operational objective - effectiveness and efficiency of operations;
- Information objective - reliability of reporting;
- Compliance objective - Compliance with all extant Laws and regulatory guidelines, and internal policies and procedures

For the achievement of the above stated objectives, the organization's internal control lays emphasis on:

- A process consisting of on-going tasks and activities i.e. a continuing process rather than a periodic review. It is not merely about policy manuals, systems, and forms; but effected by all staff at all levels;
- Ability to provide reasonable assurance rather than absolute assurance;
- Achievement of the organization's objectives and operational improvement;
- Adaptability to the entity structure.

Reviewing the effectiveness of internal control is an essential responsibility of the Board, while Management is accountable to the Board for designing, implementing, monitoring and reviewing the system of internal control.

Pre-Requisites for Effective Internal Control System

The Internal Control framework is designed to engender the support and commitment of all stakeholders of AIICO Insurance Plc. to a controlled environment, thus creating an enabling platform that would ensure the growth and stability of the organization.

In order for AIICO's Management and other personnel to effectively achieve the organization's objectives, the following pre-requisites of internal control system were set and continuously improved upon: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

- Control Environment - Sets the tone of the organization, which influences the control consciousness of its people. It is a platform that provides discipline and structure upon which all other components of internal control are built and driven. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating model. Authority and responsibility are assigned with due consideration for risk mitigation. The board provides adequate attention, direction and corporate strategy for the organisation's growth.

- Risk Assessment - Every entity faces a variety of risks from external and internal sources that must be assessed and adequately mitigated. A pre-requisite to risk assessment is the Board and Management mandate, commitment, understanding of the organisation and its context. Risk assessment is the identification, analysis, and treatment of prioritised risks that could impact the achievement of company's objectives and continuous monitoring and assessment of control measures in place. It forms a basis for determining how risks should be managed within the revolving and dynamic economic, industry, regulatory, and operating environment.

  The Board and Senior Management regularly assess the risks that AIICO is exposed to, including risks relating to financial reporting. This is done through the Enterprise Risk Management department on a regular basis which includes assessing operational risk, underwriting risk, reserving and solvency risk, business and strategic risk, market and liquidity, credit risk, compliance risk, legal risk and reputational risks that could impact the achievement of AIICO's objectives. Senior Management regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process. Internal control and risk management are fundamental functions that enhance best practices and continuous improvement of organisation's operations.

- Controls Activity - A diverse range of policies and procedures which help to ensure management's directives are appropriately executed while managing risks to achieving company objectives. Control activities occurred throughout the organization, at all levels and in all functions. AIICO's controls activities include the establishment of standard operating procedures for all functions within the company to guide the company operations such as bank and general reconciliation review, budgetary and reporting system review with the objective of identity variance, pre-disbursement review etc.

- Information and Communication - The organisation established effective processes and systems that identify, capture and report operational, financial and compliance-related information in a form and within a timeframe that aids staff in executing their responsibilities. All personnel must receive a clear message from top management and ensure control responsibilities are taken seriously. Business units understood their roles in the internal control process, as well as how individual and business unit activities are interrelated and supportive for the achievement of the corporate objectives.

  Monitoring Activities - a process that assesses the adequacy and quality of the internal control system's performance over time. This is accomplished through on-going monitoring activities, separate evaluations, or a combination of the two. On-going monitoring occurs in the course of operations while separate evaluations depend on risk assessment and effectiveness of on-going monitoring within the organisation. Identified deficiencies in internal controls are reported to the appropriate level, either to the Executive Management or Board.

Therefore, the Board acknowledged its responsibility for instituting internal control systems that provide reasonable assurance on safeguarding of assets and prevention of their unauthorized use or disposal, as well as maintenance of proper accounting records that provides reasonable assurance on the reliability of financial information produced. There is periodic review of the organization policies, standard operating procedures for continuous improvement.

2017 Internal Control Improvements

The Internal Control function undertook transactional monitoring. It maintained a close working relationship with all Business Units (BU) and report all identified control lapses related to transactions appropriately. Also close monitoring of implementation of proffered control measures were appropriately followed-up to ensure its closure and provide assurance. Internal Control also protected business growth and sustainability by ensuring compliance to regulations or statutory requirements and reduction of waste and leakage to the barest minimum.

Some internal control improvement measures achieved during the year are:

- ERM and Internal Control awareness training: The Company witnessed the second edition of its ERM and Internal Control awareness and training week. It inculcated the Organization philosophy and policy relating to control activities and emphasized the control roles we all (process owners) have as a first line of defence.

- Monitoring and Review Activities: Strengthened monitoring and reviewing activities of the company's transactions in line with company policy and procedures and ensure adherence to statutory requirements and international best practices. In this regard, reduce the exposure of the company to compliance risk and reduce income leakages;

- Report Rendition: Preparation and presentation of monthly activities and exceptional reports to Senior Management on control failures, Key exceptions and the actions taken or recommendation to address such failures. This is being tracked on a monthly basis to appraise how well recommendations are implemented.

Enterprise Risk Management Report

Introduction

The Enterprise Risk Management (ERM) is best practice many organizations implement to reinforce their corporate governance; rating agencies also give due attention to the effective implementation of ERM in organisations. The organization, in the implementation of Enterprise Risk Management, adopted ISO 31000:2009 standard with emphasis on the relationship between the risk management principles, framework and processes. The organisation's risk management and control is structured to create and maintain values for stakeholders by ensuring it becomes an integral part of the company's processes and procedures. It addresses uncertainties considered in every decision-making process and is periodically reviewed for continuous improvement of the company's processes.

AIICO's ERM framework provides the foundations and arrangements that establish effective risk management and control throughout the organization at all levels. Information on risk derived from the risk management process is reported appropriately and used for decision making.

The Board is responsible for and committed to ensuring appropriate and effective risk management and control system is established across the organisation. It periodically reviews the system for continuous improvement.

The Board of Directors and Management, in carrying out its oversight ERM functions, have achieved the following:

- Reviewed the activities and effectiveness of the organisation's risk management and control system;
- Maintained the ISO 22301: 2012 (Business Continuity Management System) Certification following a continuous assessment visit by British Standard Institute to the organisation;
- Assessed the Asset and Liability Management and other Committee reports to guarantee adequacy and effectiveness of the risk management and control system;
- Set the Risk Appetite, and ensured compliance with the approved risk appetite and tolerance limits;
- Reviewed and approved the Operational Risk Management Manual and related documents for adequacy and continuous improvement;
- Approved the conduct of ERM training and awareness across all levels to enhance the organisation's risk management and control culture;

Monthly and Quarterly meetings were held by the Management and Board respectively to assess the adequacy and effectiveness of risk management processes as well as review of ERM core activities.

The ERM framework provides detailed responsibilities of the Board, its Committees and Management for managing the risks of the organisation.

Below are the responsibilities of the Board in the management of risk:

Role of the Board of Directors

General Risk Management and Control

- Approve and periodically review risk strategy and policies;
- Approve AIICO's risk appetite and monitor AIICO's risk profile against this appetite;
- Ensure Senior Management takes steps necessary to monitor and control risks;
- Ensure Senior Management maintains an appropriate system of internal control and reviews its effectiveness;
- Ensure AIICO's risk strategy reflects its tolerance for risk;
- Review and approve changes/amendments to the risk management framework;
- Review and approve risk management procedures and controls for new products and activities; and
- Receive risk reports periodically from Senior Management highlighting key risk areas, control failures and remedial action steps taken by Senior Management.

Other responsibilities of the Board in relation to Enterprise Risk Management

- Define AIICO's overall risk appetite in relation to operational risk, business and strategic risk, underwriting risk, reserving and solvency risk, market and liquidity risk, credit risk, reputational risk, compliance risk, and legal risk.
- Approve AIICO's Risk Management Framework for:
  - Operational Risk
  - Underwriting Risk
  - Reserving and Solvency Risk
  - Business and Strategic Risk
  - Market and Liquidity Risk
  - Credit Risk
  - Reputational Risk
  - Compliance Risk
  - Legal Risk
- Approve AIICO's overall strategic direction and risk tolerance in relation to operational risk, underwriting risk, reserving and solvency risk, business and strategic risk, market and liquidity risk, credit risk, reputational risk, compliance risk, and legal risk based on the recommendation of the Board Investment and Enterprise Risk Management Committee.
- Ensure that AIICO's overall risk exposure is maintained at prudent levels and consistent with the capital held.
- Ensure that detailed policies and procedures for various functions risk exposure (development, management and recovery) are in place.

- Ensure that Senior Management as well as individuals responsible for operational, underwriting, reserving and solvency, business and strategic, market and liquidity, credit, reputational, compliance, and legal risk management possess sound expertise and knowledge to accomplish the risk management functions.
- Ensure that AIICO's ERM Framework is subject to effective and comprehensive internal audit by independent, appropriately trained and competent personnel and/or body.
- Ensure that the company's Senior Management has the required authority and ability to manage risks.
- Ensure that the company implements a sound methodology that facilitates the identification, measurement, monitoring and control of operational risk, underwriting risk, reserving and solvency risk, business and strategic risk, market and liquidity risks, credit risk, reputational risk, compliance risk and legal risk.
- Set appropriate guidelines to Management, including an explicit statement of a zero tolerance policy for all unethical behaviour, and breach of internal policies and procedures.
- Ensure the company complies with all statutory responsibilities and regulatory guidelines.
- Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to offending officers; demand from Senior Management appropriate explanations for all exceptional items; ensure that Senior Management puts in place effective and remedial actions and reports on progress to the Board on an on-going basis.
- Ensure at all times that only fit and proper persons are appointed to Senior Management positions in the Company.
- Define clear guidelines with AIICO's code of conduct which all employees are expected to comply with.

Role of Board Committees

The above responsibilities of the Board of Directors are discharged primarily through three committees of the Board, namely:

1. Board Investment and Enterprise Risk Management Committee
2. Board Audit Committee and
3. Establishment and Corporate Governance Committee

Without prejudice to the roles of these committees, the Board retains ultimate responsibility for the management of risks and control of the organisation. The committees meet at least once per quarter and present their reports to the Board.

Risk Management Governance Framework

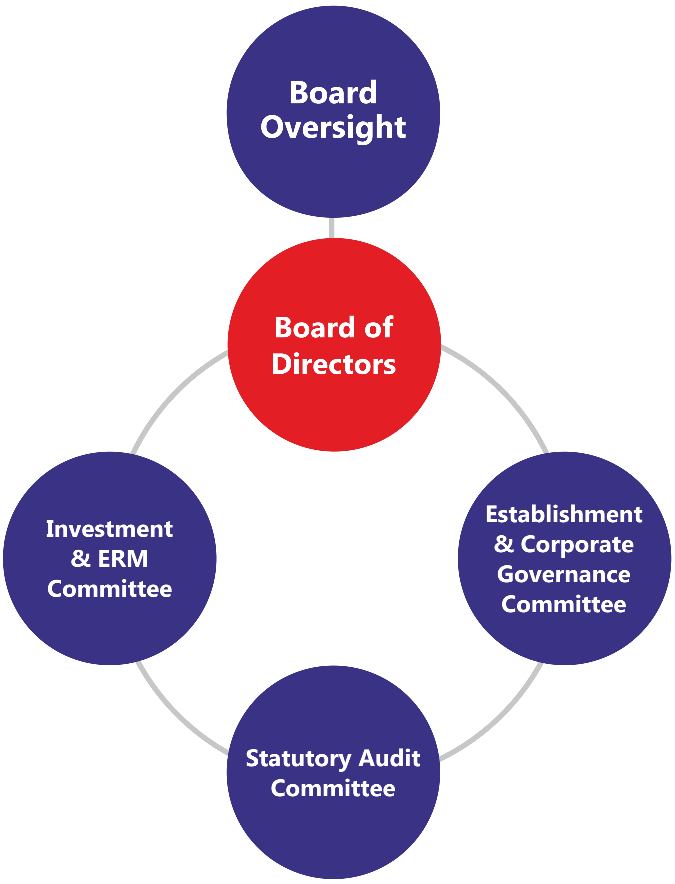


Figure 1

Figure 1, which is part of the ERM framework, shows the Risk Management Governance Framework in AIICO Insurance PLC.

The Three Lines of Defence

The three lines of defence is embedded in the company's enterprise risk management structure. The company's risk management structure includes management's approach to risks inherent in the business and its appetite for these risk exposures. The company operates and sustains the 'three lines of defence model' to establish a risk management capability and promote risk culture across the group. Under this approach, AIICO on a continuous basis assesses and monitors its risk profile against the set standard that emphasises strict adherence to controls and best practices. The model provides the business with effective approach to clarifying key roles and functions and helps to ensure the effectiveness of the company's risk management initiatives.

The **first line of defence** is implemented by the unit or business function that performs daily operational activities, especially those that are at the company's front lines. They own and manage the businesses' inherent risk exposures in accordance with approved risk appetites, mandates and limits by the Board and ensure full compliance with the framework, policies, and approval requirements among others.

The company's line managers are responsible for ensuring a conducive risk and control environment as part of their day-to-day functions and operations. They implement risk management policies and create an awareness of risk factors that could lead to the company's corporate growth and are considerable for tactical decisions and actions. Employees in the first line of defence identify risk, implement controls and provide business initiatives that are value adding and improve the risk management process.

The **second line of defence** is executed by risk management, control and compliance functions. This role provides oversights and reports to Executive Management over business processes and risks as well as ensures that business functions are implemented in accordance with established risk management framework, policies and standard operating procedures. They guide and provide direction for implementing and monitoring the company's overall risk management strategy.

The second line of defence reviews and assesses the risk-taking activities of the first line of defence and the actions being taken to manage and control risks, and reports to the Executive Management and Board of Directors appropriately.

The **third line of defence** comprises the Internal Audit and other independent assurance providers that provide independent and objective assurance over risk management processes, controls and objectives, as established by AIICO Insurance. More importantly, this role evaluates the manner in which both the first and the second line of defence achieve their risk management, governance and control objectives and reports to the Board accordingly.

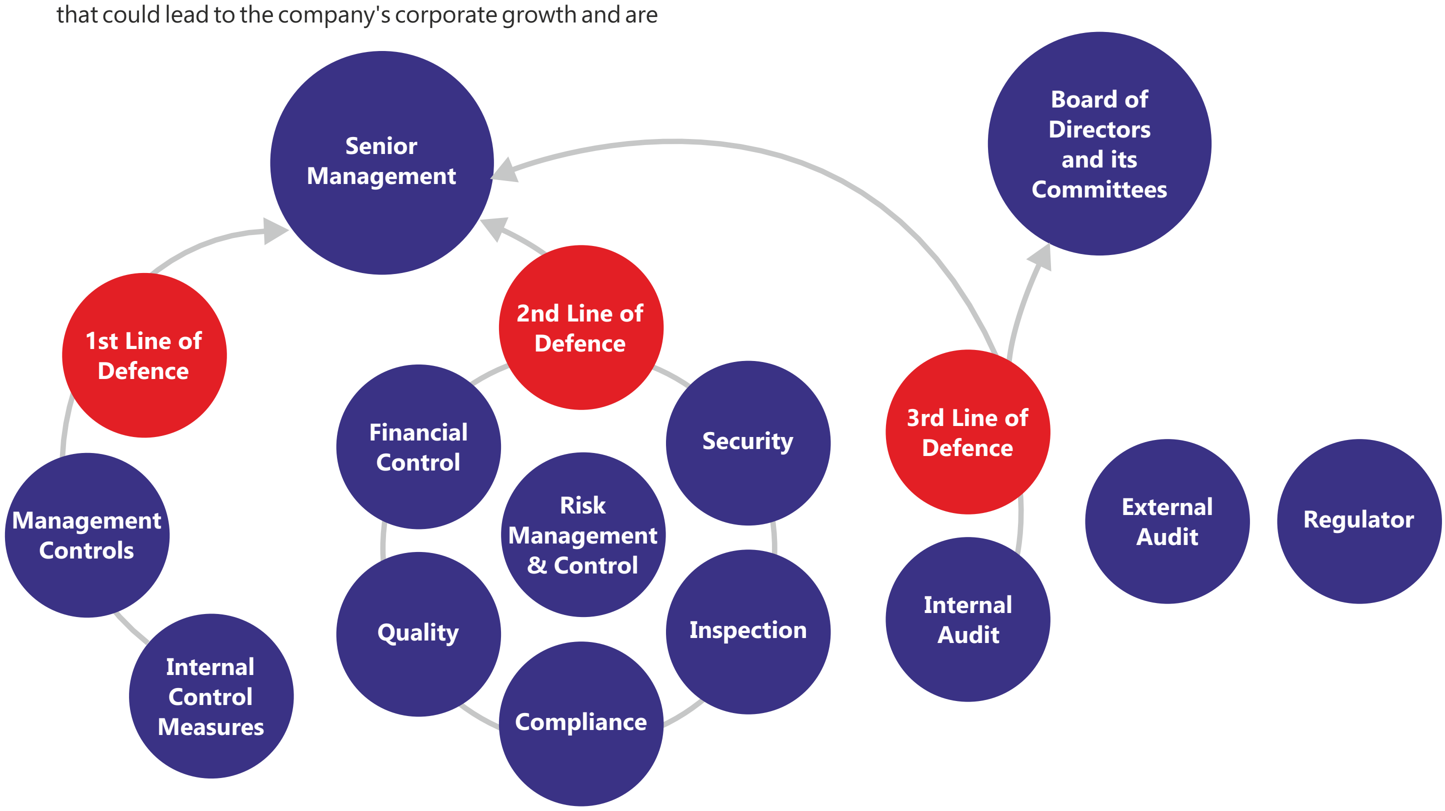


Figure 2: AIICO's Lines of defence

To demonstrate commitment to a robust ERM and control system, the Investment and ERM Board Committee met quarterly and the ERM Management Committee met monthly in 2017. ERM reports and related issues and controls were the focus of meetings.

Risk Culture

Our risk culture is a continuous process that is rooted and reflected in our corporate values; the unique leadership styles; the language and symbols and the procedures and routines. It is the definition of sustainable growth and success as a leader in the insurance industry.

The organisation recognised the importance of effective risk management to achieve its corporate objectives. Hence, it established a risk culture throughout the organisation as a fundamental tool for effective risk management. The risk culture significantly affects our capability to take competitive and effective strategic risk decisions and delivery of promises to our stakeholders.

The Board sets the tone by the establishment of risk appetite, ERM framework, functional ERM and Control department and holding of quarterly meetings to review the risk management and control activities. There is a formal process to consider risks during decision-making with a consistent and repeatable approach that allows for understanding of the impacts of risks and permits Management to feel comfortable with decisions made. Periodic risk assessments are conducted by the Management; risk owners are identified and reports communicated and continuously monitored by the second line of defence to provide assurance. In addition to internal audit periodic inspections, periodic independent audit exercises were conducted by the British Standard Institution (BSI) and KPMG in areas of Business Continuity Management System (BCMS) and Vulnerability Assessment and Penetration Test (VAPT) respectively. AIICO's risk culture is extended to third party suppliers and partners to help ensure third parties are managing risks within guidelines or meeting their own risk standards.

Risk Management and Control week is conducted yearly to sensitise staff across the strategic business units and divisions of the need and importance of prompt identification and effective management of both internal and external risks in the operating environment. The one-week programme is to ensure common understanding, awareness and effective management of risk across the organisation. The board, management and staff are committed to continuous improvement on the organisations' risk culture.

AIICO Insurance Plc. ensures a visible and substantive change in the risk culture of the organisation to guarantee its stakeholders that its business can be trusted. The organisation will continue to experience across-the-board changes in its culture and refocus its attitude, and behaviour in meeting the needs of customers to sustain trust in the organisation.

Complaints Management Policy

1.0 Objective

The objectives of the Complaints Management Policy are to:

- Lay down the guidelines, procedures, best practices and minimum criteria for handling and redress of complaints received by AIICO from various sources in an effective, efficient, fair and impartial manner;
- Provide guidance to the individuals who are responsible for handling and resolving complaints within AIICO;
- Incorporate the knowledge gained through resolution of the customer complaints in the form of reengineering of the process;
- Adhere to SEC Rules Relating to the Complaints Management Framework of the Nigerian Capital Market, which requires every listed company to establish a clearly defined Complaints Management Policy, endorsed by Senior Management, to handle and resolve complaints.

AIICO shall deal properly with any reasonable complaint provided that it relates to a service or product provided.

2.0 Definition

Complaints are one of the most direct and effective ways for the customer to relay to the businesses that there is a room for improvement and hence the Complaints Management policy is framed to redress the grievances of customers. For the purposes of this guideline, a complaint shall refer to a matter for which redress is being sought in relation to a product sold or offered for sale or a service offered or failed to be offered as per agreed terms. Any communication that expresses dissatisfaction about an action or lack of action, in the course of business, about the standard or deficiency of service of our company and/or any of our agents shall be deemed to be a complaint.

According to the SEC Complaint Management Framework of the Nigerian Capital Market, the under listed complaints shall NOT be handled under the above context:

- Complaints against private wound up and liquidated companies
- Complaints on matters that are subjudice or in arbitration
- Complaints falling outside the purview of the Securities and Exchange Commission

3.0 Types of Complaints

Complaints shall be classified into the following categories:

- Fraud and Suppression
- Misrepresentation
- Forgery
- Claims and Benefits Issues
- Others as may be defined by the Complaints
- Management Committee

4.0 Commitment and Resources

All levels of management shall be committed to the laid down procedures; particularly, the Senior Management shall act through the Complaints Management Committee to ensure that these procedures are integrated into the culture of the organization and monitored for compliance purposes.

The Complaints Management Committee, saddled with the responsibility of executing the terms of this policy, shall sit on ad-hoc basis, with membership comprising of representatives of the following offices:

Head of Ent. Risk Management	Chairman	
Customer Service Officer	Secretary	
Head Internal Audit	Compulsory	Member
Head Legal	Compulsory	Member
Head Customer Service	Compulsory	Member
Head Agency Administration	Compulsory	Member
Head Life Technical Division	Compulsory	Member
Head Non-Life Technical Division	Compulsory	Member
Head Finance	Compulsory	Member

The management shall also ensure that:

- All members of staff are educated about and familiar with the internal procedures
- Adequate financial resources are allocated to complaints management and sufficient levels of authority are delegated to handle the process
- Adequate systems are put in place and reporting procedures implemented to ensure timely, effective and consistent complaints handling and monitoring
- Reasonable steps are taken to ensure that customers know about the existence of the complaints handling mechanism and how to lodge complaints

5.0 Where to Lodge Complaints

Complaints may be lodged at/with any of the following touch points:

- By email to complaints@aiicoplc.com
- By surface mail to the head office

- By surface mail to the any of the branch offices
- Call 07000AIICARE or 012792947-8
- Visit www.aiicoplc.com and follow the customer service link

6.0 Resolution Procedure

These steps are to be followed in redressing grievances:

Step 1: Registration of complaints received through any of our touch points - whether in writing, in person or by way of telephone call.

Step 2: Responsibilities of the Complaints Management Committee - the committee shall be responsible for the following:

- Acknowledging complainant's letter within forty-eight (48) working hours of receipt
- Sending a closure and resolution letter alongside acknowledgment, where the matter is resolved within three (3) days
- Scrutinizing the complaint communication on its receipt and understanding customers' grievances
- Identifying the complaint and classifying it to the correct complaint type or subtype for effective analysis
- Investigating the complaint with the relevant team(s) and available information and providing resolution to the customer
- Sending request(s) to complainant for alternate contact details, where the complainant could not be reached and information that would aid investigation still pending or required
- Ensuring records of all complaints received are maintained and case facts documented in the complaints register, whether satisfactorily resolved or otherwise
- Closing each complaint after resolutions. A complaint shall normally be settled within 30 working days from the date of the filing
- Informing the customer in writing of the resolution and closure, where he/she is satisfied, by sending AIICO's final response to the complainant within the prescribed time limit

Step 3: In cases where the customer is not satisfied, he/she may be advised to further pursue redress with the Office of the Commissioner, National Insurance Commission, Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja.

7.0 Communication Contents

All complaint letters must be acknowledged within 48 (forty-eight) hours of receipt and shall contain the following information:

- Details of how complainant could keep abreast of the complaint status
- Name, designation and direct contact of the officer assigned for follow up purposes.
- Complaints management and resolution procedures.
- Anticipated closure timeline.

The final response, where possible, shall indicate:

- The reasons or circumstances which have been considered for the settlement or non-settlement, as the case may be
- A proposal, as appropriate, any offer or other means of settlement made to the complainant

8.0 Conditions for Resolution and Closure

The complaint shall be considered as closed & disposed-of when any of the parameters is met:

- AIICO has acceded to the request of the complainant fully
- Where the complainant has indicated acceptance of AIICO's response
- Where the complainant has not responded to AIICO within four (4) weeks of receiving the letter of resolution and closure
- Where the Company Secretary/Legal Adviser/Chief Compliance Officer certifies that AIICO has discharged its contractual, statutory and regulatory obligations
- Where the customer approaches with a fresh complaint after a letter of resolution and closure has been sent

9.0 Complaints Record Keeping and Reporting

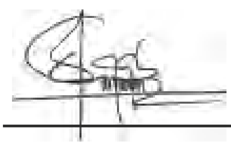
A written report shall be rendered at the monthly Executive management meeting following committee sittings.

All relevant business units shall open, update and maintain e-registers for every complaint handled.
The register shall basically contain the following prescribed components:

- Name of the complainant
- Date of the complaint
- Nature of complaint
- Complaint details in brief
- Remarks/comments

AIICO shall compile and render electronic copies of this report to the Nigerian Stock Exchange (NSE) on a quarterly basis at lr@nse.com.ng.

10.0 Approval:

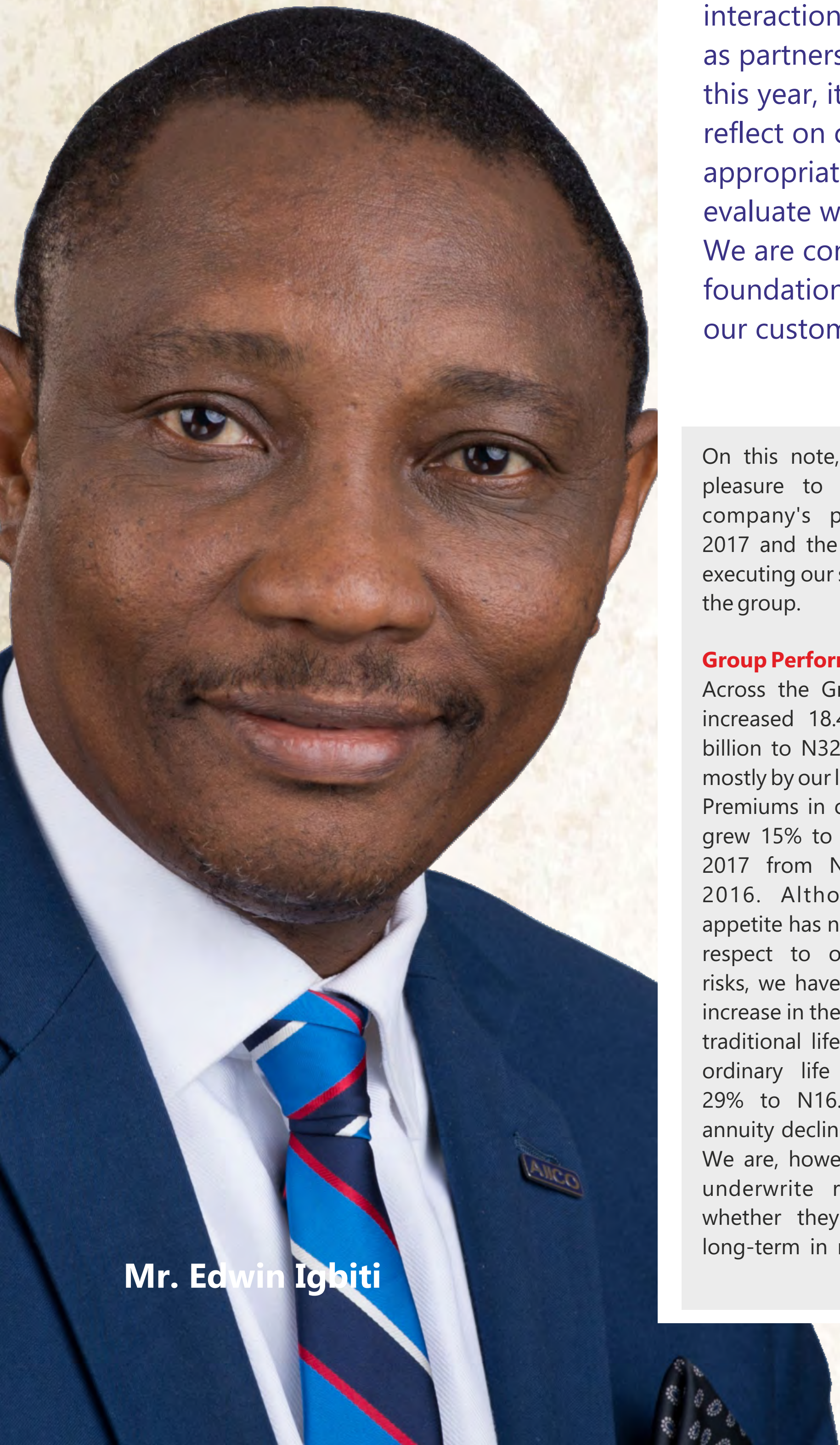


Company Secretary

GMD/CEO

"Companion not Company" … These three words explain our ambitions going forward. They symbolize a closer relationship, a bond that we see spanning lifetimes and generations.

They represent a new way of looking at our interactions with our stakeholders, seeing them as partners on the journey of life. As we turn 55 this year, it is appropriate that we take the time to reflect on our successes and our mistakes. It is appropriate that we take stock and critically evaluate where we are and where we are going. We are confident that we have the right foundations to take this journey of life with you, our customers and shareholders.



Mr. Edwin Igbiti

On this note, it is my great pleasure to report on our company's performance in 2017 and the progress made executing our strategies across the group.

Group Performance

Across the Group, premiums increased 18.4% from N27.1 billion to N32.1 billion driven mostly by our life business.

Premiums in our life business grew 15% to N21.6 billion in 2017 from N18.8 billion in 2016. Although our risk appetite has not changed with respect to our longer-term risks, we have seen a marked increase in the demand for our traditional life products - our ordinary life business grew 29% to N16.4 billion while annuity declined 19% in 2017. We are, however, cautious to underwrite risks profitably whether they are short- or long-term in nature. One of the reasons for our cautious approach in the life business is its exposure to macroeconomic indices - for us, we are exposed to interest rate risks, particularly movements in long-term bond yields. Bond yields affect the value of our long-term liabilities and assets and as a result, affect IFRS underwriting profitability. In 2017, unlike 2016, bond yields declined to increase the value of our liabilities and reducing underwriting and overall profitability. IFRS profits declined to N879 million from N9.9 billion in 2016. It must be said that the major factor affecting underwriting profitability is not a catastrophic claim or poor underwriting performance - it is simply a function of how IFRS profits are calculated in long term insurance, especially the impact of market risks. To provide solutions to our many clients, we have also reduced the duration

MD/CEO's Report To Shareholders

"The company won four PEARL (Performance, Earnings And Returns Leadership) Awards in 2017 with the highlight of them being for leadership in the insurance sector in 2016."

of some of our savings and investments products, hence the increased benefit payments in 2017. The corollary of this is improved investment performance and other income, which nearly doubled from N6.8bn in 2016 to N12.7bn in 2017.

Total comprehensive income, which takes our overall performance as a business into account (because of how increases or decreases in the value of assets are recognized) increased to N1.5 billion from a loss of N505 million in 2016.

Premiums in our non-life business also grew in 2017, from N7.6 billion in 2016 to N8.7 billion in 2017, a growth of ca. 15%. We expect to see continued growth over the next three to five years as we have made investments necessary in the segment. We have a new Head of the team, Adewale Kadri, and are investing in our partnerships with brokers and agents as well as other intermediaries to build mutually beneficial relationships to serve our customers better. Underwriting profits remained flat at N2.3 billion year-on-year while profits grew to N591 million from a loss of N249 million in 2016 due to growth in premiums and improved investment performance.

Reported premiums in our **health management subsidiary, AIICO Multishield Ltd,** increased 166% year-on-year in 2016, from N635 million to N1.7 billion. The rise last year was due to how income from our capitated business was captured. We had previously only recognized the administrative fees from these plans but this year, we have recognized the premiums in our top line. These capitated premiums are paid to the hospitals and because we have recognized the premiums, we also recognized the payouts as claims. Claims thus increased 303% year-on-year. The company recorded a N22 million after-tax loss in 2017 compared to N32 million in 2016. Healthcare management continues to be a major focus for the group as we believe in the potential in the segment. We believe that Nigerians desire to control their exposure to health risks and are positioning the company for growth in 2018.

AIICO Pensions, our pensions business continues to grow as well. Revenues have increased - total revenues in 2017 were N1.26 billion, up 26% from 2016's N993 million while profits were up 84% from N172 million in 2016 to N317 million in 2017. The private sector continues to drive our growth as we look for opportunities to improve efficiency and increase customer service levels. We believe that opportunities remain in the pensions industry especially with the large informal sector in the country.

AIICO Capital, our asset management business, also continues to achieve significant growth year-on-year. AUM has grown to over N70 billion from N60 billion in 2016.

Gross income increased by 69% to NGN1.32 billion in 2017, from NGN785 million in 2016. Post-tax profits grew 45% to N668 million in 2017 from NGN460 million in 2016 representing a return on equity of over 73%. It is a fast-growing Company within the Group with expected pre-tax earnings of NGN1.7bn in 2021. We plan to continue our business aggressively in 2018 - this includes focusing on delivering strong risk-adjusted investment performance for our existing clients while expanding our offerings to new and existing customers by offering tailored services to meet their needs.

Company Updates, Risk Management and Strategy

In 2017, we moved to improve our operations as a Group with a view to exploring synergies across companies and to increase visibility into subsidiary operations. We believe that the only reason to operate as a Group is to create synergies that make the combined entity greater than the sum of its parts.

We experienced significant growth in our ordinary life business in 2017 and with this growth came some challenges on the operational side of the business. We had to significantly increase our capacity and improve our processes to meet up with customer demands. Over the next few years, we have plans to grow our business; this means we must invest in technology and people to ensure our processes are more efficient to increase customer service levels.

AIICO remains prudent in the types of risks it underwrites, making allowances where we can and walking away when a risk exceeds our risk appetite. Apart from insurance risks, we are exposed to market risks (because of the types of products we sell) and operational risks (risks from internal processes and our business model). We are aware of these risks and are selective in those that we have chosen and have risk controls in place for these risks to ensure that we do not exceed our appetite.

During the year, the company paid a fine of N90.2 million Naira to National Insurance Commission (NAICOM) for failing to remit premium to coinsurance participants on a Political Violence Risk/Terrorism and Business Insurance Policy within the stipulated timeline. While we have always maintained a zero risk appetite for regulatory infractions and have been successful at it, following this sanction, we have recognized the need to establish additional controls within each strategic business unit that will review all regulatory provisions and ensure compliance.

The company won four PEARL (Performance, Earnings And Returns Leadership) Awards in 2017 with the highlight of them being for leadership in the insurance sector in 2016. We have put in a tremendous amount of work over the last few years and it is always good to be recognized - it helps us know that we are on the right path.

2018 Outlook

We expect more from ourselves in 2018 even though 2017 has largely been a year of growth for the company. Economic indicators bode well for the growth of the industry even though analysts' expectations for economic growth remain modest. We believe that improving business sentiment and consumer confidence will translate into improved company and industry performance. As we said last year, we believe that strategy is about focus and this has not changed. We will continue to invest in our relationships, both with intermediaries and customers.

For our customers, we recognize the responsibility we carry and we do not take it lightly. For our shareholders, we are aware of your expectations of us and we will continue to improve; all we ask is that your continued support be unwavering as it has always been.

I would like to take this opportunity to thank every member of the management team and staff for the work we put in last year. Despite this, 2018 holds much more for us. I believe that, together, we can take this company to greater heights.

It has been my great honor to address you today. Thank you and God bless.

Edwin Igbiti
MD/CEO

MANAGEMENT TEAM

Edwin Igbiti
MD/CEO

Skills and Experience
Mr. Edwin Igbiti is currently the Managing Director/CEO at AIICO Insurance Plc. Prior to Joining AIICO Insurance, he had served and gained vast experience in Insurance from Phoenix Insurance Company, where he worked for several years. He is a seasoned professional with an inestimable depth and wealth of technical experience that is acknowledged across the industry. He has managed relationships between the company and several international partners and affiliates and is a solution proffering, team-spirited leader with excellent inter-personal skills.

Educational Background
Mr. Igbiti holds an MBA from the University of Ado-Ekiti and an Advanced Diploma in Management from the University of Lagos. He is a Certified Insurance practitioner with the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. Aside from being professionally affiliated to the Nigerian Institute of Management, Chartered (NIMC), he is also a certified Business Continuity Systems Lead Auditor from the British Institute, UK and an alumnus of the Howard University Business School, U.S.A. He currently seats on the Governing Council of the Chartered Insurance Institute of Nigeria (CIIN).

Babatunde Fajemirokun
Executive Director, Operations

Skills and Experience
Mr. Fajemirokun has almost two decades' experience, with ten years in Senior Positions in management consulting, insurance & asset management. He serves as the Chief Operating Officer and is responsible for key shared service functions and strategic growth in subsidiary companies.

He joined AIICO in May 2009 and has served in several roles and overseen principal and operational functions during this time. He has overseen significant turnaround of the insurance business during this time; improving the company's financial position (fixed the base), diversifying the product mix to a true customer composite, driving the company's digital strategy, implementing the company's capital management strategy (including corporate finance) and corporate strategy.

Prior to AIICO, he worked in Accenture and then Capgemini Consulting (UK). In both companies, he provided consulting/advisory services to financial services and government clients predominantly in mergers and acquisitions (post-merger integration) and then the UK government transformation programmes.

Educational Background
He earned an MBA with a concentration in Finance from University of Chicago Booth School of Business, a Business Information Technology Systems Master's degree with distinction from University of Strathclyde and a Bachelor's degree in Business Economics from Glasgow, UK. He is a Chartered Insurer (ACII, UK) and a Senior Member of the Chartered Insurance Institute of Nigeria.

Adewale Kadri
Executive Director, Technical

Skills and Experience
Adewale Kadri began his Insurance career with Worldwide Insurance Company Limited in 1994 as a Life Marketer and later moved to ELMAC Assurance Nigeria Limited in 1997. He also worked as an Insurance Officer of Modandola Group of Companies where he was exposed to the rudiment of Insurance broking and technical operations. He later joined the Marketing team of Newline Insurance Company Limited and Sun Insurance Plc. where he worked in various managerial capacities before joining the pioneer team of UBA Insurance in 2004 as Group Head, Brokers' Management Division.

He had a brief stay at NICON Insurance Plc as Senior Manager/Head, Strategic Business Unit before joining Oceanic Insurance Company Limited as Group Head, Brokers Management Unit in 2007. Wale was the Acting Managing Director of Oceanic Insurance Company Limited/Old Mutual Nigeria General Insurance between July 2012 and April 2014. He left the services of Old Mutual Nigeria as Business Development Executive in April 2017 and joined AIICO Insurance Plc as General Manager, Head of Non-Life Business.

Educational Background
He is a Fellow of Chartered Insurance Institute of Nigeria (CIIN) and a Chartered Certified Accountant. He holds a B.sc in Applied Accounting from Oxford Brookes University, United Kingdom and Master's Degree in Business Administration with specialization in Marketing from Lagos State University, Ojo. He received a Certificate of competence in Management Advancement Programme from University of the Witwatersrand, Johannesburg, South Africa.

MANAGEMENT TEAM

Ayodele Bamidele
Chief Financial Officer

Skills and Experience

Prior to joining AIICO Insurance Plc. Mr. Ayodele Bamidele was the General Manager/CEO of STI Leasing Limited, an Associate Company of Sovereign Trust Insurance Plc., which provides cutting-edge financial services aimed at supporting the business landscape in the country for both individuals and corporate entities. Prior to Ayodele's appointment as GM/CEO, he was the GM, Finance & Investment for Equity Assurance Plc from 2010-2012. He was at a time the Chief Operating Officer for EA Capital Management Limited, a subsidiary of Equity Assurance Plc.

He once worked with the now defunct Celtel Nigeria as Manager in the BSS Programme Management Division and Corporate Finance between 2004 and 2007. He had at various times worked with Kasmal International Limited, Leadbank Plc and NAL Bank Plc in different capacities. Ayodele has attended both local and international courses bordering on Leadership, Finance, Accounting and Risk Management.

Educational Background

He holds a Master's Degree in Finance from the University of Leicester in the United Kingdom where he came out with a distinction. He is also a Fellow of the Institute of Chartered Accountants of Nigeria, ICAN; Associate Member, Chartered Institute of Stockbrokers, Chartered Institute of Bankers respectively and is a Registered Manager of the Securities and Exchange Commission. He is an alumnus of Harvard Business School.

Sola Ajayi
Head, Retail Business

Skills and Experience

Mr. Sola Ajayi is the Head of Retail Business at AIICO Insurance Plc.

Sola is an experienced Management Consultant who prior to joining AIICO Plc had worked with Deloitte Consulting within the Enterprise Applications group as a Senior Consultant in the UK. He played a key role as part of the elite Middle East business development team responsible for expanding Deloitte's business beyond the UK during the recession. Prior to joining Deloitte, Sola had worked for several years with Accenture, Nigeria. He joined AIICO Insurance Plc from Deloitte Bahrain, in 2009.

Educational Background

He holds an MBA from one of the most prestigious Business Schools in the world, INSEAD. He obtained his first degree in Chemical Engineering from the University of Lagos. Sola is an alumnus of the Harvard Business School, U.S.A. He is a certified Project Manager as well as a certified Business Continuity Management Systems Auditor from the British Standard Institute, UK.

Phil Maduagwu
Head, Corporate Services

Skills and Experience

Phil Maduagwu is a seasoned Human Resources practitioner with over 18 years' experience. Her exposure spans several aspects of the practice across multiple business sectors covering Manufacturing, Advertising, Telecoms, Technology, Healthcare, Oil and Gas, Education and the Financial Services Sector. She is currently the General Manager, Corporate Services for AIICO Insurance Plc.

Educational Background

She holds a Master's Degree in International Human Resources Management from the prestigious Cranfield University, UK; a Master's Degree in International Relations from the University of Benin and a Bachelor's Degree in Linguistics from the same University. She is an alumnus of Howard University School of Management, USA, and a certified Business Continuity Management System Auditor, a certification earned from the British Standard Institute, UK. Phil is professionally affiliated to the Chartered Institute of Personnel Development (CIPD), Nigerian Chartered Institute of Management (NIM), Society for Human Resources Managers (SHRM), Chartered Institute of Personnel Management (CIPM), Human Resources Providers Association Nigeria(HUCAPAN), Work/Life Balance Association (WLBA), Nigerian Employee Consultative Association (NECA) and the Balanced Scorecard Association USA (BSA). In her spare time, Phil serves as an advisor to several small and medium sized businesses on Human Resources and Organisational Development matters; she is a keen advocate for Corporate Social Responsibility and good Governance practices. She is a resource to her colleagues and a coach and mentor to upcoming Human resources practitioners.

MANAGEMENT TEAM

Abiodun Adebanjo
Chief Internal Auditor

Skills and Experience

Abiodun Adebanjo is a seasoned Audit Executive with an impressive track record of more than two decades of hands-on experience in financial services industry. Prior to joining AIICO Insurance Plc. in 2010 as the Chief Audit Executive, Abiodun served in various operational and managerial capacities in reputable and top rated Banks in Nigeria which include Ecobank Nig. Plc, Diamond Bank, UBA Plc and First Bank.

His experience in the financial sector spans over 20 years, covering Banking Operations, Cash Management Services, Operational Risk Management, Internal Audit and Control, Abiodun has shown strong professional bias for Audit and Risk Management. He is highly numerate and possesses strong passion for excellence and organizational transformation.

He is an excellent team player and a highly motivated professional imbued with a strong spirit for achievement.

Educational Background

Abiodun graduated from the University of Lagos with a first class degree in Mathematics and Statistics as the overall best student. He earned an MBA Degree in Business Management (MBA) at the prestigious University of Liverpool, UK.

He is a professional member and Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); a member of Chartered Institute of Taxation (CITN); a member of the Institute of Internal Auditors and a member of Nigeria Institute of Management Chartered (NIMC).

Joseph Oduniyi
Head, Non-Technical Life

Skills and Experience

Mr. Joseph Oduniyi is the Head of Non-Life Technical at AIICO Insurance Plc. Prior to joining AIICO, he had garnered significant experience serving with the Ministry of Works and Housing, Oyo State, The Nigerian Life & Pensions Consultants, Glanvill Enthoven & Co Nig. Ltd, Union Commercial Insurance Brokers and Risktech Insurance Brokers Limited respectively.

He is an astute insurance professional with a wealth of experience cutting across all aspects of the non-life business and has attended many courses and seminars both locally and internationally.

Educational Background

He holds a Bachelor's Degree in Insurance from the University of Lagos and is professionally affiliated to the Chartered Insurance Institute of Nigeria and London.

Benson Ogunyamoju
Head, Group Life Business

Skills and Experience

Benson Ogunyamoju is the Head of Group Life Business at AIICO Insurance Plc.

He is a seasoned Insurance practitioner with an in-depth wealth of experience in Life Insurance Operations spanning over two decades and has virtually worked in all sections of the division. Presently, he supervises the Life Technical Division which provides technical and actuarial expertise to support business objectives. Benson has attended various learning interventions within and outside Nigeria.

Educational Background

He is a graduate of Insurance from the University of Lagos, Nigeria. He is a Fellow of the Chartered Insurance Institute of Nigeria, as well as a Fellow of the Life Management Institute (U.S.A.).

MANAGEMENT TEAM

Donald Kanu
Company Secretary

Skills and Experience
Donald Kanu is the Company Secretary/Legal Adviser at AIICO Insurance Plc. He commenced his career with Savannah Bank and then moved on to join A.U. Kalu (SAN) and Associates.
He was recruited back to the financial services sector where he worked with UTB Trustees and Fidelity Bank respectively. He later left Fidelity Bank to join Globacom, a telecommunications company. After his period in the telecommunication industry, Donald moved back to the financial sector when he joined the Cornerstone group as the Company Secretary/Legal Adviser and Chief Compliance Officer. He was recruited to join AIICO from the Cornerstone Group in 2014.

Educational Background
Donald graduated from University of Calabar and later went on to pursue a Master's Degree in Business Administration from the same University. He later proceeded to obtain an LL.M from the University of Lagos.
Donald has attended several capacity building courses both within and outside the country.
He is a member of the Nigerian Bar Association, the Institute of Chartered Secretaries and Administrators and a member of the Institute of Directors.

Olusanjo Shodimu
Chief Information Officer

Skills and Experience
Mr. Olusanjo Shodimu heads AIICO's Information Technology Department. He is a business-driven IT professional with over 15 years business transformation and technology management experience.
Prior to joining AIICO Insurance, he worked with Accenture - a global management consulting, technology and outsourcing company for 10 years - where he led the delivery of various business & technology transformation initiatives for major banking & insurance clients in Nigeria & across the West African region.

Educational Background
He is a First Class (Hon.) graduate of Physics from the University of Ibadan, a certified Project Management Professional, PMP® and ITIL (Service Management) Expert from the British Computer Society (BCS - The Chartered Institute for IT).

Iyabo Adeniran
Group Head, Brokers Management

Skills and Experience
Mrs. Iyabo Sarah Adeniran is the Group Head, Brokers Management for the Non-Life Business of AIICO Insurance Plc. She joined AIICO in August 2007, after the mergers between AIICO Insurance and Nigerian French Insurance (NFI).
Prior to joining NFI, Iyabo was a Senior Manager with Confidence Insurance Plc. Iyabo began her career in the insurance industry with Triumph Insurance Brokers. She left Triumph Insurance Brokers to join Prudential Union Company Limited. She was with Prudential for six years as a Senior Manager before she moved on to Confidence Insurance Plc.

Educational Background
Mrs. Adeniran holds a Masters of Business Administration from the Federal University of Technology Akure. She is an Alumni of Lagos Business School and a professionally certified Insurance Practitioner.

I feel deeply humbled and privileged to write this message to all key stakeholders as we celebrate our 55th year anniversary.

To our Customers, it is impossible to remain in business without your unwavering support; which is achieved by the continuous confidence reposed in buying our products and services, while also recommending us to others. We are deeply grateful for this confidence and we will continually strive to surpass your expectations.

To our Employees, nothing would be possible without the unwavering commitment to provide appropriate solutions to customers. In 55 years, we have had many employees (past and present), who have supported and grown AIICO to what it is today. They provided the bedrock of our solutions, including service excellence and ensuring we continually create and protect wealth for our customers.

To our Shareholders and Regulators, we also acknowledge your support. We shall continually strive to provide market leading returns while also being excellent risk and investment managers for the assets in our custody.

We are also deeply appreciative of our Peers, Family and Friends who have made the entire period worthwhile. We are confident of a brighter future as we remain committed to our vision which fuels our purpose "to be the indisputable leader in all markets we choose to play in''.

To all the aforementioned, it is with tremendous gratitude, that I say a BIG THANK YOU!

Sincerely,

Edwin Igbiti
MD/CEO

"My AIICO of the Future"

"I envision an AIICO that focuses on nurturing companies in the most outstanding ways; a company that helps other businesses flourish. I see a company that is at the forefront of digital insurance."

Olayinka Olalemi,
Annuity

"Our passion for excellence, coupled with a solid purpose for value creation, will ultimately lead our AIICO of the future to create enduring success stories."

Ololade Kufo,
Ordinary Life Benefits

"I see a company that is continually encouraging her people to put in their best individual efforts so that the company can become the first choice in the insurance industry."

Eniola Adeniyi,
Ordinary Life Benefits

"I see a future AIICO that is stronger, robust and the first-choice insurance company in the whole of Africa."

Victoria Raji,
Agency Administration

"I predict that AIICO will shape the future of Nigeria's insurance industry with innovative technology and unparalleled customer service that will confirm us as not just a company, but a companion for life."

Ugoeze Adike,
Archivist/Librarian

"In the future, I see AIICO being an indisputable employer of choice. I foresee my AIICO as a global brand and a socially responsible corporate citizen making far-reaching impact on its environment."

Bisola Ogunba,
Human Resources

"I see an AIICO where prioritized customer delight is seen as our everyday advantage. Through this, both AIICO and her customers will enjoy a lasting and fulfilling relationship."

Oluwatoyin Dada,
Retail Non-Life

"I want an AIICO that will be a cutting-edge, trail-blazing company in full digital insurance. A company that is an African giant par excellence and a global player to reckon with."

Yemisi Kola-Kuforiji,
Ordinary Benefits

"I dream of an inimitable AIICO as a composite services powerhouse, leading the way in Life and Non-Life Insurance, Capital Market and even Hospitality business."

Henrietta Maduogwu,
Agency

"I see an AIICO that is present in every household; a company that is the choice for every household. An AIICO that comes to mind when clients think of insurance. An AIICO that spearheads the vision to make insurance effortlessly accessible at the click of a button."

Saidat Fadairo,
Finance

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General Information And Statement Of Significant Accounting Policies

1 Reporting entity

AIICO Insurance Plc was established in 1963 by American Life Insurance Company and was incorporated in 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) in December 1990. The Company was registered by the Federal Government of Nigeria to provide insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals. Arising from the merger in the insurance industry, AIICO Insurance Plc acquired Nigerian French Insurance Plc and Lamda Insurance Company Limited in February 2007.

The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria.

These consolidated financial statements comprise the Company and its subsidiary (together referred to as "the Group"). The Group is primarily involved in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

2 Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

2.2 Going concern

These financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future.

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.4 Basis of measurement

These consolidated and separate financial statements have been prepared under the historical cost convention, except for the following items; which are measured on an alternative basis on each reporting date.

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

Items	Measurement Bases
Derivative financial liabilities	Fair value
Available-for-sale financial assets	Fair value
Investment property	Fair value
Insurance contract liabilities	Fair value

2.5 Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4 of the financial statement.

2.6 Changes in accounting policies

There has been no changes in the accounting policies of the Group during the year ended 31 December 2017.

2.7 Segment reporting

For management purposes, the Group is organized into business units based on their products and services and has five reportable operating segments as follows:

- o The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

- o The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.

- o The Health management segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The segment became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

- o The Pension management segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006, and provides pension administration services to private and public sector contributors.

- o The Wealth management segment is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. The segment commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

Inter-segment transactions which occurred in 2017 as shown in Note 5.1 Segment Income, Expenses and results will include those transfers between business segments.

2.8 Disclosures - offsetting financial assets and financial liabilities (Amendment to IFRS 7)

As a result of the amendments to IFRS 7, the Group has expanded disclosure about offsetting financial assets and financial liabilities.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 Basis of Consolidation

(a) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. However, this does not preclude the Company from reclassifying insurance contracts to accord with its own policy only if classification needs to be made on the basis of the contractual terms and other factors at the inception or modification date.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not

be remeasured and its subsequent settlement will be accounted for within equity.
Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of the fair value of any previously held equity interest in the acquiree. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which the date on which control commences until the date on which control ceases.

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, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

In the separate financial statements, investments in subsidiaries are 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.

Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in 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 investee or as an available-for-sale financial asset depending on the level of influence retained.

(c) Non-controlling Interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and
- qualifying cash flow hedges to the extent that the hedges are effective.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value and are used by The Group in the management of its short term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.4 Financial instruments

The group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

(a) Non-derivative financial assets and financial liabilities-recognition and derecognition

The group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and reward of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised asset financial asset that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Non-derivative financial assets -measurement

Financial assets at fair value through profit or loss	A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial asset at fair value through profit or loss are measured at fair value and changes therein, including any interest expense or dividend income, are recognised in profit or loss.
Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
Available-for-sale financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments see 7(a), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(c) Non-derivative financial liabilities - measurement

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial assets - impairment

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group wouldn't consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost	The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant asset are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there is no realistic prospects of recovery of the asset, the relevant amount written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.
Available- for-sale financial assets	Where an available for sale asset measured at fair value is impaired, the impairment loss is recognised in profit or loss. If any loss has been recognised in other comprehensive income previously, this will be reclassified to profit or loss as part of impairment loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

(e) Derivative financial instruments

Derivatives may be embedded in another contractual arrangement (a host contract).The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at fair value through profit or loss

- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract and;

- the economic characteristics and risks of the embedded derivative are not closely related to the economic charcteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss.

3.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30days, in conformity with the "NO PREMIUM NO COVER" policy. Trade receivables are classified as loans and receivables.

3.6 Reinsurance assets

The Group cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

(a) Impairment of reinsurance assets

The Group assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. 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 profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets measured at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

3.7 Trade payables

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

3.8 Other payables and accruals

Other payables and accruals 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. Discounting is omitted for payables that are less than one year as the effect is not material. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss. Gains and losses are recognised in the profit or loss when the liabilities are derecognized. Other payables are recognised as other financial liabilities.

3.9 Deferred expenses

(a) Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

Acquisition costs for life insurance are expensed as incurred. Subsequent to initial recognition, Acquisition cost for general insurance are amortized over the period in which the related revenues are earned. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate. DAC are derecognized when the related contracts are either settled or disposed of.

(b) Deferred expenses-Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

3.10 Other receivables and prepayment

Other receivables are carried at amortised cost using the effective interest rate less accumulated impairment losses. Prepayments are carried at cost less accumulated amortization and are amortized on a straight line basis to the profit or loss account.

3.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss except to the extent that this relates to a business combination, or items recognized directly in equity or OCI.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to the income taxes, if any. It is measured using tax rate enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends received by the Company.

(b) NITDA Levy

The National Information Technology Development Agency Act (2007) empowers and mandates the Federal Inland Revenue Service (FIRS) to collect and remit 1% of profit before tax of Companies with turnovers of a minimum of N100million under the third schedule of the Act.

(c) Deferred income taxation

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

Deferred tax is not recognised for:

- temporary differences arising 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;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that its probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value presumed to be recovered through sale, and the Group has not been rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and 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.

3.12 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.13 Intangible assets and goodwill

(a) Goodwill

Goodwill arising on acquisition is measured at cost less accumulated impairment losses

(b) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic lives, using a straight line method, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset.

Computer software, not integral to the related hardware acquired by the Group, is stated at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The estimated useful life is 5 years.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(c) Present value of acquired in-force business (PVIF)

When a portfolio of insurance contracts is acquired, whether directly from another insurance company or as part of a business combination, the difference between the fair value of insurance rights acquired and insurance obligation assumed are measured using the Company's existing accounting policies and it is recognized as the value of the acquired in-force business.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses. The intangible asset is amortized over the useful life of the acquired in-force policy during which future premiums are expected, which typically varies between five and fifty years. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and they are treated as a change in an accounting estimate. An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit and loss. PVIF is also considered in the liability adequacy test for each reporting period.

(d) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(e) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.14 Property and equipment

(a) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Buildings are measured at fair value less accumulated depreciation while land is not depreciated. Valuations are performed frequently to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount and the net value is restated to the revalued amount of the asset.

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

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(C) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of significant items of property and equipment for current and comparative periods are as follows:

Land	Indefinite
Building	50 years
Furniture and Equipment	5 years
Motor vehicles	4 years
Lifts	15 Years
Central Air Conditioners	10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period.

(d) De-recognition

An item of property and equipment is derecognised 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 (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 derecognised.

(e) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

3.15 Statutory deposit

Statutory deposit represent 10% of required minimum paid up capital of AIICO Insurance PLC. The amount is held by CBN (Central Bank of Nigeria) pursuant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

3.16 Insurance contract liabilities

(a) Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is calculated adopting current financial and decrement assumptions. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for claims outstanding.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation.

The interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the profit or loss by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

(b) Guaranteed annuity

Guaranteed annuity is recognised as an insurance contract.

Annuity premium are recognised as income when received from policy holders, payments to policy holders are recognised as an expense when due.

The amount of insurance risk under contracts with guaranteed annuity is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Group does not have sufficient historical data on which to base its estimate of the number of contract holders who exercise their option.

(c) Non-life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims expenses. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the profit or loss by setting up a provision for premium deficiency.

(d) Investment contract liabilities

Investment contract liabilities are recognized when contracts are entered into and premiums are received. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at amortized cost.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in the consolidated profit or loss.

The liability is derecognized when the contract expires, is discharged or is cancelled.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

3.17 Portfolio under Management

The Group acts in other fiduciary capacities that results in holding or placing of assets on behalf of individuals and other institutions. These assets arising thereon are excluded from these financial statement as they are not assets of the Group.

However, fee income earned and fee expenses incurred by the Group relating to the Group's responsibilities from fiduciary activities are recognised in profit or loss.

3.18 Leases

(a) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(b) Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(c) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.19 Borrowing Costs

Borrowing costs are interest and other costs incurred by the Group directly attributable to the acquisition and construction of qualifying assets which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs are capitalized as part of the cost of a qualifying asset only when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Share capital

(a) Ordinary shares

The Company's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

(b) Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are paid. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

(c) Share Premium

The Group classifies share premium as equity when there is no obligation to transfer cash or other assets.

3.22 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property, plant and equipment and intangibles is carried using the cost model. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which it is recognised in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

3.23 Available-for-Sale Reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of the group's available-for-sale investments (equity investments).

Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

3.24 Exchange gain Reserve

Exchange gain reserves comprises the cumulative net change when available-for-sale investment in foreign currency are translated into the functional currency. When such investment is disposed of, the cumulative amount of the exchange differences recognised in other comprehensive income shall be reclassified to the profit or loss account.

3.25 Technical reserves

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

(a) General Insurance Contracts

Reserves for unearned premium In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

(b) Reserves for Outstanding Claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported

("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test.

(c) Reserves for Unexpired Risk

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

(d) Life Business

General Reserve Fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

(e) Liability Adequacy Test

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

The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. Hence, the Company carries out actuarial valuation on both life and non-life insurance businesses.

3.26 Statutory Reserve

In accordance with the provisions of Section 69 of the Pension Reform Act 2004, the statutory reserve is credited with an amount equivalent to 12.5% of net profit after tax or such other percentage of the net profit as the National Pension Commission may from time to time stipulate.

3.27 Contingency Reserves

(a) Non-life business

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

(b) Life business

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit and accumulated until it reaches the amount of the minimum paid up capital - NAICOM ACT 22 (1)(b).

3.28 Retained Earnings

This account accumulates profits or losses from operations.

3.29 Revenue recognition

(a) Gross premium income

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(b) Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date the policy becomes effective.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts that commenced in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

(c) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. The administration fee is calculated as a flat charge payable monthly from contributions received while the fund management fee is an asset based fee charged as a percentage of the opening net assets value of the pension fund investment. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

(d) Investment income

Interest income is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

(e) Realized gains and losses

Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

(f) Investment property rental income

Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental Income from other property is recognised as other income.

The fair value gain or loss on investment property is recognised in the profit or loss account

3.30 Benefits, claims and expenses recognition

(a) Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included.

Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

(b) Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

(c) Reinsurance expenses

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

3.31 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. These expenses are recognised in the accounting year in which they are incurred.

3.32 Other operating income

Other operating income comprises of income from realised profits on sale of securities, fair value gain or loss on investment property, realised foreign exchange gains and other sundry income.

3.33 Employee benefits

(a) Short term employee benefit

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.34 Other operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Other operating expenses are accounted for on accrual basis and recognized in the profit or loss upon utilization of the service or at the date of their origin.

3.35 Finance cost

Interest paid is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

3.36 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Group. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.37 Standards issued but not yet effective

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group and Company have not applied the following new or amended standards in preparing these consolidated and separate financial statements. The Group and Company do not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated:

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
IFRS 15 Revenue from Contracts with Customers	This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter of Transactions Involving Advertising Services.	The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRS 15
IFRS 9 Financial Instruments	In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group will apply IFRS 9 (as issued in July 2014) at the date of initial application i.e. 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and impairment loss allowance is expected to be earlier, bigger and more volatile under IFRS 9. This impact assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change because the new accounting policies, models, assumptions, judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements on 1 January 2018.	
	Classification and Measurement IFRS 9 includes revised guidance on the classification and measurement of financial assets and contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard also eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. For debt instruments, the standard introduces a new classification and measurement approach that reflects the business model in which assets are managed and their cash flow characteristics. All debt instruments not classified as measured at amortised cost or FVOCI, are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by- investment basis.	Having assessed the impact of the new standard, the adoption of the new standard will not have material impact on the Group consolidated financial statement as the total estimated adjustment of the adoption of the ECL impairment requirements on the Group's debt instruments is between the range of **N60million-N70million**

Impairment - Expected Credit Loss Model
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.
No impairment loss is recognised on equity investments.
IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.
Loss allowances for other assets and receivables will always be measured at an amount equal to lifetime ECLs.
ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs are the present value of expected cash shortfalls. Cash shortfall is measured as the present value of the difference between the cash flows due to the entity in under the contract; and the cash flows that the entity expects to receive.

Classification and Measurement - Impact Assessment on equity
The standard will affect the classification and measurement of Group's financial assetsheld as at 1 January 2018 as follows.
- Debt securities (Bonds and Treasury bills) that are classified as available-for-sale under IAS 39 may, under IFRS 9, be measured at amortised cost, FVOCI or FVTPL, depending on the particular circumstances;
- Trade receivables, loans and receivables and cash and cash equivalent that are classified as loans and receivables and measured at amortised cost under IAS 39 will in general also be measured at amortised cost under IFRS 9.
- The majority of the equity investment securities that are classified as available-for-sale (fair value) under IAS 39 may be measured at FVTPL under IFRS 9. However, those equity investment securities currently measured at cost method under IAS 39 may eventually be designated as at FVOCI on 1 January 2018.

Furthermore, the Group does not expect IFRS 9 to have any significant impact on its regulatory capital and Solvency Margin on 1 January 2018

However, the actual impact of the ECL impairment methodology may be different from the assessment disclosed in this financial statements, when the ECL model and assumptions are finalized.

IFRS 16 Leases	IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance lease as required by IAS 17 and introduces a single lessee accounting model. Applying the model, a lessee is required to recognize: a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value and b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss. For the lessor, IFRS 16 substantially carries forward the lessor accounting requirments of IAS 17. Accordingly, a lessor continues to classify its leases as operating lease or finance leases, and to account for these two types of leases differently. The Group will adopt the standard for the year ending 31 December 2019.	The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment
IFRS 17 Insurance Contracts	The IASB on 18th May 2017 released the final IFRS 17 Insurance Contract Standard. The standard aims to provide a single principle based standard to account for all types of insurance contracts in order to enhance comparability of reporting between insurance companies and jurisdictions. The major change is the introduction of the General Model which is based on discounted cashflow model with a risk adjustment and deferral of day one profit through a Contractual Service Margin. The Group is assessing the estimated impact the initial application of IFRS 9 could have on its financial statement.	The Group is assessing potential impact on its consolidated financial statements resulting from application of IFRS 17
IFRIC 22 **Foreign currency transactions and advance consideration**	The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt. The amendments clarify that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when a Company: o pays or receives consideration in a foreign currency; and o recognises a non-monetary asset or liability - eg. non-refundable advance consideration - before recognising the related item. The Group/Company will adopt the amendments for the year ending 31 December 2018.	The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRIC 22

Amendments to IAS 40 **Transfers of Investment Property**	The IASB has amended the requirements of IAS 40 Investment Property on when a Company should transfer a property to, or from, investment property. The amendments state that a transfer is made when and only when there is a change in use- i.e. an asset ceases to meet the definition of investment property and there is evidence of a change in use. A change in management intention alone does not support a transfer. A company has a choice on transition to apply: o the prospective approach - i.e. apply the amendments to transfers that occur after the date of initial application - and also reassess the classification of property assets held at that date; or o the retrospective approach - i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight. The Group will adopt the amendments for the year ending 31 December 2018.	The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment
Amendments to IFRS 4	The differing effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard could have a significant impact on insurers. In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB has issued amendments to IFRS 4 Insurance Contracts.The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement. The optional solutions are: 1. Temporary exemption from IFRS 9 - Some Companies will be permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement. To qualify for this exemption the Company's activities need to be predominantly connected with insurance. 2. Overlay approach - This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39. The Group/Company will adopt the overlay approach.	

4 Critical accounting estimates and judgements

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

(a) The ultimate liability arising from claims made under insurance contracts

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

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available for sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee industry and sector performance and operational and financing cashflow. In this respect, a decline of 30% or more is regarded as significant, and a period of 12months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

(i) Measurement of fair values

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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

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

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data

(ii) Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instruments should be measured at fair value. However, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

The Group's investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued, the carrying amount was based on cost. The investment is tested for impairment by comparing the cost of investment with the share of net assets in the investee Company. Other factors such as whether the Company is making profits from its operations and returns on the investment in form of dividend received are also considered.

(c) Liabilities arising from life insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate, mortality and further mortality improved in estimating the required reserves for life contracts

(d) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(e) Determination of impairment of property and equipment and intangible assets

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

(f) Current tax

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as;

- o an insurance company, whether proprietary or mutual, other than a life insurance company; or
- o a Nigerian company whose profit accrued in part outside Nigeria,

The profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes?

(a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;

(b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

The Directors have adopted current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

(g) Deferred tax asset and liabilities

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(h) Determining control over investee entities

Management applies its judgement to determine whether the Group has control over subsidiaries or significant influence over an investee company as set out in Note 3.1(b).

The Group has determined that it exercises control and significant influence over certain investee companies due to its representation on the Board of such companies and its significant participation in the Companies' operating and financial policies

(i) Impairment

The Group tests annually whether premium receivables have suffered any impairment. With this policy, all premium transactions are paid for immediately except in the cases of broker transactions. For broker transactions, the period is extended for 30 days if credit notes have been received from the broker.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment is recognized.

Financial Statements

''By labour comes wealth.''
- Yoruba Proverb

Consolidated And Separate Statement Of Financial Position

For The Year Ended 31 December 2017

In thousands of naira	Notes	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Assets					
Cash and cash equivalents	6	5,199,385	7,491,178	3,949,642	4,335,655
Financial assets	7	73,635,612	56,556,261	67,970,438	54,677,784
Trade receivable	8	301,172	411,969	59,106	133,022
Reinsurance assets	9	3,644,489	2,816,503	3,644,489	2,816,503
Deferred acquisition cost	10	334,935	285,232	334,935	285,232
Other receivables and prepayments	11	454,902	324,457	391,384	230,216
Deferred tax asset	12(e)	157,008	1,088,677	-	978,114
Investment in subsidiaries	13	-	-	2,308,690	2,308,690
Investment property	14	582,000	990,000	582,000	990,000
Goodwill and other intangible assets	15	1,060,451	1,092,031	1,032,242	1,080,822
Property and equipment	16	6,513,175	5,915,891	6,220,962	5,546,923
Statutory deposit	17	530,000	530,000	530,000	530,000
Total assets		**92,413,127**	**77,502,199**	**87,023,887**	**73,912,962**
Liabilities and equity					
Liabilities					
Insurance contract liabilities	18	59,959,751	49,987,893	59,766,360	49,805,659
Investment contract liabilities	19	10,909,624	10,061,636	10,909,624	10,061,636
Trade payables	20	1,721,918	1,599,841	1,711,219	1,599,841
Other payables and accruals	21(a)	1,325,766	1,787,068	1,187,974	1,738,392
Fixed income liabilities	21(b)	3,981,591	2,531,870	-	-
Current tax payable	12(a)	826,643	623,761	426,920	572,512
Deferred tax liability	12(e)	547,017	270,408	517,268	265,237
Finance lease obligation	22	-	7,368	-	7,368
Borrowings	23	2,182,289	1,785,650	2,182,289	1,785,650
Derivative liabilities	24	-	143,725	-	143,725
Total liabilities		**81,454,599**	**68,799,221**	**76,701,654**	**65,980,021**
Equity					
Issued share capital	25(a)(ii)	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	25(b)	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	25(c)	1,802,662	1,221,707	1,802,662	1,221,707
Available-for-sale reserves	25(d)	(13,072,413)	(14,065,457)	(13,092,408)	(14,019,431)
Exchange gains/(loss) reserves	25(e)	145,640	596,977	145,640	596,977
Statutory reserves	25(f)	116,458	96,688	-	-
Contingency reserves	25(g)	5,182,190	4,703,531	5,182,190	4,703,531
Retained earnings	25(h)	10,083,426	9,498,054	9,994,656	9,140,665
Shareholders' funds		**10,547,455**	**8,340,991**	**10,322,233**	**7,932,941**
Non-controlling interest	13(e)(i)	411,073	361,987	-	-
Total equity of the group		**10,958,528**	**8,702,978**	**10,322,233**	**7,932,941**
Total liabilities and equity		**92,413,127**	**77,502,199**	**87,023,887**	**73,912,962**

These financial statements were approved by the Board on 20 March 2018 and signed on its behalf by:

Mr. Bukola Oluwadiya
Chairman
FRC/2013/CISN/00000005132

Mr. Edwin Igbiti
Group MD/CEO
FRC/2013/CIIN/00000005551

Mr. Ayodele Bamidele
Chief Financial Officer
FRC/2013/ICAN/0000004332

Consolidated And Separate Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2017

		Group		Company	
In thousands of naira	**Notes**	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Gross premium written	26(a)	**32,097,692**	**27,064,365**	**30,407,396**	**26,428,519**
Gross premium income	26(b)	21,291,729	30,029,334	19,693,468	29,507,169
Reinsurance expenses	26(c)	(3,790,831)	(3,341,764)	(3,790,831)	(3,341,764)
Net premium income		**17,500,898**	**26,687,570**	**15,902,637**	**26,165,405**
Fees and commission income					
Insurance contract	27	746,084	782,349	746,084	782,349
Pension and other contracts	27	1,610,122	1,334,953	-	-
Net underwriting income		**19,857,105**	**28,804,872**	**16,648,721**	**26,947,754**
Claims expenses:					
Claims expenses (Gross)	28(a)	23,273,691	14,940,358	21,784,491	14,571,206
Claims expenses recovered from reinsurers	28(b)	(2,499,505)	(1,844,168)	(2,499,505)	(1,844,168)
Claims expenses (Net)		**20,774,186**	**13,096,190**	**19,284,986**	**12,727,038**
Underwriting expenses	29	3,105,239	3,260,449	3,007,484	3,205,041
Total underwriting expenses		**23,879,425**	**16,356,639**	**22,292,470**	**15,932,079**
Underwriting (loss)/profit		**(4,022,320)**	**12,448,233**	**(5,643,749)**	**11,015,675**
Investment income	30(a)	8,632,454	7,249,662	8,884,693	6,952,345
Profit from deposit administration	30(b)	212,773	141,091	212,773	141,091
Net realised gains	31	5,338,155	335,799	5,302,978	318,161
Net fair value gains	32	140,725	176,548	140,725	176,548
Other operating income	33	871,431	103,984	645,084	47,358
Personnel expenses	34	(2,944,733)	(2,617,932)	(2,044,148)	(1,818,582)
Other operating expenses	35	(4,936,546)	(5,119,079)	(4,324,275)	(4,758,088)
Finance costs	36	(249,257)	(836,571)	(249,257)	(836,571)
Impairment loss on financial assets	37	(2,193)	(46,499)	-	(42,151)
Profit before taxation		**3,040,489**	**11,835,236**	**2,924,825**	**11,195,786**
Income taxes	12(b)(ii)	(1,712,168)	(1,533,494)	(1,408,527)	(1,450,341)
Minimum tax	12(b)(i)	(45,044)	(63,331)	(45,044)	(63,331)
Profit after taxation		**1,283,276**	**10,238,411**	**1,471,254**	**9,682,114**
Attributable to shareholders		1,222,406	10,209,378	1,471,254	9,682,114
Attributable to non-controlling interest holders	13(e)(ii)	60,871	29,033	-	-
		1,283,276	**10,238,411**	**1,471,254**	**9,682,114**
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss					
Net loss on available-for-sale financial assets	25(d)	993,044	(11,341,921)	927,023	(11,295,895)
Revaluation gain on property and equipment	25(c)	829,936	-	829,936	-
Exchange gains on available-for-sale financial assets	25(e)	(448,287)	496,451	(448,287)	496,451
Income tax relating to other comprehensive income	25(c)(e)	(252,031)	(47,995)	(252,031)	(47,995)
Total other comprehensive profit/(loss)		**1,122,661**	**(10,893,465)**	**1,056,641**	**(10,847,439)**
Total comprehensive profit/(loss) for the year		**2,405,938**	**(655,054)**	**2,527,894**	**(1,165,325)**
Attributable to shareholders		2,345,067	(681,688)	2,527,894	(1,165,325)
Attributable to non-controlling interest		60,871	26,636	-	-
		2,405,938	**(655,054)**	**2,527,894**	**(1,165,325)**
Basic earning per share (Kobo)	38	18	147	21	140
Diluted earning per share (Kobo)	38	13	105	16	100

Group Statement of Changes in Equity

For The Year Ended 31 December 2017

In thousands of naira	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Statutory Reserve	Exchange gains reserve	Shareholders' Equity	Non Controlling Interest	Total equity
	Attributable to owners of the Group										
At January 1 2016	3,465,102	2,824,389	898,089	3,482,076	(2,723,536)	1,221,707	55,240	148,521	9,371,588	342,592	9,714,180
Total comprehensive income for the year											
Profit for the year	-	-	10,209,378	-	-	-	-	-	10,209,378	29,033	10,238,411
Other comprehensive income	-	-	-	-	(11,341,921)	-	-	448,456	(10,893,465)	(2,397)	(10,895,862)
Total other comprehensive income for the year	-	-	**10,209,378**	-	**(11,341,921)**	-	-	**448,456**	**(684,087)**	**26,636**	**(657,451)**
Transfers within equity											
Transfer to contingency reserve	-	-	(1,221,455)	1,221,455	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	(41,448)	-	-	-	41,448	-	-	-	-
Total transfers	-	-	**(1,262,903)**	**1,221,455**	-	-	**41,448**	-	-	-	-
Transactions with owners, recorded directly in equity											
Loss on transactions with NCI	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to ordinary shareholders	-	-	(346,510)	-	-	-	-	-	(346,510)	(7,241)	(353,751)
Total contributions by and distributions to equity holders	-	-	**(346,510)**	-	-	-	-	-	**(346,510)**	**(7,241)**	**(353,751)**
Balance as at 31 December 2016	**3,465,102**	**2,824,389**	**9,498,054**	**4,703,531**	**(14,065,457)**	**1,221,707**	**96,688**	**596,977**	**8,340,991**	**361,987**	**8,702,978**
Total comprehensive income for the year											
Profit for the year	-	-	1,222,406	-	-	-	-	-	1,222,406	60,871	1,283,276
Other comprehensive income	-	-	-	-	993,044	580,955	-	(451,337)	1,122,661	-	1,122,661
Total other comprehensive income for the year	-	-	**1,222,406**	-	**993,044**	**580,955**	-	**(451,337)**	**2,345,067**	**60,871**	**2,405,938**
Transfers within equity											
Transfer to contingency reserve	-	-	(478,659)	478,659	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	(19,770)	-	-	-	19,770	-	-	-	-
Total transfers	-	-	**(498,429)**	**478,659**	-	-	**19,770**	-	-	-	-
Transactions with owners, recorded directly in equity											
Profit/(Loss) on transactions with NCI			-				-		-		-
Dividend paid to ordinary shareholders	-	-	(138,604)	-	-	-	-	-	**(138,604)**	**(11,784)**	**(150,388)**
Total contributions by and distributions to equity holders	-	-	**(138,604)**	-	-	-	-	-	(138,604)	(11,784)	(150,388)
Balance as at 31 December 2017	**3,465,102**	**2,824,389**	**10,083,426**	**5,182,190**	**(13,072,413)**	**1,802,662**	**116,458**	**145,640**	**10,547,454**	**411,073**	**10,958,528**

Company Statement of Changes in Equity

For The Year Ended 31 December 2017

	Attributable to owners of the Company							
In thousands of naira	**Issued Share Capital**	**Share Premium**	**Retained Earnings**	**Contingency Reserve**	**Available-for-Sale Reserve**	**Revaluation Reserve**	**Exchange gains reserve**	**Shareholders' Equity**
At January 1 2016	3,465,102	2,824,389	1,026,516	3,482,076	(2,723,536)	1,221,707	148,521	9,444,775
Total comprehensive income for the year								
Profit for the year	-	-	9,682,115	-	-	-	-	9,682,115
Other comprehensive income	-	-	-	-	(11,295,895)	-	448,456	(10,847,439)
Total other comprehensive income for the year	-	-	**9,682,115**	-	**(11,295,895)**	-	**448,456**	**(1,165,324)**
Transfers within equity								
Transfer to contingency reserve	-	-	(1,221,455)	1,221,455	-	-	-	-
Dividend paid to ordinary shareholders	-	-	(346,510)	-	-	-	-	(346,510)
Total transfers within equity	-	-	**(1,567,965)**	**1,221,455**	-	-	-	**(346,510)**
Balance as at 31 December 2016	**3,465,102**	**2,824,389**	**9,140,665**	**4,703,531**	**(14,019,431)**	**1,221,707**	**596,977**	**7,932,941**
Total comprehensive income for the year								
Profit for the year	-	-	1,471,254	-	-	-	-	1,471,254
Other comprehensive income	-	-	-	-	927,023	580,955	(451,337)	1,056,641
Total other comprehensive income for the year	-	-	**1,471,254**	-	**927,023**	**580,955**	**(451,337)**	**2,527,895**
Transfers within equity								
Transfer to contingency reserve	-	-	(478,659)	478,659	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Total transfers within equity	-	-	**(478,659)**	**478,659**	-	-	-	-
Transactions with owners, recorded directly in equity								
Dividend paid to ordinary shareholders	-	-	(138,604)	-	-	-	-	(138,604)
Total contributions by and distributions to equity holders	-	-	**(138,604)**	-	-	-	-	**(138,604)**
Balance as at 31 December 2017	**3,465,102**	**2,824,389**	**9,994,656**	**5,182,190**	**(13,092,408)**	**1,802,662**	**145,640**	**10,322,233**

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2017

		Group		Company	
In thousands of naira	**Notes**	**Dec-17**	Dec-16	Dec-17	Dec-16
Operating activities:					
Total premium received		31,534,236	26,443,405	29,807,059	25,918,188
Commission received		2,281,842	2,117,302	671,720	782,349
Commission paid		(2,721,071)	(2,697,258)	(2,623,316)	(2,641,850)
Reinsurance premium paid		(3,762,423)	(3,298,478)	(3,762,423)	(3,298,478)
Gross benefits and claim paid		(22,767,536)	(16,602,033)	(21,278,336)	(16,232,881)
Claims recoveries		1,762,038	1,588,377	1,762,038	1,588,377
Receipts from deposit administration		181,057	43,556	181,057	43,556
Withdrawals from deposit administration		(1,628,676)	(71,466)	(1,628,676)	(71,466)
Other underwriting expenses paid		(433,871)	(351,860)	(433,871)	(351,860)
Payments to employees	34	(2,944,733)	(2,617,932)	(2,044,148)	(1,818,582)
Other operating cash payments		(3,395,142)	(4,688,528)	(2,876,650)	(4,529,188)
Other income received		635,588	3,064,926	374,065	771,833
Tax paid	12(a)	(730,931)	(885,057)	(621,049)	(778,633)
Net cash flows from operating activities		**(1,989,621)**	**2,044,955**	**(2,472,531)**	**(618,634)**
Investing activities:					
Investment income received		6,193,893	7,249,661	6,446,132	6,952,345
Purchase of property and equipment	16	(398,526)	(1,105,718)	(308,196)	(850,182)
Purchase of intangibles	15	(58,375)	(42,222)	(28,828)	(41,098)
Proceeds from sale of property and equipment		40,699	55,721	11,749	52,577
Net purchase of available-for-sale financial assets		-	(9,084,010)	-	(7,524,463)
Net (purchase)/redemption of treasury bills & bonds		(7,926,258)	-	(5,878,609)	-
Net disposal/(purchase) of Equities		1,776,754	-	1,752,786	-
Payment for loans and receivables		(49,412)	239,450	(39,355)	238,921
Proceeds from sale of investment property		468,200	126,000	468,200	126,000
Net cash flows from investing activities		**46,975**	**(2,561,118)**	**2,423,879**	**(1,045,901)**
Financing activities:					
Convertible loan interest repayment		(201,992)	(149,741)	(201,992)	(149,741)
Dividend paid to equity holders		(138,604)	(346,510)	(138,604)	(346,510)
Dividend paid to non controlling interest		(11,784)	(7,241)		
Net cash flows from financing activities		**(352,380)**	**(503,492)**	**(340,596)**	**(496,251)**
Net(decrease)/increase in cash and cash equivalents		(2,295,027)	(1,019,655)	(389,247)	(2,160,786)
Cash and cash equivalents at 1 January		7,491,178	8,451,795	4,335,655	6,437,403
Effect of exchange rate on cash and cash equivalent		3,234	59,038	3,234	59,038
Cash and cash equivalents at 31 December		**5,199,385**	**7,491,178**	**3,949,642**	**4,335,655**

Segment Information
For The Year Ended 31 December

5 For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk). It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.

- The Health segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The segment became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

- Pension Manager segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006 provides pension administration services to private and public sector contributors.

- The Wealth management segment is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. The segment commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision. The segment offers portfolio management services, structured investments and mutual funds to suit the investment needs of corporate and individual clients.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a Group basis and are not allocated to individual operating segments.

Segment Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2017

5.1

In thousands of naira	Life Business	General Business	Elimination of inter-business transactions	Company	Health Management Services	Pensions	Asset Management	Elimination of inter-segment transactions	31 December 2017	31 December 2016
Gross premium written	**21,678,158**	**8,729,238**	**-**	**30,407,396**	**1,690,296**	**-**	**-**	**-**	**32,097,692**	**27,064,365**
Gross premium income from external customers	11,400,332	8,293,136	-	19,693,468	1,598,261	-	-	-	21,291,729	30,029,334
Premiums ceded to reinsurers	(443,508)	(3,347,323)	-	(3,790,831)	-	-	-	-	(3,790,831)	(3,341,764)
Net premium Income	**10,956,824**	**4,945,813**	**-**	**15,902,637**	**1,598,261**	**-**	**-**	**-**	**17,500,898**	**26,687,570**
Fees and Commission Income										
Insurance contracts	82,653	663,431	-	746,084	-	-	-	-	746,084	782,349
Pension and other contracts	-	-	-	-	340,300	1,256,545	479,113	(465,836)	1,610,122	1,334,953
Net underwriting income	**11,039,477**	**5,609,244**	**-**	**16,648,721**	**1,938,561**	**1,256,545**	**479,113**	**(465,836)**	**19,857,105**	**28,804,872**
Claims expenses:										
Claims expenses (Gross)	17,615,103	4,169,387	-	21,784,491	1,489,200	-	-		23,273,691	14,940,358
Claims expenses recovered from reinsurers	(453,899)	(2,045,607)	-	(2,499,505)	-	-	-		(2,499,505)	(1,844,168)
Claims expenses (Net)	**17,161,204**	**2,123,781**	**-**	**19,284,986**	**1,489,200**	**-**	**-**	**-**	**20,774,185**	**13,096,190**
Underwriting expenses	1,878,711	1,128,773	-	3,007,484	73,411	24,344			3,105,239	3,260,449
Total underwriting expenses	**19,039,915**	**3,252,554**	**-**	**22,292,470**	**1,562,611**	**24,344**	**-**	**-**	**23,879,426**	**16,356,639**
Underwriting (loss)/profit	**(8,000,438)**	**2,356,690**	**-**	**(5,643,749)**	**375,950**	**1,232,201**	**479,113**	**(465,836)**	**(4,022,321)**	**12,448,233**
Investment income	7,782,452	1,102,241	-	8,884,693	74,565	220,049	605,177	(1,152,030)	8,632,454	7,249,662
Profit from deposit administration	212,773	-	-	212,773	-	-	-	-	212,773	141,091
Net realised gains and losses	4,789,017	513,961	-	5,302,978	-	3,592	31,585	-	5,338,155	335,799
Fair value gains/(losses)	144,725	(4,000)	-	140,725	-	-	-	-	140,725	176,548
Other operating revenue	683,068	(37,984)	-	645,084	14,798	1,801	209,748	-	871,431	103,984
Employee benefits expenses	(1,001,615)	(1,042,533)	-	(2,044,148)	(203,486)	(523,146)	(173,953)	-	(2,944,733)	(2,617,932)
Other operating expenses	(2,470,236)	(1,854,039)	-	(4,324,275)	(281,431)	(490,411)	(306,266)	465,836	(4,936,546)	(5,119,079)
Finance costs	(93,393)	(155,864)	-	(249,257)	-	-	-	-	(249,257)	(836,571)
Other material non-cash items:										
- Impairment loss on investments	-	-	-	-	(2,193)	-	-	-	(2,193)	(46,499)
Profit/(loss) before tax	**2,046,353**	**878,472**	**-**	**2,924,825**	**(21,798)**	**444,086**	**845,404**	**(1,152,030)**	**3,040,489**	**11,835,236**
Income tax expense	(1,121,344)	(287,183)	-	(1,408,527)	-	(126,825)	(176,816)		(1,712,168)	(1,533,494)
Minimum tax	(45,044)	-	-	(45,044)			-		(45,044)	(63,331)
Profit/(loss) for the year	**879,965**	**591,289**	**-**	**1,471,254**	**(21,798)**	**317,261**	**668,588**	**(1,152,030)**	**1,283,276**	**10,238,411**
Attributable to Shareholders of the Company	879,965	591,289	-	1,471,254	(17,630)	252,222	668,589	(1,152,030)	1,222,406	10,209,378
Attributable to Non-Controlling Interest	-	-	-	-	(4,168)	65,038	-	-	60,871	29,033
Other Comprehensive Income										
Net loss on available-for-sale asset	718,854	208,169	-	927,023	-	-	66,022	-	993,044	(11,341,921)
Exchange gain on unquoted investments	(480,281)	31,994	-	(448,287)	-	-	-	-	(448,287)	496,451
Available for sale gains reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
Revaluation gain on property and equipment	528,508	301,427	-	829,936	-	-	-	-	829,936	-
Income tax relating to other comprehensive income	(161,068)	(90,963)	-	(252,031)	-	-	-	-	(252,031)	(47,995)
Other comprehensive income for the year, net of tax	**606,013**	**450,628**	**-**	**1,056,641**	**-**	**-**	**66,022**	**-**	**1,122,661**	**(10,893,465)**
Total comprehensive income for the year, net of tax	**1,485,978**	**1,041,917**	**-**	**2,527,894**	**(21,798)**	**317,261**	**734,610**	**(1,152,030)**	**2,405,938**	**(655,053)**

Segment Statement of Financial Position

For The Year Ended 31 December

5.2

In thousands of naira	Life	General	Elimination of inter-business transactions	Company	Health management services	Pensions	Asset management	Elimination of inter-segment transactions	31 December 2017	31 December 2016
Assets										
Cash and cash equivalents	2,061,352	1,888,290	-	3,949,642	149,389	825,412	274,942	-	5,199,385	7,491,178
Trade receivables	-	59,106	-	59,106	51,283	163,574	213,944	(186,735)	301,172	411,969
Reinsurance assets	303,906	3,340,583	-	3,644,489	-	-	-		3,644,489	2,816,503
Deferred acquisition cost	-	334,935	-	334,935	-	-	-		334,935	285,232
Financial assets:			-							
Available-for-sale financial assets	59,457,963	6,472,010	-	65,929,973	506,168	551,789	5,048,328	(506,168)	71,530,090	54,972,339
Loans and receivables	1,977,197	63,268	-	2,040,465	22,670	42,388	-	-	2,105,523	1,583,922
Held to maturity financial assets	-		-		-	-	-		-	
Deferred tax asset	-		-	-	8,460	-	148,548	-	157,008	1,088,677
Investment in subsidiaries	1,506,958	801,732	-	2,308,690	-	-	-	(2,308,690)	-	-
Investment property	241,000	341,000	-	582,000	-	-	-		582,000	990,000
Property, plant and equipment	4,431,407	1,789,556	-	6,220,962	21,189	217,704	53,318		6,513,175	5,915,891
Other receivables and prepayments	3,080,270	88,198	(2,777,085)	391,384	17,466	17,240	185,293	(156,480)	454,902	324,457
Statutory deposit	230,000	300,000	-	530,000	-	-	-		530,000	530,000
Goodwill and other intangible assets	196,383	835,858	-	1,032,242		22,583	5,626		1,060,451	1,092,031
Total Assets	**73,486,437**	**16,314,535**	**(2,777,085)**	**87,023,887**	**776,624**	**1,840,690**	**5,930,000**	**(3,158,073)**	**92,413,127**	**77,502,199**
Liabilities and Equity										
Liabilities										
Trade payables	1,148,982	562,237	-	1,711,219	10,699	-	-		1,721,918	1,599,841
Other payables and accrual	567,121	3,397,938	(2,777,085)	1,187,974	181,896	101,967	197,145	(343,215)	1,325,766	1,787,068
Fixed income liability	-		-	-	-	-	4,487,759	(506,168)	3,981,591	2,531,870
Current tax payable	88,595	338,325	-	426,920	-	68,081	331,641		826,643	623,761
Deferred tax liability	161,068	356,199	-	517,268	-	29,750	-	-	547,017	270,408
Finance lease obligation	-		-	-	-	-	-		-	7,368
Investment contract liabilities	10,909,624		-	10,909,624	-	-	-		10,909,624	10,061,636
Insurance contract liabilities	53,780,464	5,985,896	-	59,766,360	193,391	-	-		59,959,751	49,987,893
Borrowings	2,182,289	-	-	2,182,289	-	-	-		2,182,289	1,785,650
Derivative liabilities	-		-	-					-	143,725
Total liabilities	**68,838,143**	**10,640,595**	**(2,777,085)**	**76,701,654**	**385,986**	**199,798**	**5,016,545**	**(849,383)**	**81,454,599**	**68,799,221**
Equity										
Issued share capital	1,838,863	1,626,240	-	3,465,102	400,000	1,078,777	500,000	(1,978,777)	3,465,102	3,465,102
Share premium	2,046,073	778,317	-	2,824,389	47,494	40,365	-	(87,860)	2,824,389	2,824,389
Statutory reserve	-		-	-	-	116,458	-		116,458	96,688
Revaluation reserves	1,246,748	555,913	-	1,802,662	-	-	-		1,802,662	1,221,707
Exchange gains reserves	97,840	47,800	-	145,640		-			145,640	596,977
Available-for-sale reserves	(12,380,460)	(711,948)	-	(13,092,408)	-	-	19,996		(13,072,413)	(14,065,457)
Contingency reserves	2,680,711	2,501,479	-	5,182,190	-	-	-		5,182,190	4,703,531
Retained earnings	9,118,519	876,139	-	9,994,657	(56,856)	405,292	393,460	(653,126)	10,083,426	9,498,054
Shareholders funds	**4,648,293**	**5,673,940**	**-**	**10,322,233**	**390,638**	**1,640,893**	**913,456**	**(2,719,763)**	**10,547,454**	**8,340,991**
Non- controlling interest	-		-	-	-	-	-	411,073	411,073	361,987
Total equity	**4,648,293**	**5,673,940**	**-**	**10,322,233**	**390,638**	**1,640,893**	**913,456**	**(2,308,690)**	**10,958,528**	**8,702,978**
Total liabilities and equity	**73,486,437**	**16,314,535**	**(2,777,085)**	**87,023,887**	**776,623**	**1,840,690**	**5,930,000**	**(3,158,073)**	**92,413,127**	**77,502,199**

6 Cash and cash equivalents

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Cash at hand and bank	3,210,604	3,361,862	2,759,848	3,218,433
Short-term deposits	1,988,781	4,129,316	1,189,794	1,117,222
	5,199,385	**7,491,178**	**3,949,642**	**4,335,655**

(a) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

7 Financial assets

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Available-for-sale financial assets (see note (a) below)	71,530,090	54,972,339	65,929,973	53,148,863
Loans and receivables (see note (b) below)	2,105,523	1,583,922	2,040,465	1,528,921
	73,635,612	**56,556,261**	**67,970,438**	**54,677,784**

(a) Available-for-sale financial assets

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Equity securities measured at fair value	2,416,947	1,771,115	2,326,435	1,702,433
Unquoted equity securities measured at cost (see (a) below)	553,385	568,927	553,385	568,927
Unquoted equity securities measured at fair value	202,619	1,378,245	202,619	1,378,245
Money market placements (see note (i) below)	100,000	100,000	-	-
Federal government bonds (see note (ii) below)	56,330,196	40,722,014	51,764,709	39,436,997
State bonds (see note (iii) below)	657,996	1,294,951	657,996	1,294,951
Corporate bonds (see note (iv) below)	1,303,933	1,390,524	1,303,933	1,390,524
Treasury bills (see note (v) below)	9,965,015	7,746,563	9,120,897	7,376,786
	71,530,090	**54,972,339**	**65,929,973**	**53,148,863**

(a) Unquoted equities measured at cost relates to investment whose fair value could not be reliably estimated at year end.

(i) Money market placements above 90 days were classified as available-for-sale financial assets.

(ii) These have maturities ranging from 2018-2036 FGN bonds and are held to meet the long tenured nature of the Group's annuity portfolio. The effective interest rate on these bonds ranges between 10%-16.2%

(iii) These have maturities ranging from 2020-2022. The effective interest rate on these bonds ranges from 13.5%-17%

(iv) Corporate bonds have maturities ranging from 2021-2024. The effective interest rate 11.25% - 16.50%

(v) The treasury bills listed above have maturities ranging between 91-365 days with interest rates between 11.03% and 18.48%.

(vi) **Movement in available-for-sale financial assets**

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Opening balance	54,972,339	56,391,789	53,148,863	56,081,834
Net additions/(disposals)	13,031,819	-	9,363,767	-
Accrued interest	2,875,156	-	2,832,589	-
Net purchase of AFS assets	-	9,426,020	-	7,866,473
Unrealised exchange rate gain	30,504	496,451	30,504	496,451
Fair value gain/(loss)	620,271	(11,341,921)	554,251	(11,295,895)
Closing balance	**71,530,090**	**54,972,339**	**65,929,973**	**53,148,863**

(b) Loans and receivables

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Loans to policy holders (see note (i) below)	1,639,600	1,095,525	1,639,600	1,095,525
Finance lease receivables	2,270	70,841	2,270	70,841
Other loans (see note (iii) below)	463,653	471,713	398,595	416,712
	2,105,523	1,638,079	2,040,465	1,583,078
Less allowance for impairment (see note (ii) below)	-	(54,158)	-	(54,158)
	2,105,523	**1,583,922**	**2,040,465**	**1,528,921**

(i) Policy loans

The Group grants loans to policyholders in line with the insurance policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholders upon surrender of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.

The tenor of the loan is within the policy duration and such policy must be in force and must have acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically.

The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings. Policy loans are not impaired as balances are set-off against benefits accruable to the policyholders.

(ii) Impairment allowance

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Balance at 1 January	54,158	12,007	54,158	12,007
Charge for the year	-	42,151	-	42,151
Recoveries	(12,007)	-	(12,007)	-
Write-offs	(42,151)	-	(42,151)	-
Balance at 31 December	-	**54,158**	-	**54,158**

During the year the Company wrote off the finance lease receivable from North Ocean Logistics that have been initially impaired.

(iii) Other loans relates to various staff loans.

8 Trade receivables

(a) Trade receivables comprise:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Insurance receivables (see (i) below)	59,106	133,022	59,106	133,022
Due from direct clients	244,259	283,295	-	-
	303,365	416,317	59,106	133,022
Impairment on trade receivables	(2,193)	(4,348)	-	-
	301,172	**411,969**	**59,106**	**133,022**
(i) Insurance receivable is analyzed as follows:				
Due from brokers	59,106	132,665	59,106	132,665
Due from others (see (ii) below)	-	357	-	357
	59,106	**133,022**	**59,106**	**133,022**

(ii) Due from others represent receivables from travel insurance policies.

The age analysis of gross insurance trade receivables as at year end is as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
0 - 30 days	59,106	133,022	59,106	133,022
31days and above	-	-	-	-
	59,106	**133,022**	**59,106**	**133,022**

9 Reinsurance assets

Reinsurance assets is analyzed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Prepaid reinsurance (see note (a) below)	1,041,001	950,482	1,041,001	950,482
Recoverable on outstanding claims + IBNR (see note (b) below)	1,942,834	1,370,908	1,942,834	1,370,908
Recoveries on claims paid (see note (c) below)	660,654	495,113	660,654	495,113
	3,644,489	**2,816,503**	**3,644,489**	**2,816,503**

(a) The movement in prepaid reinsurance is as follows;

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Balance at 1 January	950,482	868,839	950,482	868,839
Additions during the year	3,881,350	3,423,407	3,881,350	3,423,407
Reinsurance expense in the year (see note 26(c))	(3,790,831)	(3,341,764)	(3,790,831)	(3,341,764)
Balance at 31 December	**1,041,001**	**950,482**	**1,041,001**	**950,482**

(b) The movement in reinsurance outstanding claims + IBNR is as follows;

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Balance at 1 January	1,370,908	1,318,705	1,370,908	1,318,705
Changes during the year	571,926	52,203	571,926	52,203
Balance at 31 December	**1,942,834**	**1,370,908**	**1,942,834**	**1,370,908**

(c) The movement in recoveries on claims paid is as follows;

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Balance at 1 January	495,113	291,525	495,113	291,525
Changes during the year	165,541	203,588	165,541	203,588
Balance at 31 December	**660,654**	**495,113**	**660,654**	**495,113**

10 Deferred acqusition cost

The analysis of deferred acquisition costs (DAC), which represents commission paid during the year on unearned premium received among different classes of business is shown below:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Fire	83,733	71,308	83,733	71,308
Motor	113,878	96,979	113,878	96,979
Workmen Compensation	13,397	11,409	13,397	11,409
Marine	50,240	42,785	50,240	42,785
Personal accident	23,445	19,966	23,445	19,966
Casualty accident	33,494	28,523	33,494	28,523
Oil & Gas	16,747	14,262	16,747	14,262
	334,935	**285,232**	**334,935**	**285,232**
The movement in deferred acquisition costs is as follows:				
Balance at 1 January	285,232	264,842	285,232	264,842
Acquisition during the year	2,721,070	2,928,979	2,623,316	2,873,571
Amortization for the year (see note 29(b))	(2,671,368)	(2,908,589)	(2,573,613)	(2,853,181)
Balance at 31 December	**334,935**	**285,232**	**334,935**	**285,232**

11 Other receivables and prepayments

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Prepaid expenses (see note (a) below)	239,391	237,000	156,246	202,532
Prepaid M&D (see note (b) below)	28,320	-	28,320	-
Receivable from agents	13,613	14,016	13,613	14,016
Subscription for Shares*- AIICO Multishield	-	-	156,480	-
Other receivables	173,579	73,441	36,724	13,668
	454,902	**324,457**	**391,384**	**230,216**

* During the year, The Company increased its shareholding in AIICO Multishield Ltd by taking up its right. As at reporting date, the process has not been concluded.

The carrying amount of other receivables approximate their fair value.

(a) Prepaid expenses relate to rent and other expenses. The average amortisation period for these expenses is 24 months.

(b) Prepaid M&D relates to reinsurance due for 2018.

12 Income taxes

(a) Current income tax liability

The movement in current tax payable can be analyzed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	623,761	592,961	572,512	518,443
Back duty (see note (b)(iii) below)	28,516	320,790	28,516	320,790
Charge for the year (see note (b)(iii) below)	905,296	595,067	446,941	511,912
Payments made during the year	(730,931)	(885,057)	(621,049)	(778,633)
At 31 December	**826,643**	**623,761**	**426,920**	**572,512**

(b) Amounts recognised in profit or loss

(i) Current tax expense

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Minimum tax* (see note (iii) below)	45,044	63,331	45,044	63,331
	45,044	**63,331**	**45,044**	**63,331**

(ii) Income tax				
Company income tax**	791,103	330,046	355,014	255,579
Tertiary tax	27,288	88,367	17,924	82,153
NITDA levy	41,861	113,323	28,959	110,849
	860,252	531,737	401,897	448,582
Back duty	28,516	320,790	28,516	320,790
	888,768	852,527	430,413	769,372
Deferred tax expense				
Origination of temporary differences	823,400	-	978,114	-
Unrelieved losses	-	680,968	-	680,968
	823,400	680,968	978,114	680,968
Total income taxes	**1,712,168**	**1,533,495**	**1,408,527**	**1,450,340**

(iii) Current tax expense				
Minimum tax (see note (i) above)	45,044	63,331	45,044	63,331
Corporate tax (see note (ii) above)	860,252	531,737	401,897	448,582
	905,296	595,067	446,941	511,912
Back duty (see note (ii) above)	28,516	320,790	28,516	320,790
Current tax expense	**933,813**	**595,067**	**475,458**	**511,912**

* The life business of the Company was assessed using section 16 of the Company Income Tax Act (CITA) as there was no taxable profit.

** The non-life business of the Company was assessed using section 16 of CITA which provides for tax at 30% of taxable profit.

The Directors believe that accruals for tax liabilities are adequate for all open tax years based on its assessment of relevant factors, including the interpretations of tax law and tax practices in the determination of obligation for income taxes

(c) Amounts recognised in OCI

Group

		Dec-17	
In thousands of naira	**Before tax**	**Tax (expense)**	**Net of tax**
Exchange gains on available-for-sale assets	30,504	(3,050)	27,454
Fair value gain on available-for-sale financial assets	620,271	-	620,271
Balance at 31 December	**650,776**	**(3,050)**	**647,726**

Company

		Dec-17	
In thousands of naira	**Before tax**	**Tax (expense)**	**Net of tax**
Exchange gains on available-for-sale assets	30,504	(3,050)	27,454
Fair value gain on available-for-sale financial assets	554,251	-	554,251
Balance at 31 December	**584,755**	**(3,050)**	**581,705**

Group

In thousands of naira	Before tax	Dec-16 Tax (expense)	Net of tax
Exchange gain on available-for-sale-assets	496,451	(47,995)	448,456
Fair value loss on available-for-sale financial assets	(11,341,921)	-	(11,341,921)
Balance at 31 December	**(10,845,470)**	**(47,995)**	**(10,893,465)**

Company

In thousands of naira	Before tax	Dec-16 Tax (expense)	Net of tax
Exchange gain on available-for-sale-assets	496,451	(47,995)	448,456
Fair value loss on available-for-sale financial assets	(11,295,895)	-	(11,295,895)
Balance at 31 December	**(10,799,444)**	**(47,995)**	**(10,847,439)**

(d) Reconciliation of effective tax rate

Group

In thousands of naira	**2017**	**2017**	2016	2016
Profit from continuing operations		3,040,489		11,835,236
Tax using domestic tax rate	30%	912,147	30%	3,550,571
Non deductible expenses	16%	481,117	4%	460,571
Tax exempt income	-148%	(4,503,299)	-24%	(2,791,251)
Current year losses for which no deferred tax asset is recognised	113%	3,425,953	-8%	(889,844)
Net derecognition of previously recognised deferred tax	32%	978,114	6%	680,969
Income tax	11%	323,024	0%	-
Tertiary education tax	1%	27,288	1%	88,367
Information technology levy	1%	39,309	1%	113,323
Minimum tax	1%	45,044	1%	63,331
Changes in estimate related to prior year	1%	28,516	3%	320,790
	58%	**1,757,213**	**13%**	**1,596,827**

Company

In thousands of naira	**2017**	**2017**	2016	2016
Profit from continuing operations		2,924,825		11,195,786
Tax using domestic tax rate	30%	877,448	30%	3,358,736
Non deductible expenses	16%	459,227	4%	454,890
Tax exempt income	-151%	(4,407,613)	-24%	(2,668,203)
Current year losses for which no deferred tax asset is recognised	117%	3,425,953	-8%	(889,844)
Derecognition of previously recognised deferred tax	33%	978,114	6%	680,969
Tertiary education tax	1%	17,924	1%	82,153
Information technology levy	1%	28,959	1%	110,849
Minimum tax	2%	45,044	1%	63,331
Changes in estimate related to prior year	1%	28,516	3%	320,790
	50%	**1,453,572**	**14%**	**1,513,670**

(e) Movement in deferred tax balances

2017
Group

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	126,123	(79,078)	-	47,045	-	47,045
Property and Equipment	(251,244)	(77,136)	(248,981)	(577,361)	5,711	(583,072)
Unrelieved losses	1,062,438	(808,583)	-	152,572	153,111	(539)
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(113,462)	111,648	(3,050)	(6,680)	(1,815)	(4,865)
	818,269	**(853,149)**	**(252,031)**	**(390,010)**	**157,008**	**(547,017)**

2017
Company

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Gratuity payable	126,123	(79,078)	-	47,045	-	47,045
Property and equipment	(257,495)	(47,386)	(248,981)	(553,862)	-	(553,862)
Unrelieved losses	963,297	(963,297)	-	-	-	-
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(113,463)	111,648	(3,050)	(4,865)	-	(4,865)
	712,876	**(978,113)**	**(252,031)**	**(517,268)**	**-**	**(517,268)**

2016
Group

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	126,123	-	-	126,123	79,078	47,045
Property and equipment	(251,784)	-	-	(251,244)	53,097	(304,341)
Unrelieved losses	1,701,545	(680,968)	-	1,062,438	1,068,149	(5,711)
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(63,652)	-	(47,995)	(113,462)	(111,647)	(1,815)
	1,506,646	**(680,968)**	**(47,995)**	**818,269**	**1,088,677**	**(270,408)**

2016
Company

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	126,123	-	-	126,123	79,078	47,045
Property and equipment	(257,495)	-	-	(257,495)	47,386	(304,881)
Unrelieved losses	1,644,265	(680,968)	-	963,297	963,298	-
Investment property	(5,586)	-	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	(63,652)	-	(47,995)	(113,463)	(111,648)	(1,815)
	1,443,655	**(680,968)**	**(47,995)**	**712,876**	**978,114**	**(265,237)**

(f) Unrecognised deferred tax on unrelieved losses

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Unrecognised deferred tax	6,615,833	2,518,159	6,615,833	2,518,159
	6,615,833	**2,518,159**	**6,615,833**	**2,518,159**

This represents the deferred tax on unrelieved losses on the life business.
The Group did not recognise this amount as it is of the view that it may not be probable to have taxable profits against which the tax assets can be utilised, due to the four-year tax lapse period for unrelieved losses for insurance companies in Nigeria.

13 *Investment in subsidiaries*

The Group is made up of four entities, as follows:

AIICO Insurance PLC	- Parent
AIICO Pension Managers Limited	- Subsidiary
AIICO Multishield Limited	- Subsidiary
AIICO Capital Limited	- Subsidiary

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
AIICO Pension Fund Managers Limited (see note (b) below)	-	-	1,365,042	1,365,042
AIICO Multishield Limited (see note (c) below)	-	-	443,648	443,648
AIICO Capital Limited (see note (d) below)	-	-	500,000	500,000
At 31 December	**-**	**-**	**2,308,690**	**2,308,690**

(a) The movement in investment in subsidiaries is as follows:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Balance at January 1	-	-	2,308,690	2,308,690
Net increase during the year	-	-	-	-
At 31 December	-	-	2,308,690	2,308,690

(b) AIICO Pension Fund Managers Limited

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Balance at January 1	-	-	1,365,042	1,365,042
Additions	-	-	-	-
Disposal			-	-
At 31 December	**-**	**-**	**1,365,042**	**1,365,042**

The Company has 79.5% interest in AIICO Pension Managers Limited (2015: 79.5%), which is involved in Pension Administration Services to private and public sector contributors. AIICO Pension was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, 1990 and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006. AIICO Pension Managers is domiciled in Nigeria and its registered office is at Plot 2 Oba Akran Avenue, Ikeja, Lagos.

In 2012, and in response to National Pension Commission's directive for PFAs to increase their minimum share capital to ₦1billion, the Company increased its investment by ₦775 million by converting existing ₦300 million 5% convertible loans and additional injection of ₦475 million investment in the issued 9% irredeemable preference shares.

In 2015, the conversion option was exercised and the preference shares were converted into ordinary shares of the business at the price of ₦2.78 per share.

(c) AIICO Multishield Limited

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Balance at January 1	-	-	443,648	443,648
Additions	-	-	-	-
At 31 December	**-**	**-**	**443,648**	**443,648**

The company has 80.88% interest in Multishield Limited (2016:80.88%). Multishield Limited is involved in health management insurance.

(d) AIICO Capital Limited

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Balance at January 1	-	-	500,000	500,000
Additions	-	-	-	-
At 31 December	**-**	**-**	**500,000**	**500,000**

The company has 100% interest in AIICO Capital Limited

(e)(i) Non-controlling interest

In thousands of naira	NCI Percentage Holding	Dec-17	NCI Percentage Holding	Dec-16
AIICO Pension Managers Limited	21%	336,383	21%	283,130
Multishield HMO	19%	74,690	19%	78,857
		411,073		**361,987**

(e)(ii) The movement in the NCI account during the year is as follows:

In thousands of naira	Dec-17		Dec-16
At Janaury 1	361,987		342,592
Share of profit	60,871		29,033
Share of other comprehensive income		-	(2,397)
Dividend paid	(11,784)		(7,241)
	411,073		**361,987**

14 Investment property

(a) The balance in this account can be analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Fair value at 1 January	990,000	1,115,000	990,000	1,115,000
Change in fair value	(3,000)	1,000	(3,000)	1,000
Disposal	(405,000)	(126,000)	(405,000)	(126,000)
Balance at 31 December 2017	**582,000**	**990,000**	**582,000**	**990,000**

Investment property comprises a number of commercial properties that are leased to third parties.
Changes in fair values are recognised as gains in profit or loss and included in 'other income. All gains are unrealised.

The items of investment property are valued as shown below:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Safecourt Apartment Towers (6 flats). Ojulari road, off Lekki-Express Way, Lagos	282,000	315,000	282,000	315,000
Awolowo Towers (3 flats). 17A Awolowo road, Ikoyi, Lagos	-	255,000	-	255,000
4 Terrace Houses. 36 Ladoke Akintola street, GRA, Ikeja, Lagos	300,000	420,000	300,000	420,000
	582,000	**990,000**	**582,000**	**990,000**

(b) Measurement of fair values

(i) Fair value hierarchy

The fair value of investment properties was determined by an external, independent property valuer, having relevant recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuer, Niyi Fatokun & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1217) valued the properties on the basis of open market value as At 31 December 2017.

The Safecourt apartment (Off Lekki Expressway) had a fair value gain of ₦12million while the Terrace houses(GRA Ikeja) had a fair value loss of ₦15million, hence a net fair value loss of ₦3million as shown in (a) above.

The fair value measurement for the investment properties of ₦582million (2016: ₦990million) has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

(ii) Valuation technique

The following table shows the valuation technique used in measuring the fair value of investment property.

Valuation technique
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.

15 Goodwill and other intangible assets

(a) Reconciliation of carrying amount

GROUP

In thousands of naira	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2016	800,863	536,449	1,337,312
Acquisitions	-	42,222	42,222
Transfer from property and equipment	-	-	-
Disposals	-	-	-
Balance at 31 December 2016	**800,863**	**578,671**	**1,379,534**
Balance at 1 January 2017	800,863	578,671	1,379,534
Acquisitions	-	58,375	58,375
Transfer from property and equipment	-	12,430	12,430
Disposals	-	(92)	(92)
Balance at 31 December 2017	**800,863**	**649,385**	**1,450,248**
Accumulated amortization and impairment losses			
Balance at 1 January 2016	-	194,592	194,592
Amortization	-	92,911	92,911
Disposals	-	-	-
Balance at 31 December 2016	**-**	**287,503**	**287,503**
Balance at 1 January 2017	-	287,503	287,503
Amortization	-	102,294	102,294
Disposals	-	-	-
Balance at 31 December 2017	**-**	**389,797**	**389,797**
Carrying amounts			
Balance at 1 January 2016	800,863	341,857	1,142,720
Balance at 31 December 2016	800,863	291,168	1,092,031
Balance at 31 December 2017	**800,863**	**259,588**	**1,060,451**

COMPANY

In thousands of naira	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2016	800,863	387,900	1,188,763
Acquisitions	-	41,098	41,098
Transfer from property and equipment	-	-	-
Disposals	-	-	-
Balance at 31 December 2016	**800,863**	**428,998**	**1,229,861**
Balance at 1 January 2017	800,863	428,998	1,229,861
Acquisitions	-	28,828	28,828
Transfer from property and equipment	-	12,430	12,430
Disposals	-	(92)	(92)
Balance at 31 December 2017	**800,863**	**470,165**	**1,271,028**
Accumulated amortization and impairment losses			
Balance at 1 January 2016	-	67,891	67,891
Amortization	-	81,148	81,148
Disposals	-	-	-
Balance at 31 December 2016	**-**	**149,039**	**149,039**
Balance at 1 January 2017	-	149,039	149,039
Amortization	-	89,747	89,747
Disposals	-	-	-
Balance at 31 December 2017	**-**	**238,786**	**238,786**
Carrying amounts			
Balance at 1 January 2016	800,863	320,009	1,120,872
Balance at 31 December 2016	**800,863**	**279,959**	**1,080,822**
Balance at 31 December 2017	**800,863**	**231,379**	**1,032,242**

(b) The goodwill arose year ended 2006 from the business combination of the net asset of NFI Insurance Plc and Lamda Insurance Ltd Goodwill has been allocated to the non-life business as a cash generating unit (CGU).

The recoverable amount of the non-life business has been determined based on value in use, using equity discounted cash flow projections based on current earnings before interest, tax, depreciation and amortisation (EBITDA) before tax projected over a five year period.

(i) The key assumptions used in the calculations are as follows;

	Group		Company	
	Dec-17	Dec-16	**Dec-17**	Dec-16
	%	%	%	%
Discount rate	13	17	13	17
Terminal growth rate	10	6	10	6

Five years of cash flows were included in the discounted cash flow model. A long term growth rate into perpetuity has been assumed along term sustainable growth rate of 10%.

Budgeted EBITDA was based on expectations of future outcomes taking into consideration past experience, devaluation of the naira currency and persistent inflation adjusted for the anticipated revenue growth.

The projected cash flows beyond the five years excluding expenses have been extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the market in which the units operate.

No impairment loss has been recognised in 2017 (2016: nil) on non-life insurance business as no indication of impairment was identified.

Sensitivity to changes in assumptions

The key assumptions described above may change as economic and other market condition change, however, with regard to the assessment of value in use for the non-life insurance cash generating unit, management does not believe a reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amounts.

16 Property and equipment

(a) Group

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost							
At 1 January 2017	1,280,500	3,621,160	603,783	2,133,821	996,694	104,890	8,740,848
Additions	-	-	168,896	98,012	131,618	-	398,526
Disposals	-	-	-	(24,749)	(101,795)	(15,100)	(141,644)
Reclassifications	-	486,529	(606,937)	120,408	-	-	-
Reclassification to Intangibles	-	-	(12,430)	-	-	-	(12,430)
Write off	-	-	(54,820)				(54,820)
Revaluation	238,500	(217,765)	-	-	-	-	20,735
At 31 December 2017	**1,519,000**	**3,889,924**	**98,492**	**2,327,492**	**1,026,517**	**89,790**	**8,951,215**
Accumulated depreciation							
At 1 January 2017	-	679,655	-	1,438,382	657,999	48,922	2,824,958
Depreciation for the period		129,546		233,253	143,735	24,435	530,969
Disposals	-	-	-	(18,766)	(76,704)	(10,898)	(106,368)
Reclasssification	-	-	-	497	(2,816)	-	(2,319)
Revaluation	-	(809,201)	-	-	-	-	(809,201)
At 31 December 2017	**-**	**-**	**-**	**1,653,366**	**722,214**	**62,459**	**2,438,039**
Net book value							
At 31 December 2017	**1,519,000**	**3,889,924**	**153,312**	**674,126**	**304,303**	**27,331**	**6,513,175**
At 31 December 2016	**1,280,500**	**2,941,505**	**603,783**	**695,439**	**338,695**	**55,968**	**5,915,890**

(b) Company

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost							
At 1 January 2017	1,280,500	3,621,160	603,783	1,776,942	565,763	104,890	7,953,038
Additions	-	-	168,896	74,675	64,625	-	308,196
Disposals	-	-	-	(7,531)	(27,085)	(15,100)	(49,716)
Reclasifications	-	486,529	(606,937)	120,408	-	-	-
Reclassification to Intangibles	-	-	(12,430)	-	-	-	(12,430)
Write off	-	-	(54,820)				(54,820)
Revaluation	238,500	(217,765)	-	-	-	-	20,735
At 31 December 2017	**1,519,000**	**3,889,924**	**98,492**	**1,964,494**	**603,303**	**89,790**	**8,165,003**
Accumulated depreciation							
At 1 January 2017	-	679,655	-	1,207,374	470,165	48,922	2,406,116
Depreciation for the period	-	129,546	-	182,862	52,400	24,435	389,243
Disposals	-	-	-	(1,815)	(27,085)	(10,898)	(39,798)
Reclasifications	-			497	(2,816)	-	(2,319)
Revaluation	-	(809,201)	-	-	-	-	(809,201)
At 31 December 2017	**-**	**-**	**-**	**1,388,918**	**492,664**	**62,459**	**1,944,041**
Net book value							
At 31 December 2017	**1,519,000**	**3,889,924**	**98,492**	**575,577**	**110,639**	**27,331**	**6,220,962**
At 31 December 2016	**1,280,500**	**2,941,505**	**603,783**	**569,568**	**95,598**	**55,968**	**5,546,923**

The land and building was revalued by an external, independent property valuer, having relevant recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, Niyi Fatokun & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1217) valued the properties on the basis of open market value as at 31 December 2017.

Revaluation gain on land and building at 31 December 2017 was N829.9million
During the year, the Group reviewed the estimated useful life of its land as indefinite as the Group has ownership of the land, not a right to use the land for a defined period. Consequently, the Group has discontinued depreciation of the leasehold land. The depreciation that would have been recognized had the land been depreciated is ₦31.2 million.

17 Statutory deposits

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2017 in accordance with section 9(1) and section 10(3) of Insurance Act 2003 interest income earned on this deposit is included in the investment income.

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Non life business	300,000	300,000	300,000	300,000
Life business	230,000	230,000	230,000	230,000
	530,000	**530,000**	**530,000**	**530,000**

18 Insurance contract liabilities

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Life insurance contract (see (a) below)	53,780,464	44,675,974	53,780,464	44,675,974
Non–life insurance contract (see (b) below)	6,179,287	5,311,919	5,985,896	5,129,685
Total insurance contract liabilities	**59,959,751**	**49,987,893**	**59,776,360**	**49,805,659**

(a) Life insurance contract liabilities

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Provision for reported claims (see note (i) below)	1,098,763	1,012,726	1,098,763	1,012,726
Incurred but not reported (IBNR)	1,105,524	793,014	1,105,524	793,014
Total life contract outstanding claims provision	**2,204,287**	**1,805,740**	**2,204,287**	**1,805,740**
Liability on long term insurance contract (see note (ii) below)	51,576,177	42,870,234	51,576,177	42,870,234
	53,780,464	**44,675,974**	**53,780,464**	**44,675,974**

(a)(i) Movement in life contract outstanding claims provision can be analyzed as follows:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
At 1 January	1,012,726	2,248,785	1,012,726	2,248,785
Claims incurred during the year (see note 28(i))	19,104,303	11,846,106	17,615,103	11,476,954
Claims paid during the year	(19,018,266)	(13,082,165)	(17,529,066)	(12,713,013)
At 31 December	**1,098,763**	**1,012,726**	**1,098,763**	**1,012,726**

(a)(ii) The age analysis of life outstanding claims is as follows:

in thousands of naira	0 - 90 days	91 - 180 days	181 - 360 days	360 days +	Total
1 - 500,000	11,183	4,553	7,777	36,097	59,610
500,001 - 1,000,000	19,701	16,100	10,959	38,257	85,017
1,000,001 - 2,500,000	27,768	15,574	23,995	52,476	119,814
2,500,001 - 5,000,000	63,532	30,462	27,028	57,862	178,884
5,000,001 - 10,000,000	-	14,983	28,944	28,884	72,811
10,000,001 - Above	100,861	25,574	74,674	381,518	582,627
Total	**223,045**	**107,246**	**173,377**	**595,094**	**1,098,763**

(a)(iii) Analysis of liability on long term insurance contract fund is as follows:

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Annuity	32,110,722	27,160,163	32,110,722	27,160,163
Group life	323,044	807,608	323,044	807,608
Ordinary life	19,142,411	14,902,463	19,142,411	14,902,463
	51,576,177	**42,870,234**	**51,576,177**	**42,870,234**

(a)(iv) Movement in long term life insurance contract fund can be analyzed as follows:

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
At 1 January	42,870,234	47,854,907	42,870,234	47,854,907
Movement during the year	8,705,943	(4,984,673)	8,705,943	(4,984,673)
At 31 December	**51,576,177**	**42,870,234**	**51,576,177**	**42,870,234**

(b) Non-life insurance contract liabilities

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Provision for reported claims	2,100,035	2,007,729	2,100,035	2,007,729
Provision for claims incurred but not reported (IBNR)	1,121,417	793,605	1,121,417	793,605
Total non-life contract outstanding claims provision (see note (i) below)	3,221,452	2,801,334	3,221,452	2,801,334
Provision for unearned premium (see note (ii) below)	2,957,835	2,510,585	2,764,444	2,328,351
Total non-life insurance contract liabilities	**6,179,287**	**5,311,919**	**5,985,896**	**5,129,685**

(b)(i) Movement in non-life contract outstanding claims provision can be analyzed as follows:

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
At 1 January	2,801,334	3,226,950	2,801,334	3,226,950
Claims incurred in the current accident year (see note 28(ii))	4,169,387	3,094,252	4,169,387	3,094,252
Claims paid during the year	(3,749,269)	(3,519,868)	(3,749,269)	(3,519,868)
At 31 December	**3,221,452**	**2,801,334**	**3,221,452**	**2,801,334**

(b)(ii) The age analysis of non life outstanding claims is as follows:

in thousands of naira	0 - 90 days	91 - 180 days	181 - 360 days	360 days +	Total
1 - 500,000	58,759	36,774	51,427	52,942	199,902
500,001 - 1,000,000	24,300	14,784	14,500	28,370	81,954
1,000,001 - 2,500,000	36,194	23,469	27,462	83,494	170,619
2,500,001 - 5,000,000	60,454	32,529	21,500	83,788	198,272
5,000,001 - 10,000,000	64,675	10,000	50,658	41,742	167,075
10,000,001 - Above	331,044	646,000	106,567	198,603	1,282,214
Total	**575,426**	**763,556**	**272,115**	**488,938**	**2,100,035**

(b)(iii) Analysis of non-life contract unearned premium is as follows:

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Fire	556,228	415,114	556,228	415,114
Motor	678,685	539,920	678,685	539,920
Personal Accident	149,373	132,211	149,373	132,211
Casualty	623,029	500,150	623,029	500,150
Workmen Compensation	36,763	51,622	36,763	51,622
Marine	429,627	394,475	429,627	394,475
Special Oil	290,739	294,860	290,739	294,860
Health Management	193,391	182,234	-	-
	2,957,835	**2,510,585**	**2,764,444**	**2,328,351**

(b)(ii) Movement in non-life contract unearned premium can be analyzed as follows:

At 1 January	2,510,585	2,217,512	2,328,351	2,049,335
Changes in health insurance unearned premium	11,157	14,057	-	-
Premium written in the year	10,419,534	8,247,611	8,729,238	7,611,765
Premium earned during the year	(9,983,441)	(7,968,595)	(8,293,145)	(7,332,749)
At 31 December	**2,957,835**	**2,510,585**	**2,764,444**	**2,328,351**

19 Investment contract liabilities

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Deposit administration (see note (a) below)	1,785,352	3,051,923	1,785,352	3,051,923
Other investment contract liabilities (see note (b) below)	9,124,272	7,009,713	9,124,272	7,009,713
Total investment contract liabilities	**10,909,624**	**10,061,636**	**10,909,624**	**10,061,636**

(a) Movement in deposit administration is shown below:

At 1 January	3,051,923	2,909,940	3,051,923	2,909,940
Deposits	181,057	45,957	181,057	45,957
Withdrawals (see (i) below)	(1,628,676)	(71,466)	(1,628,676)	(71,466)
Credit of interest and other income	180,558	167,492	180,558	167,492
Impact of actuarial valuation	491	-	491	-
At 31 December	**1,785,352**	**3,051,923**	**1,785,352**	**3,051,923**

(i) During the year the Company tranfered the total sum of N1.544b being the total liabilities on parastatals to Pension Transitional Arrangement Directorate (PTAD).

(b) Other investment contract liabilities are stated at amortised cost and the amount is analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	7,009,713	5,385,106	7,009,713	5,385,106
Increase during the year	2,114,559	1,624,607	2,114,559	1,624,607
At 31 December	**9,124,272**	**7,009,713**	**9,124,272**	**7,009,713**

Other investment contract liabilities represent deposit-based policies for individual savings business wth insignificant risk element.

20 Trade payables

Trade payables represent amounts payable to reinsurers, co-insurers, agents and brokers at the end of the period. The carrying amounts disclosed below approximate the fair values at the reporting date

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Reinsurance and co-insurance payable	595,051	476,124	595,051	476,124
Due to policyholders (see (i) below)	1,126,867	1,123,717	1,116,168	1,123,717
	1,721,918	**1,599,841**	**1,711,219**	**1,599,841**

(i) Due to policyholders is analysed as follows;

Premium paid in advance	138,389	616,086	138,389	616,086
Unallocated premium (see (a) below)	253,748	450,304	253,748	450,304
Refunds (see (b) below)	5,256	9,802	5,256	9,802
Benefits (see (b) below)	729,473	47,525	718,775	47,525
	1,126,866	**1,123,717**	**1,116,168**	**1,123,717**

(a) This relates to premiums yet to be matched to policies due to various reasons.

(b) This relates to matured policies and refunds due to various policyholders.

21(a) Other payables and accruals

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Accrued expenses	217,698	176,898	151,199	121,613
Agent provident fund	82,243	123,223	82,243	123,223
Commission payable	151,982	513,985	151,982	513,985
Gratuity payable (see note (i) below)	157,783	267,659	157,784	267,659
Deferred income (fees & Commission)	283,296	208,932	283,296	208,932
Other payables	401,958	204,896	143,929	82,916
Other credit balances (see note (ii) below)	30,806	291,474	30,806	291,475
Payable to subsidiaries	-	-	186,735	128,589
	1,325,766	**1,787,068**	**1,187,974**	**1,738,392**

(i) The Company's retirement benefit obligation was terminated in 2014 and the liability as at the date of termination - April 30, 2014, was transferred to a payable account.

(ii) Other credit balances represent outstanding bank credits which have not been matched to the policyholders.

(b) Fixed income liability

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Guaranteed income notes (see note (i))	3,981,591	2,531,870	-	-
	3,981,591	**2,531,870**	**-**	**-**

(i) AIICO Capital Limited, a subsidiary company, manages a guaranteed income product, held as fixed income liabilities. The assets held under this arrangement are in the name of AIICO Capital Limited and the underlying risks are retained by the Company.

(ii) These fixed income liabilities are invested as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Cash and cash equivalents (see note 6(b))	143,434	1,886,025	-	-
AFS financial assets (see note 7(b)(i))	3,838,157	645,845	-	-
	3,981,591	**2,531,870**	**-**	**-**

22 Finance lease obligations

(i) Finance lease liabilities are payable as follows:

GROUP

	Future minimum lease payments		Interest		Present value of minimum lease payments	
In thousands of naira	**2017**	2016	2017	2016	**2017**	2016
Less than one year	-	8,248	-	880	-	7,368
Between one and five years	-		-	-	-	-
	-	**8,248**	**-**	**880**	**-**	**7,368**

COMPANY

	Future minimum lease payments		Interest Company		Present value of minimum lease payments	
In thousands of naira	**2017**	2016	**2017**	2016	**2017**	2016
Less than one year	-	8,248	-	880	-	7,368
Between one and five years	-		-	-	-	-
	-	**8,248**	**-**	**880**	**-**	**7,368**

(ii) The movement in finance lease obligation is as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	7,368	49,854	7,368	49,854
Repayment during the year	(7,368)	(42,486)	(7,368)	(42,486)
At 31 December	**-**	**7,368**	**-**	**7,368**

23 (a) **Borrowings**

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
IFC Loan	2,182,289	1,785,650	2,182,289	1,785,650
	2,182,289	**1,785,650**	**2,182,289**	**1,785,650**

(b) The movement in borrowings is as follows:

(i)

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
At 1 January	1,720,103	1,073,376	1,720,103	1,073,376
Foreign exchange loss	378,394	646,727	378,394	646,727
	2,098,497	1,720,103	2,098,497	1,720,103
Accrued interest (see (ii) below)	83,792	65,547	83,792	65,547
	2,182,289	**1,785,650**	**2,182,289**	**1,785,650**

The loan which is carried at amortised cost was remeasured at the reporting date using the closing market rate of ₦360/$1 (2016: N305/$1)

(ii) The movement in accrued interest is as follows:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
At 1 January	65,547	61,464	65,547	61,464
Accrued interest	220,237	153,823	220,237	153,823
Interest repayment	(201,992)	(149,740)	(201,992)	(149,740)
At 31 December	**83,792**	**65,547**	**83,792**	**65,547**

(c) The loan, which is a hybrid financial instrument, was split into debt and derivative liability components at inception. Current carrying values is as follows:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Long term debt measured at amortised cost	2,182,289	1,785,650	2,182,289	1,785,650
Derivative liability measured at fair value (see note 24)	-	143,725	-	143,725
	2,182,289	**1,929,375**	**2,182,289**	**1,929,375**

24 (a) Derivative liabilities

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Option in Convertible Debt - IFC (see note (c) below)	-	143,725	-	143,725
	-	**143,725**	**-**	**143,725**

(b) Option in Convertible Debt - IFC

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by the International Finance Corporation (IFC), into shares (see further details in Note 23(a)) which is carried at fair value. The option to convert was out of money, so it was not profitable to exercise the option. Therefore the value of the option was zero at the reporting date.

25 Capital and reserves

(a) Share capital

	In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
(a)(i)	Authorised:				
	At 1 January:				
	15,000,000,000 ordinary shares of 50 kobo each	7,500,000	7,500,000	7,500,000	7,500,000
	At 31 December	**7,500,000**	**7,500,000**	**7,500,000**	**7,500,000**
(a)(ii)	Ordinary shares issued and fully paid:				
	6,930,204,480 ordinary shares at 50 kobo each	3,465,102	3,465,102	3,465,102	3,465,102
		3,465,102	**3,465,102**	**3,465,102**	**3,465,102**
(a)(iii)	Ordinary shares issued and fully paid can be further analysed as follows:				
	General business - 3,252,479,682 ordinary shares at 50 kobo each	1,626,239	1,626,239	1,626,239	1,626,239
	Life business - 3,677,724,798 ordinary shares at 50 kobo each	1,838,863	1,838,863	1,838,863	1,838,863
		3,465,102	**3,465,102**	**3,465,102**	**3,465,102**

(b) Share premium

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Share premium	2,824,389	2,824,389	2,824,389	2,824,389
	2,824,389	**2,824,389**	**2,824,389**	**2,824,389**

(c) Revaluation reserves

(i) The balance in this account is analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	1,221,707	1,221,707	1,221,707	1,221,707
Revaluation gain	829,936	-	829,936	-
Deferred tax	(248,981)	-	(248,981)	-
At 31 December	**1,802,662**	**1,221,707**	**1,802,662**	**1,221,707**

(d) Available-for-sale reserves

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	(14,065,457)	(2,723,536)	(14,019,431)	(2,723,536)
Net available-for-sale gains/(losses)	620,271	(11,341,921)	554,251	(11,295,895)
Derecognition of fair value on disposed unquoted investment	372,772	-	372,772	-
At 31 December	**(13,072,413)**	**(14,065,457)**	**(13,092,408)**	**(14,019,431)**

The available for sale reserves is further broken down below;

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Revalued equities - Quoted	(808,129)	(1,774,186)	(808,129)	(1,774,186)
Revalued equities - Unquoted	(51,188)	(3,678)	(51,188)	(3,678)
Revaluation of bonds	(12,227,576)	(12,273,091)	(12,247,572)	(12,227,065)
Revaluation of Tbills	14,480	(14,502)	14,480	(14,502)
At 31 December	**(13,072,413)**	**(14,065,457)**	**(13,092,408)**	**(14,019,431)**

(e) Exchange gains/(loss) reserve

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	596,977	148,521	596,977	148,521
Exchange gains on available for sale financial assets	30,504	496,451	30,504	496,451
Derecognition of exchange gain on disposed unquoted investment	(478,791)	-	(478,791)	-
	148,690	**644,972**	**148,690**	**644,972**
Deferred tax	(3,050)	(47,995)	(3,050)	(47,995)
At 31 December	**145,640**	**596,977**	**145,640**	**596,977**

(f) Statutory reserves

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	96,688	55,240	-	-
Transfer (from)/to retained earnings	19,770	41,448	-	-
At 31 December	**116,458**	**96,688**	**-**	**-**

In accordance with the provision of section 81(2) of the Pension Reform Act 2014, the statutory reserve is credited with an amount equivalent to 12.5% of the net profit after tax or based on National Pension Commission requirements.

(g) Contingency reserves

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	4,703,531	3,482,076	4,703,531	3,482,076
Transfer from retained earnings	478,659	1,221,455	478,659	1,221,455
At 31 December	**5,182,190**	**4,703,531**	**5,182,190**	**4,703,531**

Contingency reserve is calculated, in the case of non-life business, at the rate of the higher of 3% of total premium receivable during the period or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003 and, in respect of Life Insurance Business, at the rate of the higher of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 22(1)(b) of the Insurance Act 2003.

(h) Retained earnings

The movement in retained earnings can be analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
At 1 January	9,498,054	898,089	9,140,665	1,026,516
Transfer from statement of profit or loss and other comprehensive income	1,222,406	10,209,378	1,471,254	9,682,115
Transfer to contingency reserve	(478,659)	(1,221,455)	(478,659)	(1,221,455)
Transfer to statutory reserve	(19,770)	(41,448)	-	-
Dividend paid to ordinary shareholders	(138,604)	(346,510)	(138,604)	(346,510)
At 31 December	**10,083,426**	**9,498,054**	**9,994,656**	**9,140,665**

26 Gross premium

(a) Gross premium written

Gross premium written by business is as follows:

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Non-life	8,729,238	7,611,765	8,729,238	7,611,765
Life (individual and group)	18,455,898	14,831,310	18,455,898	14,831,310
Annuity	3,222,260	3,985,444	3,222,260	3,985,444
Health Management	1,690,296	635,846	-	-
	32,097,692	**27,064,365**	**30,407,396**	**26,428,519**

(b) Gross premium income

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Gross premium written	32,097,692	27,064,365	30,407,396	26,428,519
Unearned premium	(10,805,963)	2,964,969	(10,713,928)	3,078,650
	21,291,729	**30,029,334**	**19,693,468**	**29,507,169**

(c) Reinsurance expenses

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Reinsurance premium charge for the year	3,881,350	3,423,407	3,881,350	3,423,407
Unexpired reinsurance cost	(90,519)	(81,643)	(90,519)	(81,643)
Net reinsurance expense	**3,790,831**	**3,341,764**	**3,790,831**	**3,341,764**

27 Fees and commission income

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Insurance contract	746,084	782,349	746,084	782,349
Pension and other contracts (see note (a) below)	1,610,122	1,334,953	-	-
	2,356,206	**2,117,302**	**746,084**	**782,349**

(a) Pension and other other contracts relate to pension fund and asset management fees earned by the subsidiary companies.

28 (a) Gross benefits and claims incurred

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Life insurance contracts (see note (i) below)	19,104,304	11,846,106	17,615,104	11,476,954
Non-life insurance contracts (see note (ii) below)	4,169,387	3,094,252	4,169,387	3,094,252
	23,273,691	**14,940,358**	**21,784,491**	**14,571,206**

(i) Life insurance contract gross benefits and claims incurred can be analysed as follows:

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Gross benefits	10,640,995	6,003,031	10,640,995	6,003,031
Gross claims	8,377,272	6,026,431	6,888,072	5,657,279
Change in outstanding claims reserve	86,037	(183,356)	86,037	(183,356)
	19,104,304	**11,846,106**	**17,615,104**	**11,476,954**

(ii) Non-life insurance contract gross claims Incurred

	Group		Company	
In thousands of naira	Dec-17	Dec-16	Dec-17	Dec-16
Gross claims incurred	3,851,495	3,040,756	3,851,495	3,040,756
Changes in outstanding claims reserve + IBNR	317,892	53,496	317,892	53,496
	4,169,387	**3,094,252**	**4,169,387**	**3,094,252**

(b) Claim recoveries

Claims recovered from reinsurance	1,762,038	1,588,377	1,762,038	1,588,377
Changes in outstanding claims & IBNR	737,467	255,791	737,467	255,791
	2,499,505	**1,844,168**	**2,499,505**	**1,844,168**

(i) Claims recoveries can be futher analysed as follows:

Life	453,899	353,989	453,899	353,989
Non-life	2,045,606	1,490,179	2,045,606	1,490,179
	2,499,505	**1,844,168**	**2,499,505**	**1,844,168**

(ii) Non-life business claims recoveries can be analysed as follows:

Recoveries - reinsurance	2,006,197	1,341,033	2,006,197	1,341,033
Recoveries - salvage	39,409	149,146	39,409	149,146
	2,045,606	**1,490,179**	**2,045,606**	**1,490,179**

29 Underwriting expenses

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Acquisition costs (see note (a) below)	2,671,368	2,908,589	2,573,613	2,853,181
Maintenance expenses (see note (c) below)	433,871	351,860	433,871	351,860
	3,105,239	**3,260,449**	**3,007,484**	**3,205,041**

(a) Acquisition costs by business is as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Life	1,572,525	1,950,012	1,572,525	1,950,012
Non-life	1,001,088	903,169	1,001,088	903,169
Multishield HMO	97,755	55,408	-	-
	2,671,368	**2,908,589**	**2,573,613**	**2,853,181**

(b) Acquisition costs is analysed as follows:

Commission paid during the year	2,623,316	2,832,791	2,623,316	2,832,791
Net movement in deferred acquisition cost	(49,703)	20,390	(49,703)	20,390
Commission incurred	2,573,613	2,853,181	2,573,613	2,853,181
Providers' capitation fee and other direct expenses	97,755	55,408	-	-
	2,671,368	**2,908,589**	**2,573,613**	**2,853,181**

(c) Maintenance expenses can be analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Policy administration expenses	362,719	303,215	362,719	303,215
Tracking expenses	15,464	13,260	15,464	13,260
Service charges	55,688	35,385	55,688	35,385
	433,871	**351,860**	**433,871**	**351,860**

30(a) Investment income

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Investment income is attributable to the following:				
Policyholders' funds (see note (i) below)	2,708,121	1,747,112	3,640,102	1,747,112
Annuity funds (see note (ii) below)	4,142,350	4,345,223	4,142,350	4,345,223
Shareholders' funds (see note (iii) below)	1,781,983	1,157,327	1,102,241	860,010
	8,632,454	**7,249,662**	**8,884,693**	**6,952,345**

(i) Investment income attributable to policyholders' funds

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Interest income on available-for-sale financial assets	2,432,537	1,461,263	2,432,537	1,461,263
Interest income on cash and cash equivalents	5,019	89,276	5,019	89,276
Interest income from structured investments	-	67,876	-	67,876
Dividend income on available-for-sale financial assets	270,564	128,696	1,202,545	128,696
	2,708,121	**1,747,112**	**3,640,102**	**1,747,112**

(ii) Investment income attributable to annuity funds

Interest income on available-for-sale financial assets	4,137,773	4,262,802	4,137,773	4,262,802
Interest income on cash and cash equivalents	1,426	52,857	1,426	52,857
Dividend income on available-for-sale financial assets	3,150	29,564	3,150	29,564
	4,142,350	**4,345,223**	**4,142,350**	**4,345,223**

(iii) Investment income attributable to shareholders' funds

Income from investment property	-	21,309	-	21,309
Interest income on available-for-sale financial assets	961,979	587,528	961,979	587,528
Interest income on cash and cash equivalents	737,555	448,943	57,813	108,476
Interest income on loans and receivables	2,218	12,512	2,218	12,512
Dividend income on available-for-sale financial assets	80,231	87,034	80,231	130,184
	1,781,983	**1,157,326**	**1,102,241**	**860,010**

(b) Profit on deposit administration

Investment income on deposit administration can be analysed as follows:

Investment income on deposit	394,028	308,580	394,028	308,580
Other income generated from the fund		3	-	3
Guaranteed interest to policyholders	(180,558)	(167,492)	(180,558)	(167,492)
Acquisition expense	(206)	-	(206)	-
Impact of actuarial valuation	(491)	-	(491)	-
Profit from deposit administration	**212,773**	**141,091**	**212,773**	**141,091**

31 (a) Net realised gains

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Net realised gains are attributable to the following:				
Property and equipment	5,423	26,301	1,831	23,517
Investment property	63,200	-	63,200	-
Available-for-sale investments (see (b) below)	5,269,532	309,498	5,237,947	294,644
	5,338,155	**335,799**	**5,302,978**	**318,161**

(b) Net realised gains on available-for-sale investments can be analysed as follows:

Profit on disposal of quoted equities	586,468	573,959	562,500	559,105
Loss on disposal of treasury bills	(19,711)	(194,630)	(22,334)	(194,630)
Profit/(loss) on disposal of FGN Bonds	4,702,774	(69,832)	4,697,780	(69,832)
	5,269,532	**309,498**	**5,237,947**	**294,644**

32 Net fair value (losses)/gains

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Investment property	(3,000)	1,000	(3,000)	1,000
Derivative Instrument	143,725	175,548	143,725	175,548
	140,725	**176,548**	**140,725**	**176,548**

33 Other operating income

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Sundry income	1,075,316	282,693	848,969	226,067
Exchange loss	(203,885)	(178,709)	(203,885)	(178,709)
	871,431	**103,984**	**645,084**	**47,358**

(a) Sundry income is analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Recoveries on written-off assets	74,176	-	74,176	-
Income from policy loan	458,396	-	458,396	-
Income from statutory deposit	79,947	54,119	79,947	54,119
Administrative charges	88,727	49,020	88,727	49,020
Income from unclaimed dividend	31,886	12,526	31,886	12,526
Profit commission from reinsurance	18,890	48,556	18,890	48,556
Rental income	88,449	48,100	88,449	48,100
Others (see (i) below)	234,846	70,372	8,499	13,746
	1,075,316	**282,693**	**848,969**	**226,067**

(i) Amount represents sundry income from charges on lost documents, management fees and service charges.

34 Personnel expenses

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Salaries	1,481,850	1,292,106	990,431	861,759
Defined contribution pension costs	129,334	127,936	129,334	106,110
Other personnel benefits	1,333,549	1,197,891	924,383	850,713
	2,944,733	**2,617,932**	**2,044,148**	**1,818,582**

35 Other operating expenses

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Travel and representation	538,285	372,828	400,809	306,002
Marketing and administration	655,591	415,574	520,302	379,179
Advertising	113,676	130,064	113,676	76,899
Occupancy	683,843	678,208	543,848	472,688
Communication and postages	385,377	263,760	309,902	261,717
Dues and subscriptions	55,384	40,842	28,955	39,792
Office supply and stationery	123,517	92,030	114,594	90,134
Fees and assessments	757,723	734,438	548,811	516,941
Management fees (see note (c) below)	-	-	465,836	543,459
Legal fees	54,946	102,307	52,946	89,203
Consulting fees	268,828	369,368	204,592	369,368
Depreciation and amortisation	633,262	606,975	478,990	467,174
Auditor's fees	59,000	54,500	40,000	35,000
Claims and litigation	-	755,021	-	755,021
Miscellaneous expenses (see note (a) below)	145,251	224,033	39,149	76,380
Back duty assessment (see note (b) below)	83,470	279,131	83,470	279,131
Foreign exchange loss (see note (d) below)	378,394	-	378,394	-
	4,936,546	**5,119,079**	**4,324,275**	**4,758,088**

(a) Miscellaneous expenses relate to local taxes including tenement rates, land use charges, parking fees, etc payable to local tax authorities.

(b) Back duty assessment are additional VAT, and WHT on tax assessment for 2012-2015 accounting years by FIRS.

(c) AIICO Capital manages the asset portfolio of the Insurance arm of the Group and in turn earn a fee on the asset managed.

(d) The loss was as a result of remeasuring the borrowing from IFC using the closing rate of N360/$

36 Finance cost

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Finance cost (see note (i) below)	249,257	836,571	249,257	836,571
	249,257	**836,571**	**249,257**	**836,571**

Finance cost is broken down as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Borrowing cost	28,445	30,417	28,445	30,417
Interest on finance lease	575	5,604	575	5,604
Interest on convertible loan	220,237	153,823	220,237	153,823
Convertible loan remeasurement (see note (i) below)	-	646,727	-	646,727
	249,257	**836,571**	**249,257**	**836,571**

(i) The borrowing was remeasured at the reporting date using the closing market rate of N360/$1 (2016: N305/$1) (see note 35(d))

37 Impairment expense

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Impairment loss on investments and other receivables	2,193	46,499	-	42,151
	2,193	**46,499**	**-**	**42,151**

(a) *Impairment loss on investments and other receivables can be attributed to the following:*

	Group		Company	
Loans and receivables (see note (i) below)	-	42,151	-	42,151
Other assets	2,193	4,348	-	-
	2,193	**46,499**	**-**	**42,151**

(a)(i) Impairment loss on loans receivables can be attributed to:

	Group		Company	
Impairment loss on policy loans	-	-	-	-
Impairment of structured investments	-	42,151	-	42,151
	-	**42,151**	**-**	**42,151**

38 Earnings per share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Net profit attributable to ordinary shareholders for basic and	1,222,406	10,209,378	1,471,254	9,682,115
diluted earnings Dividend paid to preference shareholders	-	-	-	-
	1,222,406	**10,209,378**	**1,471,254**	**9,682,115**
Number of shares in issue	**6,930,204**	**6,930,204**	**6,930,204**	**6,930,204**
Dilutive effect of preference shares	-	-	-	-
Dilutive effect of the IFC loan conversion option	2,491,155	2,766,204	2,491,155	2,766,204
Net	**9,421,359**	**9,696,408**	**9,421,359**	**9,696,408**
Basic earnings per share (kobo)	18	147	21	140
Diluted earnings per share (kobo)	13	105	16	100

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

39 Related party disclosures

(a) Parent and ultimate controlling party

The ultimate controlling party of the group is AIICO Insurance PLC.

(b) Transactions with key management personnel

(b)(i) Loan to directors

In 2017, no loan was advanced to directors (2016: nil).

(b)(ii) Key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

Company		**Nature of transaction**	**Transaction values as at 31 December**		**Balance outstanding as at 31 December**	
Name of related party	**Relationship**		**2017**	2016	**2017**	2016
AIICO Pension Managers Limited	Subsidiary	Insurance Premium	4,747	-	-	-
AIICO Multishield	Subsidiary	Insurance Premium	158,308	-	156,480	-
AIICO Capital Limited*	Subsidiary	Portfolio Management	469,909	543,459	186,735	128,589
Magnartis Finance and Investment Limited**	Common Director	Stockbrokers	6,384,123	965,443	286,700	219,324
Xerox Nigeria Limited	Common Director	Finance Lease	-	-	2,270	28,690
			7,017,087	**1,508,902**	**632,185**	**376,603**

* AIICO Insurance Plc employs the services of AIICO Capital Limited to manage its financial assets. In return, AIICO Capital charges a percentage of the asset value as management fees.

**Magnartis Finance and Investment Limited are stockbrokers that trades the Company's equity portfolio. The balance reflected above are the unsettled balances on stock transactions as at reporting date.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 3 months of the reporting date. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

No guarantees have been given or received.

(c) **Chairman and directors' emoluments**

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Emolument	193,578	143,944	67,013	71,910
Fees	4,105	3,015	1,085	1,338
	197,683	**146,959**	**68,098**	**73,248**
Chairman	30,000	12,263	12,263	12,263
Highest paid director	42,508	42,508	42,508	42,508

The number of directors, including the Chairman, whose emoluments were within the following range were:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
1,000,001 - 2,000,000	-	-	-	-
2,000,001 and above	21	18	8	8
	21	18	8	8

40 Contraventions and penalties

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
Penalty to National Insurance Commission (NAICOM)	90,238	500	90,238	500
	90,238	**500**	90,238	**500**

During the year, National Insurance Commission (NAICOM) imposed a fine on the Company for failing to remit premium to coinsurance participants on a Political Violence Risk/Terrorism and Business Interuption Insurance Policy within the regulatory 30 days as contained in Section 2.5.7 of NAICOM Market and Conduct and Business Practice Guidelines for Insurance Institutions in Nigeria.

41 Contingencies and commitments

(a)(i) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings 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, the Directors through legal counsel do not believe that such proceedings (including litigation) will have a material effect on its results and financial position, hence, no provisions have been made in the financial statements. The summary of this cases, eleven (11) in number amounts to a total of N2.6b (2016:6.8b)

(ii) The Company is also subject to insurance solvency regulations of NAICOM. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(b) Funds under management

This represents investments held on behalf of clients and are stated at amortised cost.

An analysis of funds under management is shown below:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
AIICO Money Market Fund (AMMF) (see note (i) below)	727,891	705,845	-	-
High Networth Individuals Fund (HNI) (see note (ii) below)	4,636,000	454,720	-	-
Non-pension funds	5,363,891	1,160,565	-	-
Pension Funds (see note (iii) below)	89,153,747	78,061,731		
Total funds	**94,517,638**	**79,222,296**	-	-

These funds do not form part of the assets and liabilities of the Group as the risks and rewards of these investments belong to the customers. Fees earned from the management of these funds are as follows:

In thousands of naira	Group Dec-17	Group Dec-16	Company Dec-17	Company Dec-16
AMMF	10,277	10,218	-	-
HNI Fund	25,183	984	-	-
Non-pension funds	35,460	11,202	-	-
Pension Funds (see note (iii) below)	1,256,545	993,549	-	-
Total funds	**1,292,005**	**1,004,751**	-	-

(i) AIICO Money Market Fund (AMMF)

This represents customers' investment in the AIICO Money Market Fund, which is managed by AIICO Capital Limited, a subsidiary of the Company. This fund is regulated by the Nigerian Securities and Exchange Commission (SEC) and it started on March 10, 2014.

It currently trades at ₦100 per unit as at December 31, 2017 (2016: ₦100).

The Company has investments of ₦450million in the Fund (2016: ₦450million).

(ii) High Networth Individuals Fund (HNI)

This represents customers' investment in High Networth Individuals Fund, which is managed by AIICO Capital Limited, a subsidiary of the Company. This fund started in August 2015.

Returns on this fund are discretionary, however, when the Group exceeds the returns agreed with the customer, they earn a 20% performance fee on the excess. The Group also charges management fees on this Fund.

(iii) Pension Funds

This comprise the AIICO Pensions Retirement Savings Account (RSA) Fund, Retiree Fund, Institutional Fund and Transitional Contribution Fund which is managed by AIICO Pension Limited.
AIICO Pensions Retirement Savings Account and Retiree Funds are open pension funds, while the remaining funds are closed.

(d) Unclaimed dividend

The Company has unclaimed dividend of ₦539.6million as at 31 December 2017, 2016 (₦519million). As required by section 16(d) of the Nigerian Securities and Exchange Commission (SEC) guidelines the assets representing these unclaimed dividend do not form part of the assets of the Company. These funds are held by the Registrar.

42 Staff

The average number of persons employed at the end of the period was:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Managerial	79	62	35	35
Senior staff	295	375	200	219
Junior staff	119	69	11	11
	493	**506**	**246**	**265**

(a) The staff costs for the above persons were:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Wages and salaries	1,481,850	1,292,106	990,431	861,759
Other staff costs	1,462,883	1,325,827	1,053,717	956,823
	2,944,733	**2,617,933**	**2,044,148**	**1,818,582**

(b) The number of employees paid emoluments, excluding pension and allowances, above ₦100,000 for the year were:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
100,000 - 600,000	281	273	188	184
600,001 - 1,200,000	54	89	23	36
1,200,001 - 2,400,000	80	105	10	17
2,400,001 and above	78	39	25	28
	493	**506**	**246**	**265**

43 Risk management framework

(a) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

Key management recognises the critical importance of having efficient and effective risk management systems in place. The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers.

Lastly, a Group policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group.

The board of directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

(i) To maintain the required level of stability of the Group thereby providing a degree of security to policyholders.

(ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

(iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

(iv) To align the profile of assets and liabilities taking account of risks inherent in the business.

(v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

(vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission (NAICOM). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

(c) Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

The table below shows the available capital resources as at 31 December:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Total shareholders' funds	10,547,455	8,340,991	10,322,233	7,932,941
Regulatory required capital	5,000,000	5,000,000	5,000,000	5,000,000
Excess capital reserve	**5,547,455**	**3,340,991**	**5,322,233**	**2,932,941**

(d) Regulatory framework

The insurance industry regulator measures the financial strength of insurance companies using a Solvency Margin model. NAICOM generally expects insurers to comply with this capital adequacy requirement. Section 24 of the Insurance Act 2003 defines the solvency margin as the difference between the admissible assets and liabilities, and this shall not be less than 15% of the net premium income (gross income less reinsurance premium paid), or the minimum capital base (₦5billion) whichever is higher.

This test compares the insurer's capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the Group has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Group’s operations if the Group falls below this requirement.

The solvency margin of the Group is as follows:

Solvency margin computation as at 31 December

In thousands of naira	**2017**	2016
Assets		
Cash and cash equivalents	3,762,210	3,836,587
Trade receivables	59,106	133,022
Reinsurance assets	3,644,489	2,816,503
Deferred acquisition cost	334,935	285,232
Financial assets	67,970,438	54,677,784
Investment in subsidiaries	2,308,690	2,308,690
Investment property	582,000	990,000
Property and equipment	6,220,962	5,546,924
Other receivables and prepayments	-	14,016
Statutory deposits	530,000	530,000
Intangible assets	231,379	279,958
Total admissible assets	**85,644,208**	**71,418,716**
Liabilities		
Insurance contract liabilities	59,766,360	49,805,659
Investment contract liabilities	10,909,624	10,061,636
Trade payables	1,711,219	1,599,841
Other payables	904,678	1,026,480
Taxation payable	426,920	572,512
Finance lease obligation	-	7,368
Convertible loan	2,182,289	1,785,650
Derivative liability	-	143,725
Total admissible liabilities	**75,901,090**	**65,002,871**
Excess of total admissible assets over admissible liabilities	**9,743,118**	**6,415,845**
Higher of:		
Gross premium written	30,407,396	26,428,520
Less: Reinsurance expense	(3,790,831)	(3,341,764)
Net premium	**26,616,565**	**23,086,756**
15% of net premium	**3,992,485**	**3,463,013**
Minimum paid up capital	**5,000,000**	**5,000,000**
The higher thereof:	**5,000,000**	**5,000,000**
Excess of solvency margin over minimum capital base	**4,743,118**	**1,415,845**
Solvency margin ratio	**195%**	**128%**

44 Financial instruments - fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group 31 December 2017	Carrying amount						Fair value			
In thousands of naira	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Available-for-sale financial assets	-	-	-	70,876,706	-	70,876,706	70,876,706	-	-	**70,876,706**
	-	-	-	**70,876,706**	-	**70,876,706**				
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	5,199,385	-	-	5,199,385	-	-	-	-
Trade Receivables*	-	-	301,172	-	-	301,172				
Loans and receivables*	-	-	2,105,523	-	-	2,105,523	-	-	-	-
Reinsurance assets*^	-	-	2,603,488	-	-	2,603,488				
Other receivables*	-	-	187,192	-	-	187,192				
Available-for-sale financial assets^^	-	-	-	653,385	-	653,385	-	-	-	-
	-	-	**10,396,759**	**653,385**	-	**11,050,143**				
Financial liabilities measured at fair value										
Investment contract liabilties	(10,909,624)	-	-	-	-	(10,909,624)	-	(10,909,624)	-	**(10,909,624)**
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
	(10,909,624)	-	-	-	-	**(10,909,624)**				
Financial liabilities not measured at fair value										
Other payables and accruals*	-	-	-	-	(1,077,262)	(1,077,262)	-	-	-	-
Trade payables*	-	-	-	-	(1,721,918)	(1,721,918)	-	-	-	-
Fixed Income Liabilities					(3,981,591)	(3,981,591)				
Finance lease obligations	-	-	-	-	-	-	-	-	-	-
Long term borrowing	-	-	-	-	(2,182,289)	(2,182,289)	-	(2,182,289)	-	**(2,182,289)**
	-	-	-	-	**(8,963,059)**	**(8,963,059)**				

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.
* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.
^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦1.04billion)
^ ^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available, and placements above 90 days.
*Other receivables do not include prepayments of (₦267.7million) which are not financial assets.
*Other payables and accruals do not include accrued expenses of (₦217.6million) which are not financial liabilities.

Company 31 December 2017		Carrying amount						Fair value			
In thousands of naira	Note	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Available-for-sale financial assets		-	-	-	65,376,589	-	65,376,589	65,376,589	-	-	**65,376,589**
		-	-	-	**65,376,589**	-	**65,376,589**				
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	3,949,642	-	-	3,949,642	-	-	-	-
Trade receivables*		-	-	59,106	-	-	59,106	-	-	-	-
Loans and receivables*		-	-	2,040,465	-	-	2,040,465	-	-	-	-
Reinsurance asset*^		-	-	2,603,488	-		2,603,488				
Other receivables*				50,337			50,337				
Available-for-sale financial assets		-	-	-	553,385	-	553,385	-	-	-	-
		-	-	**8,703,038**	**553,385**	-	**9,256,423**				
Financial liabilities measured at fair value											
Derivative liabilities		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-				
Financial liabilities not measured at fair value											
Other payables and accruals*		-	-	-	-	(1,036,775)	(1,036,775)	-	-	-	-
Trade payables		-	-	-	-	(1,711,219)	(1,711,219)	-	-	-	-
Investment contract liabilties		-	-	-	-	(10,909,624)	(10,909,624)	-	(10,909,624)	-	**(10,909,624)**
Long term borrowing		-	-	-	-	(2,182,289)	(2,182,289)	-	(2,182,289)	-	**(2,182,289)**
		-	-	-	-	**(15,839,907)**	**(15,839,907)**				

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦1.04billion)

^^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available, and placements above 90 days.

*Other receivables do not include prepayments and subscription for shares (₦341.04million) which are not financial assets.

*Other payables and accruals do not include accrued expenses(₦151.1million) that are not financial liabilities.

Group **31 December 2016**		**Carrying amount**						**Fair value**			
In thousands of naira	**Note**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilties**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value											
Available-for-sale financial assets		-	-	-	54,303,412	-	54,303,412	54,303,412	-	-	**54,303,412**
		-	-	-	**54,303,412**	-	**54,303,412**				
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	7,491,178	-	-	7,491,178	-	-	-	-
Trade Receivables*				411,969			411,969				
Loans and receivables		-	-	1,583,921	-	-	1,583,921	-	-	-	-
Reinsurance assets*^		-	-	1,866,021			1,866,021				
Other receivables		-	-	87,457			87,457				
Available-for-sale financial assets		-	-	-	668,927	-	668,927	-	-	-	-
		-	-	**11,440,546**	**668,927**	-	**12,109,473**				
Financial liabilities measured at fair value											
Investment contract liabilties		(10,061,636)	-	-	-	-	(10,061,636)	-	(10,061,636)	-	**(10,061,636)**
Derivative liabilities		(143,725)	-	-	-	-	(143,725)	-	(143,725)	-	**(143,725)**
		(10,205,361)	-	-	-	-	**(10,205,361)**				
Financial liabilities not measured at fair value											
Other payables*		-	-	-	-	(1,318,695)	(1,318,695)	-	-	-	-
Trade payables		-	-	-	-	(1,599,841)	(1,599,841)	-	-	-	-
Fixed income liabilities		-	-	-	-	(2,531,870)	(2,531,870)				
Finance lease obligations		-	-	-	-	(7,368)	(7,368)	-	-	-	
Long term borrowing						(1,785,650)	(1,785,650)	-	(1,785,650)	-	**(1,785,650)**
		-	-	-	-	**(7,243,424)**	**(7,243,424)**				

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦950.4 million)

^ ^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available, and placements above 90 days.

Company
31 December 2016

		Carrying amount						Fair value			
In thousands of naira	Note	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Available-for-sale financial assets		-	-	-	52,579,936	-	52,579,936	52,579,936	-	-	**52,579,936**
		-	-	-	**52,579,936**	-	**52,579,936**				
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	4,335,655	-	-	4,335,655	-	-	-	-
Trade receivables*		-	-	133,022	-	-	133,022	-	-	-	-
Loans and receivables		-	-	1,528,921	-	-	1,528,921	-	-	-	-
Reinsurance assets*^		-	-	1,866,021	-	-	1,866,021	-	-	-	-
other receivables*		-	-	27,684	-	-	27,684	-	-	-	-
Available-for-sale financial assets^^		-	-	-	568,927	-	568,927	-	-	-	-
		-	-	**7,891,303**	**568,927**	-	**8,460,230**				
Financial liabilities measured at fair value											
Investment contract liabilties		(10,061,636)	-	-	-	-	(10,061,636)	-	(10,061,636)	-	**(10,061,636)**
Derivative liabilities		(143,725)	-	-	-	-	(143,725)	-	(143,725)	-	**(143,725)**
		(143,725)	-	-	-	-	**(10,205,361)**				
Financial liabilities not measured at fair value											
Other payables*		-	-	-	-	(1,196,715)	(1,196,715)	-	-	-	-
Trade payables*		-	-	-	-	(1,599,841)	(1,599,841)	-	-	-	-
Finance lease obligations		-	-	-	-	(7,368)	(7,368)	-	-	-	-
Long term borrowing		-	-	-	-	(1,785,650)	(1,785,650)	-	(1,785,650)	-	**(1,785,650)**
		-	-	-	-	**(4,589,574)**	**(4,589,574)**				

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦950.4 million)

^ ^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available, and placements above 90 days.

(b) Measurement of fair values

(i) Transfer between Levels 1 and 2
At 31 December 2017, there was no transfer between level 1 and level 2 (2016: NIL)

(ii) Level 2 fair value
Reconciliation of level 2 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 2 fair values

	Group		Company	
	Derivative liabilities		Derivative liabilities	
In thousands on naira	**2017**	2016	**2017**	2016
Balance at 1 January	143,725	319,274	143,725	319,274
Fair Value gain	(143,725)	(175,549)	(143,725)	(175,549)
Balance at 31 December	-	**143,725**	-	**143,725**

(iii) ***Transfer out of level 3***
The Group did not have any transfer out of level 3 during the year (2016: Nil)

(c) Risk management framework
The Group's board of directors has the overall responsibility for the establishment of oversight of the group's enterprise risk management systems. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management framework and activities. The committee reports regularly to the board of directors for on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls (through the risk appetite), and to monitor risks and adherence to limits. Risk mamangement policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The group, through its training and management standards and procedures, maintains and will continuously heighten a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

(d) Financial risk management
The group has exposure to the following risks arising from financial instruments
Credit risk
Liquidity risk
Market risk

(d)(ii) Credit risk
Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arisies principally from the Group's receivables from customers and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure

In addition to credit risks arising out of investments and transactions with clients, AIICO actively assumes Credit Risk through the writing of insurance business and the approval and issuance of loans. Credit Risk can arise when a client defaults on loan payments or settlement of premium payments and can also arise when its own repayment capability decreases (as reflected in a rating downgrade).

AIICO's strategy as an Insurance Group does not entail the elimination of Credit Risk but rather to take on Credit Risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring Credit Risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate Credit Risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, AIICO manages its credit risk profile within the constraints of its overall Risk Appetite and structures its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the Insurance Group Credit Risk Management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The organization is committed to:

a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
b) Identify Credit Risk in each investment, loan or other activity of the Insurance Group;
c) Utilize appropriate, accurate and timely tools to measure credit risk;
d) Set acceptable risk parameters;
e) Maintain acceptable levels of credit risk for existing individual credit exposures;
f) Maintain acceptable levels of overall credit risk for AIICO's Portfolio; and
g) Coordinate Credit Risk Management with the management of other risks inherent in AIICO's business activities.

Unsecured exposures to high risk obligors, transactions with speculative cash flows, loans in which the Insurance Group will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the organization.

The Group's credit risk can be analysed as follows:

	Group		Company	
In thousands of naira	**Dec-17**	Dec-16	**Dec-17**	Dec-16
Trade receivables (see note (a) below)	301,172	411,969	59,106	133,022
Reinsurance receivables (see note (b) below)	2,603,488	1,866,021	2,603,488	1,866,021
Loans and receivables (see note (c) below)	2,105,523	1,583,922	2,040,465	1,528,920
Cash and cash equivalents (see note (d) below)	5,199,385	7,491,178	3,949,642	4,335,655
Other receivables (see note (e) below)	187,192	87,457	50,337	27,684
Debt securities (see note (f) below)	68,357,140	51,254,052	62,847,535	49,499,258
	78,753,899	**62,694,598**	**71,550,573**	**57,390,560**

a Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and region in which customers operate.

At 31 December 2017, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Group		Company	
In thousands of naira	2017	2016	2017	2016
Direct insured	-	357	-	357
Insurance brokers	59,106	132,665	59,106	132,665
Others	244,259	283,295	-	-
	303,365	**416,317**	**59,106**	**133,022**

At 31 December 2017, the ageing of trade receivables that were not impaired was as follows:

	Group		Company	
In thousands of naira	2017	2016	2017	2016
Neither past due not impaired	303,365	416,317	59,106	133,022
	303,365	**416,317**	**59,106**	**133,022**

An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows:

	Group		Company	
In thousands of naira	2017	2016	2017	2016
Four or more years' trading history with the Group	303,365	416,317	59,106	133,022
	303,365	**416,317**	**59,106**	**133,022**

b Reinsurance receivables

The Group insures its liabilities with reputable reinsurance companies with which it has a right of set-off. None of its receivable from reinsurance companies was impaired as at 31 December 2017 (2016: NIL)

c Loans and receivables

The Group's loans and receivables are mostly with policy holders and other customers with which it ensures that it has collaterals for such loans. No amount was impaired as at 31 December 2017 (2016: NIL).

d Cash and cash equivalents

The Group's cash and cash equivalents are held with reputable banks and financial institutions.

e Other receivables

The Group's other receivables comprises of receivables from agents and others. None of the other receivable was impaired as at 31 December 2017 (2016: NIL).

f Debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a very high credit rating.

The maximum exposure to credit risk for debt securities classified as available-for-sale at the reporting date per geo-political region was as follows:

	Group		Company	
In thousands of naira	2017	2016	2017	2016
North East				
North Central	-	-	-	-
North West	-	-	-	-
South East	-	-	-	-
South South	309,499	338,174	309,499	338,174
South West	68,047,641	50,915,878	62,538,036	49,161,084
	68,357,140	**51,254,052**	**62,847,535**	**49,499,258**

The Group did not have any debt securities that were past due but not impaired at 31 December 2017 (2016:Nil)

(c)(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addtion, the Group entered into a contract with the International Finance Corporation (IFC) on 23 December 2014 for a $20 million convertible long term loan at a rate of 6.5% above 6 months LIBOR. This loan has a tenor of 7 years with 4 years moratorium on the principal. As at 31 December 2017, the Group had drawn down only $ 7 million leaving $13 million available to the Group.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

The amounts are gross and undiscounted, include contractual interest payments and exclude the impact of netting agreements.

Maturity analysis

The table below summarises the expected utilisation or settlement of assets and liabilities as at 31 December 2017:

Group
31 December 2017

			Contractual cash flows				
In thousands of naira	**Carrying amount**	**Gross nominal cashflow**	**3 months or less**	**3 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Trade and other receivables	301,172	301,172	301,172	-	-	-	-
Short term investment securities	10,065,015	10,739,327	-	10,739,327	-	-	-
Long term investment securities	58,292,125	64,541,051	-	-	1,119,161	3,978,781	59,443,109
Cash and cash equivalent	5,199,385	5,199,385	5,199,385	-	-	-	-
	73,857,696	**80,780,935**	**5,500,557**	**10,739,327**	**1,119,161**	**3,978,781**	**59,443,109**
Investment contract liabilities	10,909,624	10,909,624	-	-	10,909,624	-	-
Long term borrowing	2,182,289	3,223,378	92,998	94,539	187,537	2,848,304	-
Fixed income liabilities	3,981,591	3,978,591	-	3,978,591	-	-	-
Trade payables	(1,711,219)	1,858,420	147,201	1,711,219	-	-	-
Other payables	(1,036,775)	1,253,766	468,146	785,619	-	-	-
Derivative liabilities	-						
	14,325,510	**21,223,778**	**708,345**	**6,569,969**	**11,097,161**	**2,848,304**	**-**
Liquidity gap	**59,532,187**	**59,557,157**	**4,792,212**	**4,169,358**	**(9,978,000)**	**1,130,477**	**59,443,109**

Company
31 December 2017

			Contractual cash flows				
In thousands of naira	**Carrying amount**	**Gross nominal cashflow**	**3 months or less**	**3 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Trade and other receivables	59,106	59,106	59,106	-	-	-	-
Short term investment securities	9,120,897	10,327,327	-	10,327,327	-	-	-
Long term investment securities	53,726,638	64,334,532	-	-	1,104,961.34	3,786,462.28	59,443,108.63
Cash and cash equivalent	3,949,642	3,949,642	3,949,642	-	-	-	-
	66,856,283	**78,670,607**	**4,008,748**	**10,327,327**	**1,104,961**	**3,786,462**	**59,443,109**
Investment contract liabilities	10,909,624	10,909,624	-	-	10,909,624	-	-
Long term borrowing	2,182,289	3,223,378	92,998	94,539	187,537	2,848,304	-
Trade payables	1,711,219	1,711,219	-	1,711,219	-	-	-
Other payables	1,036,775	1,037,864	317,015	720,849	-	-	-
Derivative liabilities	-	-	-	-	-	-	-
	15,839,907	**16,882,085**	**410,013**	**2,526,607**	**11,097,161**	**2,848,304**	**-**
Liquidity gap	**51,016,376**	**61,788,523**	**3,598,735**	**7,800,720**	**(9,992,200)**	**938,158**	**59,443,109**

Group
31 December 2016

In thousands of naira	Carrying amount	Gross nominal cashflow	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
			Contractual cash flows				
Trade and other receivables	411,969	411,969	411,969	-	-	-	-
Short term investment securities	7,846,563	10,391,000	2,550,500	7,840,500	-	-	-
Long term investment securities	43,407,489	50,780,941	-	1,070,858	1,185,061	4,574,160	43,950,862
Cash and cash equivalent	7,491,178	7,491,178	7,491,178	-	-	-	-
	59,157,199	**69,075,088**	**10,453,647**	**8,911,358**	**1,185,061**	**4,574,160**	**43,950,862**
Investment contract liabilities	10,061,636	10,061,636	-	-	10,061,636	-	-
Long term borrowing	1,785,650	2,889,815	78,790	80,096	158,885	1,820,765	751,279
Finance lease liabilities	7,368	7,368	-	7,368	-	-	-
Fixed Income liabilities	2,531,870	2,531,870	2,531,870	-	-	-	-
Trade payables	1,599,841	1,599,841	1,599,841	-	-	-	-
Other payables	1,787,068	1,787,068	1,787,068	-	-	-	-
Derivative liabilities	143,725	-	-	-	-	-	-
	17,917,158	**18,877,598**	**5,997,569**	**87,464**	**10,220,521**	**1,820,765**	**751,279**
Liquidity gap	**41,240,041**	**50,197,490**	**4,456,078**	**8,823,894**	**(9,035,460)**	**2,753,395**	**43,199,583**

Company
31 December 2016

In thousands of naira	Carrying amount	Gross nominal cashflow	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
			Contractual cash flows				
Trade and other receivables	133,022	133,022	133,022	-	-	-	-
Short term investment securities	7,376,786	9,920,000	2,450,500	7,469,500	-	-	-
Long term investment securities	42,122,472	49,495,925	-	1,070,858	542,553	3,931,652	43,950,862
Cash and cash equivalent	4,335,655	4,335,655	4,335,655	-	-	-	-
	53,967,935	**63,884,602**	**6,919,177**	**8,540,358**	**542,553**	**3,931,652**	**43,950,862**
Investment contract liabilities	10,061,636	10,061,636	-	-	10,061,636	-	-
Long term borrowing	1,785,650	2,889,815	78,790	80,096	158,885	1,820,765	751,279
Finance lease liabilities	7,368	7,866	3,371	4,495	-	-	-
Trade payables	1,599,841	1,599,841	-	1,599,841	-	-	-
Other payables	1,196,715	1,237,985	848,713	389,272	-	-	-
Derivative liabilities	143,725	-	-	-	-	-	-
	14,794,935	**15,797,143**	**930,874**	**2,073,704**	**10,220,521**	**1,820,765**	**751,279**
Liquidity gap	**39,173,000**	**48,087,459**	**5,988,303**	**6,466,654**	**(9,677,968)**	**2,110,887**	**43,199,583**

Group

		2017			2016	
In thousands of naira	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Cash and cash equivalents	5,199,385		5,199,385	7,491,178	-	7,491,178
Financial assets	73,635,612		73,635,612	56,556,261	-	56,556,261
Trade receivable	301,172		301,172	411,969	-	411,969
Reinsurance assets	3,644,489		3,644,489	2,816,503	-	2,816,503
Deferred acquisition cost	334,935		334,935	285,232	-	285,232
Other receivables and prepayments	454,902		454,902	324,457	-	324,457
Deferred tax asset		157,008	157,008	-	1,088,677	1,088,677
Investment property		582,000	582,000	-	990,000	990,000
Goodwill and other intangible assets		1,060,451	1,060,451	-	1,092,031	1,092,031
Property and equipment		6,513,175	6,513,175	-	5,915,891	5,915,891
Statutory deposit		530,000	530,000	-	530,000	530,000
Total assets	**83,570,493**	**8,842,633**	**92,413,127**	**67,885,600**	**9,616,599**	**77,502,199**
Insurance contract liabilities	2,957,835	57,001,916	59,959,751	2,510,585	47,477,309	49,987,894
Investment contract liabilities	-	10,909,624	10,909,624	-	10,061,636	10,061,636
Trade payables	1,721,918	-	1,721,918	1,599,841	-	1,599,841
Other payables and accruals	1,325,766	-	1,325,766	1,787,068	-	1,787,068
Fixed income liability	3,981,591	-	3,981,591	2,531,870		2,531,870
Current tax payable	826,643	-	826,643	623,761	-	623,761
Deferred tax liability	-	547,017	547,017	-	270,408	270,408
Finance lease obligation	-	-	-	7,368	-	7,368
Long term borrowing	83,792	2,098,497	2,182,289		1,785,650	1,785,650
Derivate liabilities		-	-	-	143,725	143,725
Total liabilities	**10,897,545**	**70,557,055**	**81,454,599**	**9,060,493**	**59,738,728**	**68,799,221**

Company

		2017			2016	
In thousands of naira	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Cash and cash equivalents	3,949,642	-	3,949,642	4,335,655	-	4,335,655
Financial assets	67,970,438	-	67,970,438	-	54,677,784	54,677,784
Trade receivable	59,106	-	59,106	133,022	-	133,022
Reinsurance assets	3,644,489	-	3,644,489	2,816,503	-	2,816,503
Deferred acquisition cost	334,935	-	334,935	285,232	-	285,232
Other receivables and prepayments	391,384	-	391,384	230,217	-	230,217
Deferred tax asset	-	-	-	-	978,114	978,114
Investment in subsidiaries	-	2,308,690	2,308,690	-	2,308,690	2,308,690
Investment property	-	582,000	582,000	-	990,000	990,000
Property and equipment	-	1,032,242	1,032,242	-	5,546,924	5,546,924
Goodwill and other intangible assets	-	6,220,962	6,220,962	-	1,080,821	1,080,821
Statutory deposit	-	530,000	530,000	-	530,000	530,000
Total assets	**76,349,994**	**10,673,893**	**87,023,887**	**7,800,629**	**66,112,333**	**73,912,962**
Insurance contract liabilities	2,764,444	57,001,916	59,766,360	2,328,351	47,477,308	49,805,659
Investment contract liabilities	-	10,909,624	10,909,624	-	10,061,636	10,061,636
Trade payables	1,711,219	-	1,711,219	1,599,841	-	1,599,841
Other payables and accruals	1,187,974	-	1,187,974	1,738,392	-	1,738,392
Current tax payable	426,920	-	426,920	572,512	-	572,512
Deferred tax liability	-	517,268	517,268		265,237	265,237
Finance lease obligation	-	-	-	7,368	-	7,368
Long term borrowing	-	2,182,289	2,182,289	-	1,785,650	1,785,650
Derivative liabilities	-	-	-		143,725	143,725
Total liabilities	**6,090,557**	**70,611,097**	**76,701,654**	**6,246,464**	**59,733,556**	**65,980,021**

(c)(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which premium, claims and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Nigerian Naira.The currencies in which these transactions are primarily denominated are the Nigerian Naira. However, the Group receives some premium in foreign currencies and also pays some claims in foreign currencies. The foreign currencies the Group transacts in include Euro, British Pounds and United States Dollars.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

GROUP

	31 December 2017				31 December 2016			
In thousands of	**Carrying Value**	**EUR**	**USD**	**GBP**	Carrying value	EUR	USD	GBP
Cash and cash equivalent	387,284	89,271	279,038	18,974	771,409	91,908	662,683	16,818
Financial assets	559,900	-	559,900	-	1,658,769	-	1,658,769	-
IFC borrowing	(2,182,289)	-	(2,182,289)	-	(1,785,650)	-	(1,785,650)	-
Derivative liabilities	-	-	-	-	(143,725)	-	(143,725)	-
Net statement of financial position exposure	**(1,235,105)**	**89,271**	**(1,343,351)**	**18,974**	**500,803**	**91,908**	**392,077**	**16,818**

COMPANY

	31 December 2017				31 December 2016			
In thousands of	**NGN**	**EUR**	**USD**	**GBP**	NGN	EUR	USD	GBP
Cash and cash equivalent	387,284	89,271	279,038	18,974	771,409	91,908	662,683	16,818
Financial assets	559,900		559,900		1,658,769	-	1,658,769	-
IFC borrowing	(2,182,289)		(2,182,289)		(1,785,650)	-	(1,785,650)	-
Derivative liabilities	-		-		(143,725)	-	(143,725)	-
Net statement of financial position exposure	**(1,235,105)**	**89,271**	**(1,343,351)**	**18,974**	**500,803**	**91,908**	**392,077**	**16,818**

The following significant exchange rates have been applied.

	Year-end spot rate	
Naira	**2017**	2016
USD 1	360	305
GBP 1	413	375
EUR 1	366	322

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US Dollar, Sterling or Swiss franc against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	GROUP				COMPANY			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
Effects in thousands of Naira	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
31 December 2017								
EUR (10% movement)	8,927	(8,927)	8,927	(8,927)	8,927	(8,927)	8,927	(8,927)
USD (10% movement)	(134,335)	(134,335)	(134,335)	(134,335)	(134,335)	134,335	(134,335)	134,335
GBP (10% movement)	1,897	(1,897)	1,897	(1,897)	1,897	(1,897)	1,897	(1,897)
31 December 2016								
EUR (10% movement)	9,191	(9,191)	9,191	(9,191)	9,191	(9,191)	9,191	(9,191)
USD (10% movement)	39,208	(39,208)	39,208	(39,208)	39,208	(39,208)	39,208	(39,208)
GBP (10% movement)	1,682	(1,682)	1,682	(1,682)	1,682	(1,682)	1,682	(1,682)

(c)(v) Interest rate risk

The Group adopts a policy of ensuring that all its interest rate risk exposure is at a fixed rate. The exception is the Dollar denominated variable rate loan obtained by the Group from IFC. This eliminates the variability in the risks and returns on the Group's interest bearing assets and liabilities.

Exposure to interest rate risk
The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Company	
In thousands of naira	**2017**	2016	**2017**	2016
Fixed-rate instruments				
Cash deposits	1,988,781	4,129,316	1,189,794	1,117,222
Debt securities	68,257,140	51,154,052	62,847,535	49,499,258
Money market placements	100,000	100,000	-	-
Fixed income liabilities	3,981,591	2,531,870	-	-
Finance lease obligations	-	7,368	-	7,368
	74,327,512	**57,922,606**	**64,037,329**	**50,623,848**
Variable-rate instruments				
Long term convertible loan	2,182,289	1,785,650	2,182,289	1,785,650
	2,182,289	**1,785,650**	**2,182,289**	**1,785,650**

Cashflow sensitivity analysis for fixed-rate instruments

	GROUP						COMPANY	
	Profit or (loss)		Equity, net of tax		Profit or (loss)		Equity, net of tax	
Effect in thousands of naira	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
31 December 2017								
Financial assets	743,275	(743,275)	743,275	(743,275)	640,373	(640,373)	640,373	(640,373)
	743,275	**(743,275)**	**743,275**	**(743,275)**	**640,373**	**(640,373)**	**640,373**	**(640,373)**
31 December 2016								
Financial assets	579,226	(579,226)	579,226	(579,226)	506,238	(506,238)	506,238	(506,238)
	579,226	**(579,226)**	**579,226**	**(579,226)**	**506,238**	**(506,238)**	**506,238**	**(506,238)**

Cashflow sensitivity analysis for variable-rate instruments

	GROUP				COMPANY			
	Profit or (loss)		Equity, net of tax		Profit or (loss)		Equity, net of tax	
Effect in thousands of Naira	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
31 December 2017								
Financial liabilities	21,823	(21,823)	21,823	(21,823)	21,823	(21,823)	21,823	(21,823)
	21,823	**(21,823)**	**21,823**	**(21,823)**	**21,823**	**(21,823)**	**21,823**	**(21,823)**
31 December 2016								
Financial assets	17,857	(17,857)	17,857	(17,857)	17,857	(17,857)	17,857	(17,857)
	17,857	**(17,857)**	**17,857**	**(17,857)**	**17,857**	**(17,857)**	**17,857**	**(17,857)**

The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

The Group is exposed to equity price risk, which arises from available-for-sale equity securities held for partially meeting the claims and benefits obligations. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

The primary goal of the Group's investment strategy is to maximise investment returns, both to partially meet the Group's claims and benefits obligations and to improve its returns in general.

Sensitivity analysis - Equity price risk

All of the Group's listed equity investments are listed on the Nigerian Stock Exchange and are classified as available for sale.

45 Insurance Risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

(a) Life insurance contracts (including investment contracts)

Life insurance contracts offered by the Group include: whole life, term assurance and deposit administration. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Deposit administration is an investment product which accepts deposit from clients and other businesses of savings nature, by agreeing to pay interest on those deposits for an agreed period. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures.

Underwriting limits are in place to enforce appropriate risk selection criteria. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. The key assumptions are as follows:

Valuation basis	2017	2016
a. Economic assumptions		
i. Net valuation interest rate for the long term risk business	13.75%	`15.60%
ii. Annuity valuation rate	13.50%	15.50%
iii. Tax adjustment (on projected returns)	-	
i. Inflation rate	11.00%	11.00%
b. Non - Economic assumptions		
i. Acquisition expense to maintenance expense	38:62	38:62
ii. Per policy expense assumption (per annum)	N10,425	N9,500
iii. Mortality assumption (based on assured lifetable)	90% of A67/70 UK	A67/70 UK

Sensitivities

The anaysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Sensitivity of liability to changes in long term valuation assumptions
31 December 2017 actuarial valuation

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual Risk Reserve (Excluding Annuity)	18,878,195	18,076,181	19,782,884	19,135,413	18,624,048	19,078,581	18,707,552	18,922,681	18,833,946
Annuity	32,110,722	30,480,721	33,925,666	32,246,885	31,974,559	32,417,829	31,881,100	32,299,506	31,928,147
Investment Linked Products	9,124,272	9,124,272	9,124,272	9,124,272	9,124,272	9,124,272	9,124,272	9,124,272	9,124,272
Group DA	1,785,352	1,785,352	1,785,352	1,785,352	1,785,352	1,785,352	1,785,352	1,785,352	1,785,352
Group Credit Life	382	382	382	382	382	382	382	382	382
Group Life - UPR	295,296	295,296	295,296	295,296	295,296	295,296	295,296	295,296	295,296
Group Life - AURR	27,366	27,366	27,366	27,366	27,366	27,366	27,366	27,366	27,366
Group Life - IBNR	1,105,524	1,105,524	1,105,524	1,105,524	1,105,524	1,105,524	1,105,524	1,105,524	1,105,524
Additional Reserves	264,217	264,217	264,217	264,217	264,217	264,217	264,217	264,217	264,217
	63,591,325	**61,159,312**	**66,310,959**	**63,984,707**	**63,201,015**	**64,098,818**	**63,191,061**	**63,824,597**	**63,364,501**
Reinsurance	(254,750)	(254,750)	(254,750)	(254,750)	(254,750)	(254,750)	(254,750)	(254,750)	(254,750)
Net Liability	**63,336,575**	**60,904,562**	**66,056,209**	**63,729,957**	**62,946,265**	**63,844,068**	**62,936,311**	**63,569,847**	**63,109,751**
% change in Net Liability		**-3.84%**	**4.29%**	**0.62%**	**-0.62%**	**0.80%**	**-0.63%**	**0.37%**	**-0.36%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual	60,377,405	57,945,392	63,097,039	60,770,787	59,987,095	60,884,898	59,977,142	60,610,677	60,150,581
Group	2,959,170	2,959,170	2,959,170	2,959,170	2,959,170	2,959,170	2,959,170	2,959,170	2,959,170
Net Liability	63,336,575	60,904,561	66,056,208	63,729,957	62,946,265	63,844,068	62,936,311	63,569,846	63,109,751
% change in Liability		**-3.8%**	**4.3%**	**0.6%**	**-0.6%**	**0.8%**	**-0.6%**	**0.4%**	**-0.4%**

All stresses were applied independently
Stresses not applied to individual reinsurance asset due to immateriality
The mortality stress has been applied in the opposite direction for annuities.

(b) Non-life insurance contracts

The Group principally issues the following types of general insurance contracts: fire, motor, casualty, workmen compensation, personal accident, marine and oil and gas. Risks under non–life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence, changes in market factors such as public attitude to claims, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Gross claim reserving

The claims paid are allocated to claim development years. In the Personal Accident line for example, of the claims that arose in 2009, N4.54million was paid in 2009 (development year 1), N4.88million in 2010 (development year 2) etc.

The tables shown are the step by step output of the Inflation Adjusted Basic Chain Ladder (IABCL) Method in estimating Gross Claims Reserve.

Basic chain ladder method - gross motor claims

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

	Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	54,213	8,625	667	215	34	-	-	-	-	-
2008	139,424	164,942	7,482	6,755	450	1,816	4,943	900	215	17	-
2009	292,367	203,681	36,530	12,350	620	-	-	21,563	205	-	-
2010	368,584	184,155	12,743	331	56	-	7,089	282	-	-	-
2011	368,880	202,548	8,594	5,498	3,077	1,030	202	-	-	-	-
2012	395,039	250,654	3,916	4,073	1,724	281	-	-	-	-	-
2013	489,232	173,416	41,806	2,432	8,915	-	-	-	-	-	-
2014	558,462	230,849	6,682	2,628	-	-	-	-	-	-	-
2015	614,947	152,874	14,460	-	-	-	-	-	-	-	-
2016	550,304	208,225	-	-	-	-	-	-	-	-	-
2017	593,740	-	-	-	-	-	-	-	-	-	-

	Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	129,531	20,874	1,444	422	59	-	-	-	-	-
2008	333,124	399,178	16,196	13,257	789	2,946	7,406	1,230	248	17	-
2009	707,562	440,905	71,692	21,641	1,006	-	-	24,877	205	-	-
2010	797,867	361,413	22,328	537	84	-	8,179	282	-	-	-
2011	723,942	354,919	13,944	8,237	4,206	1,188	202	-	-	-	-
2012	692,215	406,679	5,867	5,567	1,989	281	-	-	-	-	-
2013	793,764	259,800	57,145	2,806	8,915	-	-	-	-	-	-
2014	836,646	315,548	7,709	2,628	-	-	-	-	-	-	-
2015	840,574	176,371	14,460	-	-	-	-	-	-	-	-
2016	634,886	208,225	-	-	-	-	-	-	-	-	-
2017	593,740	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

	Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	129,531	150,406	151,849	152,271	152,330	152,330	152,330	152,330	152,330	152,330
2008	333,124	732,302	748,498	761,755	762,543	765,489	772,895	774,125	774,373	774,390	774,390
2009	707,562	1,148,467	1,220,159	1,241,801	1,242,807	1,242,807	1,242,807	1,267,683	1,267,888	1,267,888	1,267,888
2010	797,867	1,159,280	1,181,608	1,182,145	1,182,229	1,182,229	1,190,408	1,190,690	1,190,690	1,190,690	1,190,690
2011	723,942	1,078,861	1,092,804	1,101,042	1,105,248	1,106,435	1,106,638	1,106,651	1,106,651	1,106,651	1,106,651
2012	692,215	1,098,894	1,104,761	1,110,328	1,112,317	1,112,598	1,111,836	1,112,732	1,112,732	1,112,732	1,112,732
2013	793,764	1,053,564	1,110,709	1,113,515	1,122,430	1,123,630	1,124,773	1,125,815	1,125,815	1,125,815	1,125,815
2014	836,646	1,152,194	1,159,903	1,162,531	1,166,029	1,167,462	1,168,827	1,170,072	1,170,072	1,170,072	1,170,072
2015	840,574	1,016,945	1,031,405	1,040,726	1,044,323	1,045,796	1,047,201	1,048,481	1,048,481	1,048,481	1,048,481
2016	634,886	843,111	867,013	875,992	879,456	880,875	882,228	883,461	883,461	883,461	883,461
2017	593,740	794,742	819,798	829,210	832,841	834,329	835,747	837,039	837,039	837,039	837,039

Projected Inflation Adjusted Chain Ladder Table- Discounted Results)

	Discounted Incremental IABCL-Annual Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	129,531	150,406	151,849	152,271	152,330	152,330	152,330	152,330	152,330	152,330
2008	333,124	732,302	748,498	761,755	762,543	765,489	772,895	774,125	774,373	774,390	774,390
2009	707,562	1,148,467	1,220,159	1,241,801	1,242,807	1,242,807	1,242,807	1,267,683	1,267,888	1,267,888	1,267,888
2010	797,867	1,159,280	1,181,608	1,182,145	1,182,229	1,182,229	1,190,408	1,190,690	1,190,690	1,190,690	1,190,690
2011	723,942	1,078,861	1,092,804	1,101,042	1,105,248	1,106,435	1,106,638	1,106,650	1,106,650	1,106,650	1,106,650
2012	692,215	1,098,894	1,104,761	1,110,328	1,112,317	1,112,598	1,111,887	1,112,614	1,112,614	1,112,614	1,112,614
2013	793,764	1,053,564	1,110,709	1,113,515	1,122,430	1,123,549	1,124,476	1,125,211	1,125,211	1,125,211	1,125,211
2014	836,646	1,152,194	1,159,903	1,162,531	1,165,792	1,166,954	1,167,917	1,168,681	1,168,681	1,168,681	1,168,681
2015	840,574	1,016,945	1,031,405	1,040,097	1,043,014	1,044,053	1,044,914	1,045,596	1,045,596	1,045,596	1,045,596
2016	634,886	843,111	865,400	872,680	875,123	875,993	876,714	877,286	877,286	877,286	877,286
2017	593,740	781,176	801,492	808,129	810,355	811,149	811,806	812,327	812,327	812,327	812,327

Basic chain ladder method - casualty

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

	Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	49,490	23,358	7,734	6,202	1,828	7,406	826	-	273	-
2008	59,731	59,349	28,886	8,266	9,877	5,049	3,318	500	-	-	-
2009	47,746	112,744	29,051	18,872	19,209	2,051	409	754	-	-	-
2010	125,027	211,621	41,903	24,002	11,086	3,704	595	269	-	-	-
2011	107,478	174,607	55,652	24,263	6,050	4,068	5,190	-	-	-	-
2012	108,972	155,291	70,227	21,321	3,096	5,602	-	-	-	-	-
2013	141,592	185,372	35,669	12,063	17,185	-	-	-	-	-	-
2014	155,443	161,912	58,720	11,012	-	-	-	-	-	-	-
2015	212,854	177,984	30,524	-	-	-	-	-	-	-	-
2016	274,466	183,438	-	-	-	-	-	-	-	-	-
2017	363,357	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table)

	Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	118,246	56,528	16,742	12,171	3,203	12,016	1,237	-		315
2008	142,713	143,631	62,530	16,222	17,307	8,193	4,970	683	-		-
2009	115,551	244,056	57,013	33,069	31,166	3,073	560	870	-		-
2010	270,643	415,314	73,424	38,942	16,608	5,063	687	269	-		-
2011	210,931	305,958	90,294	36,348	8,270	4,693	5,190	-	-		-
2012	190,948	251,956	105,209	29,144	3,572	5,602	-	-	-		-
2013	229,729	277,710	48,756	13,917	17,185	-	-	-	-		-
2014	232,874	221,318	67,746	11,012	-	-	-	-	-		-
2015	290,952	205,341	30,524	-	-	-	-	-	-		-
2016	316,652	183,438	-	-	-	-	-	-	-		-
2017	363,357	-	-	-	-	-	-	-	-		-

Projected Inflation Adjusted Chain Ladder Table

	Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	118,246	174,774	191,516	203,687	206,889	218,905	220,142	220,142	220,457	220,457
2008	142,713	286,344	348,874	365,096	382,403	390,596	395,566	396,250	396,250	396,250	396,250
2009	115,551	359,607	416,620	449,689	480,855	483,928	484,488	485,358	485,358	485,358	485,358
2010	270,643	685,957	759,381	798,324	814,932	819,994	820,681	820,950	820,965	820,965	820,965
2011	210,931	516,889	607,183	643,532	651,802	656,495	661,685	662,661	662,661	662,661	662,661
2012	190,948	442,903	548,112	577,256	580,828	586,430	590,923	591,925	591,925	591,925	591,925
2013	229,729	507,439	556,195	570,112	587,297	595,430	600,667	601,835	601,835	601,835	601,835
2014	232,874	454,192	521,938	532,950	554,860	563,651	569,311	570,574	570,574	570,574	570,574
2015	290,952	496,292	526,816	559,539	585,792	596,324	603,106	604,619	604,619	604,619	604,619
2016	316,652	500,090	676,967	723,676	761,148	776,182	785,863	788,023	788,023	788,023	788,023
2017	363,357	504,930	601,668	647,638	684,518	699,314	708,842	710,968	710,968	710,968	710,968

Projected Inflation Adjusted Chain Ladder Table - Discounted Results

	Discounted Incremental IABCL-Annual Projections (N'000)										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	118,246	174,774	191,516	203,687	206,889	218,905	220,142	220,142	220,457	220,457
2008	142,713	286,344	348,874	365,096	382,403	390,596	395,566	396,250	396,250	396,250	396,250
2009	115,551	359,607	416,620	449,689	480,855	483,928	484,488	485,358	485,358	485,358	485,358
2010	270,643	685,957	759,381	798,324	814,932	819,994	820,681	820,950	820,964	820,964	820,964
2011	210,931	516,889	607,183	643,532	651,802	656,495	661,685	662,595	662,595	662,595	662,595
2012	190,948	442,903	548,112	577,256	580,828	586,430	590,620	591,433	591,433	591,433	591,433
2013	229,729	507,439	556,195	570,112	587,297	594,881	599,127	599,951	599,951	599,951	599,951
2014	232,874	454,192	521,938	532,950	553,381	560,509	564,501	565,275	565,275	565,275	565,275
2015	290,952	496,292	526,816	557,331	578,618	586,044	590,203	591,009	591,009	591,009	591,009
2016	316,652	500,090	665,028	702,903	729,326	738,543	743,705	744,706	744,706	744,706	744,706
2017	363,357	495,375	573,817	606,231	628,843	636,732	641,149	642,006	642,006	642,006	642,006

Basic chain ladder method - Fire

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table))

	Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	39,561	297	759	94	-	-	38	-	-	-
2008	75,905	56,276	47,794	4,549	75	-	-	-	-	-	-
2009	88,693	100,665	27,065	988	153	-	-	-	621	-	-
2010	69,459	90,817	10,717	2,075	1,598	21	-	136	-	-	-
2011	182,516	312,871	33,345	920	707	765	309	-	-	-	-
2012	145,488	138,284	84,494	1,421	7	1,340	-	-	-	-	-
2013	161,371	194,379	24,521	25,317	8,164	-	-	-	-	-	-
2014	175,068	206,422	103,415	11,402	-	-	-	-	-	-	-
2015	206,687	222,698	27,310	-	-	-	-	-	-	-	-
2016	339,325	299,948	-	-	-	-	-	-	-	-	-
2017	316,219	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table))

	Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	94,522	719	1,643	184	-	-	57	-	-	-
2008	181,359	136,193	103,460	8,929	132	-	-	-	-	-	-
2009	214,648	217,908	53,116	1,732	248	-	-	-	621	-	-
2010	150,357	178,232	18,778	3,366	2,394	28	-	136	-	-	-
2011	358,194	548,234	54,102	1,378	967	882	309	-	-	-	-
2012	254,933	224,362	126,582	1,942	9	1,340	-	-	-	-	-
2013	261,821	291,204	33,518	29,208	8,164	-	-	-	-	-	-
2014	262,275	282,158	119,310	11,402	-	-	-	-	-	-	-
2015	282,521	256,926	27,310	-	-	-	-	-	-	-	-
2016	391,479	299,948	-	-	-	-	-	-	-	-	-
2017	316,219	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

	Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	94,522	95,242	96,885	97,068	97,068	97,068	97,125	97,125	97,125	97,125
2008	181,359	317,552	421,012	429,941	430,073	430,073	430,073	430,073	430,073	430,073	430,073
2009	214,648	432,557	485,673	487,404	487,652	487,652	487,652	487,652	488,272	488,272	488,272
2010	150,357	328,590	347,368	350,734	353,128	353,156	353,156	353,292	353,292	353,292	353,292
2011	358,194	906,428	960,530	961,908	962,875	963,757	964,066	965,295	965,295	965,295	965,295
2012	254,933	479,295	605,877	607,819	607,828	609,168	609,193	609,219	609,219	609,219	609,219
2013	261,821	553,024	586,542	615,750	623,914	624,562	624,615	624,645	624,645	624,645	624,645
2014	262,275	544,433	663,743	675,144	685,969	686,452	686,518	686,557	686,557	686,557	686,557
2015	282,521	539,447	566,758	576,192	578,779	579,247	579,312	579,349	579,349	579,349	579,349
2016	391,479	691,427	794,576	810,502	814,606	815,348	815,451	815,510	815,510	815,510	815,510
2017	316,219	493,886	574,642	587,110	590,323	590,905	590,985	591,031	591,031	591,031	591,031

Projected Inflation Adjusted Chain Ladder Table -Discounted Results

	Discounted Incremental IABCL -Annual Projections (N'000)										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	94,522	95,242	96,885	97,068	97,068	97,068	97,125	97,125	97,125	97,125
2008	181,359	317,552	421,012	429,941	430,073	430,073	430,073	430,073	430,073	430,073	430,073
2009	214,648	432,557	485,673	487,404	487,652	487,652	487,652	487,652	488,272	488,272	488,272
2010	150,357	328,590	347,368	350,734	353,128	353,156	353,156	353,292	353,292	353,292	353,292
2011	358,194	906,428	960,530	961,908	962,875	963,757	964,066	965,212	965,212	965,212	965,212
2012	254,933	479,295	605,877	607,819	607,828	609,168	609,191	609,212	609,212	609,212	609,212
2013	261,821	553,024	586,542	615,750	623,914	624,518	624,561	624,582	624,582	624,582	624,582
2014	262,275	544,433	663,743	675,144	685,238	685,630	685,677	685,700	685,700	685,700	685,700
2015	282,521	539,447	566,758	575,555	577,653	577,983	578,022	578,042	578,042	578,042	578,042
2016	391,479	691,427	787,614	800,528	803,421	803,877	803,931	803,959	803,959	803,959	803,959
2017	316,219	481,895	547,378	556,169	558,139	558,449	558,486	558,505	558,505	558,505	558,505

Basic chain ladder method - personal accident

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table))

	Incremental Chain ladder-Yearly Projections (N'000)										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	2,222	2,227	992	-	-	-	-	-	-	-
2008	-	9,087	2,127	73	-	-	118	157	-	-	-
2009	4,542	4,884	1,930	1,728	-	33	-	-	-	-	-
2010	5,996	3,249	953	305	610	-	-	585	-	-	-
2011	1,179	2,571	2,574	544	-	958	-	-	-	-	-
2012	4,661	7,671	1,005	3,541	1,357	150	-	-	-	-	-
2013	7,878	6,264	839	471	1,109	-	-	-	-	-	-
2014	5,887	4,526	1,303	146	-	-	-	-	-	-	-
2015	4,799	11,891	2,399	-	-	-	-	-	-	-	-
2016	13,470	13,880	-	-	-	-	-	-	-	-	-
2017	5,468	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table))

	Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	5,309	5,389	2,148	-	-	-	-	-	-	-
2008	-	21,991	4,605	143	-	-	177	214	-	-	-
2009	10,993	10,572	3,788	3,029	-	50	-	-	-	-	-
2010	12,979	6,376	1,669	495	914	-	-	585	-	-	-
2011	2,314	4,505	4,176	816	-	1,105	-	-	-	-	-
2012	8,167	12,446	1,505	4,841	1,566	150	-	-	-	-	-
2013	12,781	9,384	1,147	543	1,109	-	-	-	-	-	-
2014	8,819	6,186	1,503	146	-	-	-	-	-	-	-
2015	6,560	13,719	2,399	-	-	-	-	-	-	-	-
2016	15,540	13,880	-	-	-	-	-	-	-	-	-
2017	5,468	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

	Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)										
Accident year	1	2	3	4	5	6	7	8	9	10	11
2007	-	5,309	10,698	12,846	12,846	12,846	12,846	12,846	12,846	12,846	12,846
2008	-	21,991	26,596	26,739	26,739	26,739	26,916	27,130	27,130	27,130	27,130
2009	10,993	21,564	25,352	28,380	28,380	28,431	28,431	28,431	28,431	28,431	28,431
2010	12,979	19,355	21,024	21,519	22,433	22,433	22,433	23,018	23,018	23,018	23,018
2011	2,314	6,818	10,995	11,810	11,810	12,915	12,915	12,915	12,915	12,915	12,915
2012	8,167	20,613	22,118	26,959	28,525	28,675	28,675	28,675	28,675	28,675	28,675
2013	12,781	22,166	23,313	23,856	24,965	24,978	25,032	25,032	25,032	25,032	25,032
2014	8,819	15,005	16,508	16,654	16,975	16,985	17,028	17,028	17,028	17,028	17,028
2015	6,560	20,278	22,678	22,230	22,724	22,739	22,805	22,805	22,805	22,805	22,805
2016	15,540	29,421	39,248	44,021	45,081	45,114	45,255	45,255	45,255	45,255	45,255
2017	5,468	30,641	41,150	46,254	47,388	47,423	47,573	47,573	47,573	47,573	47,573

Projected Inflation Adjusted Chain Ladder Table- Discounted Results

	Discounted Incremental IABCL-Annual Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	5,309	10,698	12,846	12,846	12,846	12,846	12,846	12,846	12,846	12,846
2008	-	21,991	26,596	26,739	26,739	26,739	26,916	27,130	27,130	27,130	27,130
2009	10,993	21,564	25,352	28,380	28,380	28,431	28,431	28,431	28,431	28,431	28,431
2010	12,979	19,355	21,024	21,519	22,433	22,433	22,433	23,018	23,018	23,018	23,018
2011	2,314	6,818	10,995	11,810	11,810	12,915	12,915	12,915	12,915	12,915	12,915
2012	8,167	20,613	22,118	26,959	28,525	28,675	28,675	28,675	28,675	28,675	28,675
2013	12,781	22,166	23,313	23,856	24,965	24,977	25,021	25,021	25,021	25,021	25,021
2014	8,819	15,005	16,508	16,654	16,953	16,961	16,992	16,992	16,992	16,992	16,992
2015	6,560	20,278	22,678	22,260	22,661	22,672	22,712	22,712	22,712	22,712	22,712
2016	15,540	29,421	38,585	42,455	43,203	43,223	43,298	43,298	43,298	43,298	43,298
2017	5,468	28,942	37,463	41,063	41,757	41,776	41,846	41,846	41,846	41,846	41,846

Basic chain ladder method - workmen compensation

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table))

	Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	1,499	2,337	2,244	1,115	236	6,284	-	-	-	-
2008	583	26,088	6,866	4,890	447	4,189	317	-	885	-	-
2009	5,473	23,849	5,814	711	265	105	46	-	-	-	-
2010	21,668	45,126	6,960	4,267	107	-	1,309	-	-	-	-
2011	19,029	48,146	21,668	5,129	-	1,318	491	-	-	-	-
2012	10,143	29,463	9,200	1,055	-	-	-	-	-	-	-
2013	15,137	16,189	9,706	4,384	149	-	-	-	-	-	-
2014	33,154	22,427	7,140	2,785	-	-	-	-	-	-	-
2015	21,469	24,898	5,308	-	-	-	-	-	-	-	-
2016	13,711	24,361	-	-	-	-	-	-	-	-	-
2017	18,000	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table))

	Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	3,583	5,656	4,858	2,188	414	10,195	-	-	-	-
2008	1,393	63,137	14,863	9,597	783	6,796	474	-	1,021	-	-
2009	13,244	51,625	11,410	1,245	430	157	63	-	-	-	-
2010	46,904	88,561	12,195	6,923	161	-	1,511	-	-	-	-
2011	37,345	84,364	35,155	7,683	-	1,521	491	-	-	-	-
2012	17,773	47,802	13,783	1,442	-	-	-	-	-	-	-
2013	24,560	24,253	13,267	5,058	149	-	-	-	-	-	-
2014	49,669	30,656	8,237	2,785	-	-	-	-	-	-	-
2015	29,346	28,724	5,308	-	-	-	-	-	-	-	-
2016	15,818	24,361	-	-	-	-	-	-	-	-	-
2017	18,000		-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

	Inflation Adjusted Cumulative Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	3,583	9,238	14,096	16,283	16,698	26,893	26,893	26,893	26,893	26,893
2008	1,393	64,529	79,393	88,990	89,773	96,569	97,043	97,043	98,064	98,064	98,064
2009	13,244	64,870	76,280	77,525	77,955	78,113	78,176	78,176	128,044	128,498	128,498
2010	46,904	135,465	147,661	154,584	154,745	154,745	156,255	156,255	156,255	157,300	157,300
2011	37,345	121,710	156,865	164,549	164,549	166,069	166,560	166,560	166,560	167,840	167,840
2012	17,773	65,575	79,358	80,800	80,800	80,800	81,069	81,069	81,069	81,785	81,785
2013	24,560	48,812	62,079	67,137	67,286	67,512	67,770	67,770	67,770	68,458	68,458
2014	49,669	80,325	88,563	91,347	91,680	92,033	92,437	92,437	92,437	93,514	93,514
2015	29,346	58,071	63,378	67,170	67,429	67,725	68,064	68,064	68,064	68,969	68,969
2016	15,818	40,179	48,617	51,886	52,110	52,365	52,658	52,658	52,658	53,437	53,437
2017	18,000	50,411	61,566	65,887	66,182	66,520	66,907	66,907	66,907	67,937	67,937

Projected Inflation Adjusted Chain Ladder Table-Discounted Results

	Discounted Incremental IABCL-Annual Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	3,583	9,238	14,096	16,283	16,698	26,893	26,893	26,893	26,893	26,893
2008	1,393	64,529	79,393	88,990	89,773	96,569	97,043	97,043	98,064	98,064	98,064
2009	13,244	64,870	76,280	77,525	77,955	78,113	78,176	78,176	78,176	78,600	78,600
2010	46,904	135,465	147,661	154,584	154,745	154,745	156,255	156,255	156,255	157,102	157,102
2011	37,345	121,710	156,865	164,549	164,549	166,069	166,069	166,069	166,069	166,972	166,972
2012	17,773	65,575	79,358	80,800	80,800	80,800	81,051	81,051	81,051	81,490	81,490
2013	24,560	48,812	62,079	67,137	67,286	67,496	67,706	67,706	67,706	68,072	68,072
2014	49,669	80,325	88,563	91,347	91,657	91,944	92,229	92,229	92,229	92,728	92,728
2015	29,346	58,071	63,378	66,914	67,124	67,333	67,541	67,541	67,541	67,905	67,905
2016	15,818	40,179	48,048	50,699	50,856	51,013	51,169	51,169	51,169	51,442	51,442
2017	18,000	48,224	57,269	60,316	60,497	60,677	60,856	60,856	60,856	61,170	61,170

Basic chain ladder method - marine

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

	Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	-	5,737	-	-	-	-	-	-	-	-
2008	-	11,469	3,991	-	-	-	-	-	-	-	-
2009	23,422	30,443	2,438	386	-	-	-	-	-	-	-
2010	42,586	5,232	16,452	205	-	-	-	1,238	-	-	-
2011	47,861	12,819	835	19,462	89	13,713	-	-	-	-	-
2012	34,699	60,007	26,838	20,410	3,128	-	-	-	-	-	-
2013	84,356	68,151	18,403	2,172	2,030	-	-	-	-	-	-
2014	68,187	42,366	12,928	1,247	-	-	-	-	-	-	-
2015	69,435	88,165	10,781	-	-	-	-	-	-	-	-
2016	60,926	49,317	-	-	-	-	-	-	-	-	-
2017	94,808	-	-	-	-	-	-	-	-	-	-

Inflation Adjusted (Table of claims paid excluding large claims (Attritional Table))

	Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	-	13,884	-	-	-	-	-	-	-	-
2008	-	27,755	8,639	-	-	-	-	-	-	-	-
2009	56,684	65,899	4,784	677	-	-	-	-	-	-	-
2010	92,185	10,267	28,828	333	-	-	-	1,238	-	-	-
2011	93,930	22,463	1,355	29,156	122	15,821	-	-	-	-	-
2012	60,803	97,359	40,207	27,898	3,609	-	-	-	-	-	-
2013	136,866	102,098	25,155	2,506	2,030	-	-	-	-	-	-
2014	102,152	57,910	14,915	1,247	-	-	-	-	-	-	-
2015	94,911	101,716	10,781	-	-	-	-	-	-	-	-
2016	70,290	49,317	-	-	-	-	-	-	-	-	-
2017	94,808	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain Ladder Table

	Cumulative Chain ladder-Yearly Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	-	13,884	13,884	13,884	13,884	13,884	13,884	13,884	13,884	13,884
2008	-	27,755	36,395	36,395	36,395	36,395	36,395	36,395	36,395	36,395	36,395
2009	56,684	122,583	127,367	128,044	128,044	128,044	128,044	128,044	128,044	128,044	128,044
2010	92,185	102,452	131,280	131,613	131,613	131,613	131,613	132,851	132,851	132,851	132,851
2011	93,930	116,393	117,747	146,903	147,026	162,847	162,847	162,847	162,847	162,847	162,847
2012	60,803	158,162	198,369	226,267	229,876	229,876	231,538	231,538	231,538	231,538	231,538
2013	136,866	238,964	264,119	266,625	268,655	269,193	269,193	269,193	269,193	269,193	269,193
2014	102,152	160,063	174,978	176,225	185,128	185,552	185,552	185,552	185,552	185,552	185,552
2015	94,911	196,627	207,408	219,714	220,719	221,299	221,299	221,299	221,299	221,299	221,299
2016	70,290	119,607	183,742	195,708	196,685	197,249	197,249	197,249	197,249	197,249	197,249
2017	94,808	179,312	211,328	226,432	227,666	228,378	228,378	228,378	228,378	228,378	228,378

Projected Inflation Adjusted Chain Ladder Table- Discounted Results

	Discounted Incremental IABCL -Annual Projections (N'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	-	13,884	13,884	13,884	13,884	13,884	13,884	13,884	13,884	13,884
2008	-	27,755	36,395	36,395	36,395	36,395	36,395	36,395	36,395	36,395	36,395
2009	56,684	122,583	127,367	128,044	128,044	128,044	128,044	128,044	128,044	128,044	128,044
2010	92,185	102,452	131,280	131,613	131,613	131,613	131,613	131,613	131,613	131,613	131,613
2011	93,930	116,393	117,747	146,903	147,026	162,847	162,847	162,847	162,847	162,847	162,847
2012	60,803	158,162	198,369	226,267	229,876	229,876	231,426	231,426	231,426	231,426	231,426
2013	136,866	238,964	264,119	266,625	268,655	269,157	269,157	269,157	269,157	269,157	269,157
2014	102,152	160,063	174,978	176,225	184,527	184,871	184,871	184,871	184,871	184,871	184,871
2015	94,911	196,627	207,408	218,883	219,698	220,107	220,107	220,107	220,107	220,107	220,107
2016	70,290	119,607	179,413	189,116	189,805	190,151	190,151	190,151	190,151	190,151	190,151
2017	94,808	173,608	199,569	210,219	210,976	211,355	211,355	211,355	211,355	211,355	211,355

Basic chain ladder method - Special Oil

Expected Loss Ratio - Special Oil

Accident Year	Gross Earned Premium (N'000)	Claims Paid Till Date (N'000)	Total O/S as at 31 Dec 2017 (N'000)	Current Incurred (N'000)	Current Loss Ratio (N'000)	Ultimate Loss Ratio (N'000)	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2007	2,099,398	296	-	296	0%	0%	296	-
2008	2,099,398	123,162	-	123,162	6%	6%	123,162	-
2009	2,099,398	108,170	-	108,170	5%	5%	108,170	-
2010	2,099,398	242,080	-	242,080	12%	12%	242,080	-
2011	2,099,398	306,297	-	306,297	15%	15%	306,297	-
2012	3,077,246	901,000	9	901,008	29%	29%	901,008	9
2013	1,743,435	108,609	-	108,609	6%	6%	108,609	-
2014	1,714,798	34,167	-	34,167	2%	2%	34,167	-
2015	1,885,938	138,241	998	139,239	7%	7%	139,239	998
2016	1,138,129	163,273	45,959	209,232	18%	22%	249,646	86,373
2017	1,347,242	2,391	6,272	8,663	1%	14%	182,797	180,406
Total			**53,238**					**267,785**
Discounted								**267,785**

46(a) PRA Regulated Annuity Fund

The Company had 8,292 PRA regulated annuity policies (2016: 7802) as at 31 December 2017 with annual annuity payment of N4,530,146,660.00.We have valued each annuity policy adopting IFRS 4 requirements in estimating the present value (at the review date) of the company's future annuity payment obligations. Each annuity policy has been valued using a monthly discounted cash flow method and the reserves are set equal to the present value of future annuity payments and attending expenses. We have recognised the 10 year annuity guaranteed minimum payment period in our calculations.

The valuation interest rate is based on current risk free yields with adjustments. This is in line with the requirements of IFRS 4 (paragraph 24). The use of a risk free rate also implies that future investment margins in excess of the risk free return will not be capitalised upon, which satisfies paragraph 27 of IFRS 4. Furthermore, the result is a 'fair value' liability calculation which aids the comparability of accounts between insurers.

We illustrate below the movement of the annuity portfolio in 2017:

	Number of annuity policies	Annual Annuity (N)
At 31 December 2016	7,802	4,198,943,641
New Entrants	564	369,382,751
Deaths	74	38,179,732
At 31 December 2017	8,292	4,530,146,660

Mortality assumptions

We have assumed the following sample average expectation of life in line with the PA(90) UK published tables:

Age	Expectation of Life (in years)	
	Male	Female
50	27	32
60	19	23
70	12	15
80	7	9

Pencom Regulated Annuity
Statement of Assets and Liabilities

For The Year Ended 31 December 2017

Quoted equities

Description	Units	Carrying Amount
FCMB	6,224,307	9,211,974
Flourmill	210,000	6,090,000
Total PLC	814	187,179
TOTAL		**15,489,154**

Treasury bills

Issuer	Maturity Date	Interest Rate	Fair Value
Central Bank of Nigeria	16-May-2018	18.59%	2,851,634
Central Bank of Nigeria	06-Jun-2018	18.61%	4,686,149
Central Bank of Nigeria	15-Aug-2018	18.54%	4,090,633
Central Bank of Nigeria	15-Aug-2018	18.54%	60,904,981
Central Bank of Nigeria	15-Aug-2018	18.52%	18,180,591
Central Bank of Nigeria	04-Jul-2018	18.70%	19,040,255
Central Bank of Nigeria	25-Apr-2018	17.84%	713,110
Central Bank of Nigeria	23-May-2018	17.79%	18,948,732
Central Bank of Nigeria	25-Apr-2018	17.79%	90,706,780
Central Bank of Nigeria	30-May-2018	17.79%	7,456,439
Central Bank of Nigeria	20-Jun-2018	17.79%	42,063,122
Central Bank of Nigeria	03-Jan-2018	16.20%	6,321,675
Central Bank of Nigeria	13-Jun-2018	14.85%	284,770,020
Central Bank of Nigeria	30-May-2018	14.18%	469,135,456
Central Bank of Nigeria	14-Nov-2018	14.64%	103,778,712
Central Bank of Nigeria	03-Oct-2018	14.59%	79,900,505
			1,213,548,794

Bonds

Description	Maturity Date	Coupon Rate	Fair Value
10.7% FGN MAY 2018	30-Mar-18	10.70%	54,711,246
10.00% FGN JUL 2030	23-Jul-30	10.00%	120,371,569
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	17,733,119,067
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	279,451,172
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	279,451,172
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.40% MAR 2036	18-Mar-36	12.40%	388,289,724
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.4% FGN MAR 2036	18-Mar-36	12.40%	194,144,862
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391

Pencom Regulated Annuity Statement of Assets and Liabilities

For The Year Ended 31 December 2017

12.4% FGN MAR 2036	18-Mar-36	12.40%	1,456,086,464
12.1493% FGN JUL 2034	18-Jul-34	12.15%	279,451,172
12.4% FGN MAR 2036	18-Mar-36	12.40%	48,536,215
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	86,629,863
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	465,751,954
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	279,451,172
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.4% FGN MAR 2036	18-Mar-36	12.40%	388,289,724
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	93,150,391
12.1493% FGN JUL 2034	18-Jul-34	12.15%	186,300,782
12.1493% FGN JUL 2034	18-Jul-34	12.15%	465,751,954
16.2499% FGN APR 2037	18-Apr-37	16.25%	59,567,490
16.2499% FGN APR 2037	18-Apr-37	16.25%	35,740,494
16.2499% FGN APR 2037	18-Apr-37	16.25%	5,956,749
16.2499% FGN APR 2037	18-Apr-37	16.25%	59,567,490
16.2499% FGN APR 2037	18-Apr-37	16.25%	95,307,984
16.2499% FGN APR 2037	18-Apr-37	16.25%	17,870,247
16.2499% FGN APR 2037	18-Apr-37	16.25%	125,091,729
16.2884% FGN MAR 2027	17-Mar-27	16.29%	69,382,350
16.2884% FGN MAR 2027	17-Mar-27	16.29%	79,789,703
16.2884% FGN MAR 2027	17-Mar-27	16.29%	80,946,075
16.2884% FGN MAR 2027	17-Mar-27	16.29%	23,127,450
16.2884% FGN MAR 2027	17-Mar-27	16.29%	329,566,163
16.2884% FGN MAR 2027	17-Mar-27	16.29%	92,509,800
16.2499% FGN APR 2037	18-Apr-37	16.25%	1,191,349,797
16.2499% FGN APR 2037	18-Apr-37	16.25%	119,134,980
16.2499% FGN APR 2037	18-Apr-37	16.25%	238,269,959
16.2499% FGN APR 2037	18-Apr-37	16.25%	119,134,980
16.2499% FGN APR 2037	18-Apr-37	16.25%	238,269,959
16.2499% FGN APR 2037	18-Apr-37	16.25%	5,956,749
16.2884% FGN MAR 2027	17-Mar-27	16.29%	185,019,600
16.2884% FGN MAR 2027	17-Mar-27	16.29%	98,291,663
16.2884% FGN MAR 2027	17-Mar-27	16.29%	92,509,800
12.4% FGN MAR 2036	18-Mar-36	12.40%	485,362,155
16.2499% FGN APR 2037	18-Apr-37	16.25%	297,837,449
16.2499% FGN APR 2037	18-Apr-37	16.25%	119,134,980
16.2884% FGN MAR 2027	17-Mar-27	16.29%	422,075,963
Total			**32,608,981,750**
Total Assets			**33,838,019,698**
Liabilities - Annuity Reserves			**32,110,721,810**

Pencom Regulated Annuity
Statement of Assets and Liabilities
For The Year Ended 31 December 2017

39 Hypothecation of assets

	Policyholder's fund						
	Life Fund	Annuity	PTAD	Investment Contract Liabilities	Insurance Contract Liabilities	Shareholders' fund	Total
Cash and cash equivalents	832,420	-	-	450,287	1,137,221	1,529,714	3,949,642
Financial assets:							
Bonds and treasury bills	15,830,661	33,822,531	-	7,576,548	4,608,772	1,009,022	62,847,533
Quoted equities	1,242,342	15,489	-	170,603	414,397	483,603	2,326,434
Unquoted equities	84,800	-	-	138,279	-	532,925	756,004
Loans & receivables	-	-	-	1,639,600	-	400,865	2,040,464
Investment In Subsidiaries	-	-	-	-	-	2,308,690	2,308,690
Investment Properties	241,000	-	-	-	341,000	-	582,000
Property and Equipment	-	-	-	-	-	6,220,962	6,220,962
Statutory Deposit	-	-	-	-	-	530,000	530,000
Other Assets (See (a) below)	303,906	-	-	-	3,399,689	1,758,560	5,462,155
	18,535,129	33,838,020	-	9,975,317	9,901,079	14,774,341	87,023,886

	Life Fund	Annuity	PTAD	Investment Contract Liabilities	Insurance Contract Liabilities	Shareholders' fund	Total
Other Assets							
Trade Receivable	-	-	-	-	59,106	-	59,106
Reinsurance Assets	303,906	-	-	-	3,340,583	-	3,644,489
Deferred acquisition cost	-	-	-	-	-	334,935	334,935
Other Receivables and Prepayments	-	-	-	-	-	391,384	391,384
Deferred Tax Asset	-	-	-	-	-	-	-
Goodwill and Other Intangible Assets	-	-		-	-	1,032,241	1,032,241
	303,906	-	-	-	3,399,689	1,758,560	5,462,155

(c) Assets representing policyholders' funds

	Group		Company	
In thousands of naira	**2017**	**2016**	**2017**	**2016**
Assets Representing Policyholders' Fund				
Cash and cash equivalents:	2,419,928	4,266,950	2,419,928	4,266,950
Short term investments:				
Money market Placements	-	-	-	-
Available For Sale Investments:				
Quoted Equities	1,842,831	1,363,407	1,842,831	1,363,407
Bonds and treasury bills	61,838,512	48,686,402	61,838,512	48,686,402
Unquoted Equities	223,079	1,250,664	223,079	1,250,664
Loans & receivables And Other assets	5,343,195	5,051,526	5,343,195	5,051,526
Investment Property	582,000	990,000	582,000	990,000
Leasehold Land and Building	-	3,090,555	-	3,090,555
	72,249,545	**64,699,504**	**72,249,545**	**64,699,504**

OTHER NATIONAL DISCLOSURES

Value Added Statement

For The Year Ended 31 December 2017

In thousands of Naira	Group 2017	%	Group 2016	%	Company 2017	%	Company 2016	%
Gross Premium Written:								
Local	32,097,692		27,064,365		30,407,396		26,428,519	
Investment and other income	15,195,538		8,007,084		15,186,253		7,635,503	
Interest expense	(249,257)		(836,571)		(249,257)		(836,571)	
	47,043,973		**34,234,878**		**45,344,393**		**33,227,451**	
Impairment charge for financial assets	-		-		-		-	
	47,043,973		**34,234,878**		**45,344,393**		**33,227,451**	
Bought in materials and services:								
Local	(40,486,359)		(19,203,769)		(39,757,826)		(19,607,304)	
Value Added	**6,557,613**	**100**	**15,031,109**	**100**	**5,586,567**	**100**	**13,620,147**	**100**
Distribution								
Employees								
Salaries and other employees benefits	2,944,733	45	2,617,932	17	2,044,148	37	1,818,582	13
Government								
Taxation	1,757,213	27	1,596,825	11	1,453,572	26	1,513,672	11
Retained in the Group								
Replacement of property and equipment	530,969	8	514,063	3	389,243	7	386,026	3
Replacement of intangible assets	102,294	2	92,911	1	89,747	2	81,148	1
To pay proposed dividend	138,604	2	138,604	1	138,604	2	138,604	1
Contingency reserves	478,659	7	1,221,455	8	478,659	9	1,221,455	9
Retained profits for the year	605,143	9	8,849,319	59	992,595	18	8,460,660	62
Value Added	**6,557,613**	**100**	**15,031,109**	**100**	**5,586,567**	**100**	**13,620,147**	**100**

Group Financial Summary

For The Year Ended 31 December 2017

In thousands of naira	**31 Dec. 2017**	**31 Dec 2016**	**31 Dec. 2015**	**31 Dec. 2014**	**31 Dec. 2013**
Assets					
Cash and cash equivalents	5,199,385	7,491,178	8,451,795	7,954,370	8,541,729
Financial assets	73,635,612	56,556,261	58,269,318	38,172,893	19,045,540
Trade receivable	301,172	411,969	296,514	210,133	35,772
Reinsurance assets	3,644,489	2,816,503	2,479,069	1,699,320	2,255,233
Deferred acquisition cost	334,935	285,232	264,842	443,945	285,133
Other receivables and prepayments	454,902	324,457	447,467	321,989	1,804,167
Deferred tax asset	157,008	1,088,677	1,775,779	1,696,850	2,907,536
Investment in associate	-	-	-	-	-
Investment property	582,000	990,000	1,115,000	1,203,000	1,190,000
Goodwill and other intangible assets	1,060,451	1,092,031	1,142,720	922,524	878,603
Property and equipment	6,513,175	5,915,891	5,353,657	5,183,071	4,657,122
Statutory deposit	530,000	530,000	530,000	530,000	500,000
Total assets	**92,413,127**	**77,502,198**	**80,126,161**	**58,338,095**	**42,100,835**
Liabilities					
Insurance contract liabilities	59,959,751	49,987,893	55,548,154	35,071,301	21,870,036
Investment contract liabilities	10,909,624	10,061,636	8,295,046	6,608,125	6,356,398
Trade payables	1,721,918	1,599,841	1,547,548	643,762	58,792
Other payables and accruals	1,325,766	1,787,068	2,489,333	3,702,330	1,776,463
Portfolio under management	3,981,591	2,531,870	165,838	-	-
Book overdraft	-	-	-	-	11,489
Current tax payable	826,643	623,761	592,961	558,874	690,564
Dividend payable	-	-	-	-	34,154
Deferred tax liability	547,017	270,408	269,133	7,364	151,780
Finance lease obligation	-	7,368	49,854	49,230	-
Retirement benefit obligation	-	-	-	-	528,021
Cumulative Irredeemable convertible preference shares	-	-	-	-	50,000
Long term borrowing	2,182,289	1,785,650	1,134,840	-	-
Derivative liabilities	0	143,725	319,274	-	-
Total liabilities	**81,454,599**	**68,799,221**	**70,411,981**	**46,640,986**	**31,527,697**
Net assets	**10,958,527**	**8,702,978**	**9,714,180**	**11,697,109**	**10,573,138**
Equity					
Issued share capital	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	1,802,662	1,221,707	1,221,707	1,221,707	1,029,009
Available-for-sale reserve	(13,072,413)	(14,065,457)	(2,723,536)	581,971	1,913,995
Exchange gains reserve	145,640	596,977	148,521	-	-
Statutory reserves	116,458	96,688	55,240	14,629	-
Contingency reserve	5,182,190	4,703,531	3,482,076	3,019,230	2,506,771
Retained earnings	10,083,426	9,498,054	898,089	275,503	(1,407,214)
Cumulative Irredeemable convertible preference shares	-	-	-	50,000	-
Shareholders' fund	**10,547,455**	**8,340,991**	**9,371,588**	**11,452,531**	**10,332,052**
Non controlling interest	411,073	361,987	342,592	244,578	241,086
Total equity and liabilties	**10,958,527**	**8,702,978**	**9,714,180**	**11,697,109**	**10,573,138**
Gross premium written	32,097,692	27,064,365	32,918,820	33,648,367	23,602,618
Gross premium income	21,291,729	30,029,334	10,410,650	20,927,888	23,316,026
Net premium income	17,500,898	26,687,570	6,748,488	16,221,687	18,228,214
Other revenue	17,551,744	10,124,386	16,076,935	6,091,344	4,683,287
Total revenue	35,052,642	36,811,956	22,825,423	22,313,031	22,911,501
Net benefits and claims	(20,774,186)	(13,096,190)	(10,667,702)	(9,098,087)	(6,784,084)
Other expenses	(11,237,968)	(11,880,530)	(10,358,427)	3,734,076	(17,406,972)
Total benefits, claims and other expenses	(32,012,154)	(24,976,720)	(21,026,129)	(5,364,011)	(24,191,056)
Profit/(loss) before taxation	3,040,489	11,835,236	1,799,294	16,949,020	(1,279,555)
Profit/(loss) after taxation	1,283,276	10,238,411	1,195,606	2,232,871	(739,226)
Other comprehensive income, net of tax	1,122,661	(10,893,465)	(3,156,986)	(1,139,326)	535,394
Total comprehensive income/(loss) for the year	**2,405,938**	**(655,054)**	**(1,961,380)**	**1,093,545**	**(203,832)**
Basic earnings/(loss) per share (kobo)	18	147	18	31	(12)
Diluted earnings per share (kobo)	13	105	105	31	(12)

Company Financial Summary

For The Year Ended 31 December 2017

In thousands of naira	31 Dec. 2017	31 Dec 2016	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013
Assets					
Cash and cash equivalents	3,949,642	4,335,655	6,437,403	6,577,102	7,700,467
Financial assets	67,970,438	54,677,784	57,903,833	37,322,661	18,536,812
Trade receivable	59,106	133,022	123,848	11,303	35,772
Reinsurance assets	3,644,489	2,816,503	2,479,069	1,699,320	2,255,233
Deferred acquisition cost	334,935	285,232	264,842	443,945	285,133
Other receivables and prepayments	391,384	230,216	282,805	529,581	1,495,485
Deferred tax asset	-	978,114	1,707,077	1,531,097	2,741,784
Investment in subsidiaries	2,308,690	2,308,690	2,308,690	2,133,417	1,619,479
Investment property	582,000	990,000	1,115,000	1,203,000	1,190,000
Goodwill and other intangible assets	1,032,242	1,080,822	1,120,871	886,767	864,914
Property and equipment	6,220,962	5,546,923	5,111,828	4,988,937	4,493,862
Statutory deposit	530,000	530,000	530,000	530,000	500,000
Total Assets	**87,023,887**	**73,912,962**	**79,385,266**	**57,857,130**	**41,718,941**
Liabilities					
Insurance contract liabilities	59,766,360	49,805,659	55,379,977	35,029,115	21,822,439
Investment contract liabilities	10,909,624	10,061,636	8,295,046	6,608,125	6,356,398
Trade payables	1,711,219	1,599,841	1,547,548	643,762	58,792
Other payables and accruals	1,187,974	1,738,392	2,432,087	3,399,891	1,491,267
Book overdraft	-	-	-	-	-
Current tax payable	426,920	572,512	518,443	492,279	665,405
Dividend payable	-	-	-	-	10,041
Deferred tax liability	517,268	265,237	263,422.00	-	144,416
Finance lease obligation	-	7,368	49,854	49,230	-
Retirement benefit obligation	-	-	-	-	528,021
Long term borrowing	2,182,289	1,785,650	1,134,840.00	-	-
Derivative liabilities	0	143,725	319,274.00		
Total liabilities	**76,701,654**	**65,980,021**	**69,940,491**	**46,222,402**	**31,076,779**
Net Assets	**10,322,233**	**7,932,941**	**9,444,775**	**11,634,729**	**10,642,162**
Equity					
Issued share capital	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	1,802,662	1,221,707	1,221,707	1,221,707	1,029,009
Available-for-sale reserve	(13,092,408)	(14,019,431)	(2,723,536)	581,400	1,913,424
Exchange gain reserves	145,640	596,977	148,521	-	-
Contingency reserve	5,182,190	4,703,531	3,482,076	2,993,584	2,481,129
Retained earnings	9,994,656	9,140,665	1,026,516	548,547	(1,070,890)
Shareholders' fund	**10,322,233**	**7,932,941**	**9,444,775**	**11,634,729**	**10,642,163**
Gross premium written	30,407,396	26,428,519	32,449,276	33,274,428	22,830,564
Gross premium income	19,693,468	29,507,169	9,941,106	20,553,949	22,543,972
Net premium income	15,902,637	26,165,405	6,278,944	15,847,747	17,763,366
Other revenue	15,932,337	8,417,852	14,422,045	4,925,905	3,898,252
Total revenue	31,834,974	34,583,257	20,700,989	20,773,652	21,661,618
Net benefits and claims	(19,284,986)	(12,727,038)	(10,667,702)	(9,098,087)	(6,784,084)
Other expenses	(9,625,163)	(10,660,433)	(8,585,208)	(8,565,374)	(16,388,498)
Total benefits, claims and other expenses	(28,910,149)	(23,387,471)	(19,252,910)	(17,663,461)	(23,172,582)
Profit/(loss) before taxation	2,924,825	11,195,786	1,448,079	3,110,191	(1,510,964)
Profit/(loss) after taxation	1,471,254	9,682,114	966,461	2,131,892	(930,158)
Other comprehensive income/(loss), net of tax	1,056,641	(10,847,439)	3,156,415	(1,139,326)	536,861
Total comprehensive income/(loss) for the year	**2,527,894**	**(1,165,325)**	**2,189,954**	**992,566**	**(393,297)**
Basic earnings/(loss) per share (kobo)	21	140	14	31	(13)
Diluted earnings per share (kobo)	16	100	11	31	(13)

Revenue Account of General Business

For The Year Ended 31 December 2017

In thousands of Naira	Fire	Motor	Casualty	Employer's liability	Marine	Personal accident	Special oil	Total December-17	Total December-16
Income									
Direct premium	1,691,158	1,944,906	1,743,601	145,608	1,246,816	474,785	1,342,639	8,589,514	7,393,210
Inward premium	33,163	9,498	93,992	1,332	5,668	4,409	482	139,724	218,555
Gross written premium	1,724,321	1,954,404	1,837,593	146,940	1,252,484	470,375	1,343,121	8,729,238	7,611,765
Increase/(decrease) in unexpired risk premium	(141,114)	(138,774)	(122,879)	14,858	(35,152)	(17,162)	4,121	(436,102)	(279,016)
Gross premium income	1,583,207	1,815,630	1,714,713	161,798	1,217,332	453,214	1,347,242	8,293,136	7,332,749
Reinsurance cost	(855,578)	(190,710)	(656,893)	(46,586)	(498,264)	(214,527)	(884,764)	(3,347,323)	(3,008,541)
Net premium income	727,630		1,057,820	115,212	719,067	238,687	462,479	4,945,813	4,324,208
Commission received	188,018	66,190	170,110	18,207	132,036	84,874	3,996	663,431	646,148
Total underwriting income	**915,647**	**1,691,110**	**1,227,930**	**133,419**	**851,104**	**323,560**	**466,475**	**5,609,244**	**4,970,356**
Expense									
Claims	1,097,519	891,616	781,367	59,145	826,168	33,926	161,754	3,851,495	3,040,756
Increase/(decrease) in outstanding claims	(17,971)	3,559	4,139	25	190	139		(9,919)	13,267
Increase/(decrease) in claims incurred but not reported (IBNR)	89,687	112,184	290,304	(176,222)	(56,047)	30,574	37,333	327,812	40,229
Gross claims incurred	1,169,235	1,007,359	1,075,810	(117,051)	770,310	64,639	199,087	4,169,387	3,094,252
Reinsurance claims recoveries	(396,858)	(150,284)	(696,489)	(39,476)	(723,936)	(843)	(37,720)	(2,045,607)	(1,490,179)
Net claims incurred	**772,376**	**857,075**	**379,321**	**(156,527)**	**46,374**	**63,796**	**161,367**	**2,123,781**	**1,604,073**
Commission	252,362	173,882	266,426	29,533	180,309	81,779	16,797	1,001,088	903,169
Maintenance costs	(9,579)	15,600	9,606	(482)	20,247	59,510	32,782	127,685	101,878
Total underwriting expenses	**1,015,160**	**1,046,557**	**655,353**	**(127,477)**	**246,930**	**205,085**	**210,946**	**3,252,554**	**2,609,120**
Underwriting Profit	**(99,513)**	**644,553**	**572,577**	**260,896**	**604,174**	**118,476**	**255,529**	**2,356,690**	**2,361,235**

Revenue Account of Life Business

For The Year Ended 31 December 2017

In thousands of naira	Ordinary life	Annuity	Group life	Total December 2017	Total December 2016
Income					
Gross premium written	16,412,628	3,222,258	2,043,273	21,678,158	18,816,755
Changes in unearned premium	(5,499,321)	(4,950,559)	172,054	(10,277,826)	3,357,665
Gross premium income	**10,913,307**	**(1,728,301)**	**2,215,327**	**11,400,332**	**22,174,420**
Less: Reinsurance costs	(16,449)	-	(427,060)	(443,508)	(333,223)
Net premium income	**10,896,858**	**(1,728,301)**	**1,788,267**	**10,956,824**	**21,841,197**
Commission received	1,431	-	81,222	82,653	136,201
Total underwriting income	**10,898,289**	**(1,728,301)**	**1,869,489**	**11,039,477**	**21,977,398**
Expenses					
Death claims	152,528	223,166	2,131,497	2,507,191	1,489,483
Withdrawals	98,504	4,282,377	-	4,380,881	4,167,796
Maturity	7,334,181	-	-	7,334,181	2,636,700
Surrender	3,306,814	-	-	3,306,814	3,366,331
Increase in outstanding claims	52,986	-	33,051	86,037	(183,356)
Gross claims incurred	**10,945,013**	**4,505,542**	**2,164,548**	**17,615,103**	**11,476,954**
Reinsurance recoveries	-	-	(453,899)	(453,899)	(353,989)
Net claims incurred	**10,945,013**	**4,505,542**	**1,710,650**	**17,161,204**	**11,122,966**
Underwriting expenses:					
Acquisition	1,320,312	80,025	172,188	1,572,525	1,950,012
Maintenance	301,116	-	5,069	306,186	249,982
Total underwriting expenses	**12,566,441**	**4,585,568**	**1,887,907**	**19,039,915**	**13,322,960**
Underwriting (loss)/profit	**(1,668,152)**	**(6,313,869)**	**(18,417)**	**(8,000,438)**	**8,654,439**

Electronic Delivery Mandate Form

For The Year Ended 31 December 2017

Dear Sir/Madam

To enable you receive your Annual Report promptly, your company wishes to introduce electronic delivery of Annual Report and Accounts, Proxy Form and other statutory documents to shareholders.

With this service, instead of receiving the hard copy of our Annual Report and other corporate documents in the future, you can elect to receive a soft copy of the Annual Report, Proxy Form, etc, through the electronic link to be forwarded to your email address.

Please complete this self addressed form to capture your preference and return the completed form to:

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street
Off Bishop Oluwole Street
Victoria Island
Lagos

Or any of their branch offices nationwide

DONALD KANU
Company Secretary

I,..

OF..

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF AIICO INSURANCE PLC TO ME THROUGH:

☐ I WILL DOWNLOAD FROM THE WEB ADDRESS FORWARDED TO MY EMAIL ADDRESS STATED BELOW.

MY EMAIL ADDRESS:...

DESCRIPTION OF SERVICE

By enrolling in electronic delivery service, you have agreed to receive future announcements/shareholder communication materials stated above by Email/Internet Address (URL). These materials can be made available to you electronically either semi annual or annually. Annual Report, Proxy Form, Prospectus and Newsletter are examples of shareholder communication that can be made available to you electronically. The subscription enrolment will be effective for all your holdings in AIICO INSURANCE PLC on an ongoing basis unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means.

....

Name (Surname First) Signature and Date

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street,
Off Bishop Oluwole Street,
Victoria Island,
Lagos.

Complaints Management Process

For The Year Ended 31 December 2017

United Securities

In a bid to meet the expectations of our customers, United Securities Limited has a standardized Complaints Management Framework to cater for prompt resolution of complaints.
Our aim of satisfying and delighting our stakeholders is critical to our business model where we view complaints as an opportunity to improve on our service delivery.

To this end, it is of utmost importance that our customers know how to communicate their complaints for prompt and satisfactory resolution.

BENEFITS OF COMPLAINTS MANAGEMENT PROCESS

- Achieve operational efficiency to identify trends and causes of complaints
- Resolve more complaints by adopting a more customer-focused approach
- Monitor and continually improve our complaints handling process

For complaints resolution relating to AIICO Insurance Plcshares, the under-listed channels may be explored.

Website: www.unitedsecuritieslimited.com
To view our Frequently Asked Questions (FAQ)
E-Mail: info@unitedsecuritieslimited.com
Phone No: +234 (1) 271 4566, +234 (1) 271 4567
Visit our Office: Plot 9, Amodu Ojikutu Street,
Off Saka Tinubu Street, Victoria Island
Lagos.

United Securities Limited is assuring our esteemed customers of a valued experience as Shareholders in AIICO Insurance PLC.

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Application Form

For E-bonus And E-dividend

Dear Shareholder(s)

Shareholder's Data Update

In our quest to update shareholders data with the current technology in the capital market (i.e. e-bouns and e-dividend), we request you to complete this form with the following information:

Name Of Shareholder/corporate Shareholder And Current Address	**REGISTRARS' USE**

NAME OF COMPANY IN WHICH YOU HAVE SHARES
AIICO Insurance Plc.

Please notify our Registrars, United Securities Ltd of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
AIICO INSURANCE PLC

DONALD KANU
Company Secretary

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use Company seal

Note: **Please be informed that by filling and sending this to our Registrars, United Securities Limited, for processing, you have applied for the e-dividend and e-bonus; Thereby, authorizing AIICO Insurance Plc to credit your account (in respect of dividends and bonuses electronically.)

PLEASE COMPLETE AND RETURN TO:
United Securities Limited
9, Amodu Ojikutu Street, Off Bishop OLuwole Street
Victoria Island, Lagos.

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street,
Off Bishop Oluwole Street,
Victoria Island,
Lagos.

Proxy Form

Annual General Meeting to be held at 11am on Thursday 24th May 2018 at Civic Centre Federal Palace Hotel, Victoria Island, Lagos State
I/We..
....

Being a member/members of AIICO Insurance Plc hereby appoint*
....
....

Or failing him the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the Thursday 24th May 2018 and at any adjournment thereof.

Dated this...............................Day of....................................2018

Shareholder's Signature..

*Delete as necessary

(I) A member (Shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.

(ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(iv) Provision has been made on this form for the Chairman of the Company to act as proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person whether a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v) The Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 requires that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear a Stamp Duty of three (3) kobo.

(vi) The proxy must produce the Admission Slip sent with the Notice of Meeting to obtain entrance to the Meeting

....**ADMISSION SLIP**...

AIICO INSURANCE PLC

Please admit..to the Annual General Meeting of AIICO Insurance Plc which will be held at the Civic Centre, Ozumba Mbadiwe, Victoria Island, Lagos on **24th May 2018 at 11am.** The Admission Slip must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Donald Kanu
Company Secretary

Name & Address of Shareholder...
Number of Shareholders...

	Resolutions	For	Against
1.	To receive the Reports and Financial Statements		
2.	To pay Dividend		
3.	To Elect/Re-elect the following Directors		
	Mr. Ademola Adebise		
	Mr. Samaila Zubairu		
	Mr. Adewale Kadri		
	4.To authorize the Directors to re-appoint KPMG Professional Services as the auditors to the Company from the end of the Annual General Meeting until the end of next year's Annual General Meeting		
5.	To authorize the Directors to fix the remuneration of the Auditors		
6.	To Elect/re-elect shareholders as members of the Statutory Audit Committee		
7.	To appoint external consultants to conduct Annual Board Performance Appraisal for the Directors		

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
9, Amodu Ojikutu Street,
Off Bishop Oluwole Street,
Victoria Island,
Lagos.

Unclaimed Dividends And Share Certificates

For The Year Ended 31 December 2017

AIICO had declared the following dividends and made public issues including bonuses since it became a public company in July 1989

DIVIDEND No	DATE
01	November 15,1990
02	November 20,1991
03	August 23,1993
04	October 17,1994
05	May 29,1995
06	October 5,1998
07	September 20, 2001
08	August 18, 2003
09	September 8, 2004
10	October 25, 2010
11	July 27, 2011
12	July 2, 2012
13	September 18, 2013

ISSUES

Allotment '90

Rights '93

Bonus '95

Bonus '96

Bonus '97

Bonus 2001

Bonus 2003

Rights 2003

Bonus 2005

Public offer 2005

Rights 2005

Bonus 2006

Public offer 2007

Bonus 2008

According to our record, some unpaid dividend warrants have not been returned to the company for revalidation and subsequent payment. Also, about 499 share certificates have been returned unclaimed.

Affected AIICO shareholders are hereby requested to contact the following address for collection of their dividend warrants or/and certificates yetunclaimed.

For dividend warrants and share certificates, please contact:

The Registrar
United Securities Limited
9, Amodu Ojikutu Street
Off Bishop Oluwole Street
Victoria Island
Lagos.

Share Capital History

For The Year Ended 31 December 2017

1	AUTHORIZED SHARE CAPITAL		2	PAID UP SHARE CAPITAL		OUTSTANDING SHARES	BONUS ISSUE		RIGHTS ISSUE	SCHEME SHARES	FREE FLOAT POSITION
DATE	**₦**	**VOLUME**		**Paid up share capital issued, subscribed and paid up by shareholders in monetary terms (VOLUME)**	**Paid up share capital issued, subscribed and paid up by shareholders in monetary terms (N)**	**The volume of outstanding shares issued and fully paid up**	**Bonus issue from dateof listing to June 302013 including the ratios**	**Bonus issue fromdate of listing to June 30 2013**	**Rights Issue of the Company from the date of listing to June 30, 2013**	**Scheme Shares issued to members of a scheme of arrangement in exchange for value/ shares which they lost/gave up in the scheme of arrangement from date of listing to June 30, 2013**	**Usually expressed in % of the issued shares of a particular quoted company that is tradable at any point in time as at June, 30 2013**
1970	–	200,000		114,608	57,304.00	114,608			1993 RIGHTS ISSUE		N/A
1976	400,000	600,000		903,032	451,516.00	903,032					
1977	1,400,000	2,000,000		2,400,000	1,200,000.00	2,400,000					
1987	–	2,000,000		4,000,000	2,000,000.00	4,000,000					
1989	8,000,000	10,000,000		8,000,000	4,000,000.00	8,000,000					
1993	15,000,000	25,000,000		20,000,000	10,000,000.00	20,000,000	BONUS 93				
1994	75,000,000	100,000,000		40,000,000	20,000,000.00	40,000,000	Bonus '94				
1995	–	100,000,000		60,000,000	30,000,000.00	60,000,000	Bonus '95				
1996	–	100,000,000		100,000,000	50,000,000.00	100,000,000	'96 BONUS				
1997	100,000,000	200,000,000		200,000,000	100,000,000.00	200,000,000					
2002	300,000,000	500,000,000		300,000,000	150,000,000.00	300,000,000	BONUS 2002	1 FOR 2			
2003	–	500,000,000		700,000,000	350,000,000.00	700,000,000	BONUS 2003	1 FOR 3			
2004	500,000,000	1,000,000,000		700,000,000	350,000,000.00	700,000,000			2003 RIGHTS ISSUE		
2005	1,500,000,000	2,500,000,000		1,400,000,000	700,000,000.00	1,400,000,000	BONUS 2005	1 FOR 1			
2006	–	2,500,000,000		2,315,531,103	1,157,765,688.00	2,315,531,103			2006 RIGHTS ISSUE		
2006	–	2,500,000,000		2,665,531,376	1,332,765,688.00	2,665,531,376	BONUS 2006	1 FOR 4			
2007	2,500,000,000	5,000,000,000		2,665,531,103	1,651,629,688.00	2,665,531,103	BONUS 2007	1 FOR 6			
2007	–	5,000,000,000		3,280,843,005	1,873,757,688.00	3,280,843,005	BONUS 2008	1 FOR 4			
2008	–	10,000,000,000		6,504,004,730	3,485,337,688.00	6,504,004,730				LAMDA/NFI/AIICO MERGER; **536,158,854 UNITS**	
2009	–	10,000,000,000		7,040,163,584	3,520,082 480.00	7,040,163,584					
2009	–	10,000,000,000		8,800,204,480	4,400,102,240.00	8,800,204,480					
2010		10,000,000,000		8,800,204,480	4,400,102,240.00	8,800,204,480				Share Capital Reduction- Internal corporate Restructuring; **1,870,000,000**	
2011	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					
2012	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					
2013	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					
2014	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					
2015	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					
2016	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					
2017	5,000,000,000.00	10,000,000,000		6,930,204,480	3,465,102,240.00	6,930,204,480					

COMMITMENT NOT PROMISES

Anybody can make promises to you. We are more committed to helping you grow and protect things you value most in life and business.

Life Insurance | General Insurance | Investments

AIICO INSURANCE
AMERICAN INTERNATIONAL

...stability assured

AIICO Plaza, Plot PC 12 Churchgate Street, Victoria Island, P.O. Box 2677, Lagos, Nigeria
01279 2930, 0700AIIContact (0700 2442 6682 28) | aiicontact@aiicoplc.com | www.aiicoplc.com

Authorized and Regulated by the National Insurance Commission. RIC No. 004

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