AIICO INSURANCE PLC AND SUBSIDIARIES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Corporate Information

Directors	Mr. Kundan Sainani (Indian)	Chairman
	Mr. Babatunde Fajemirokun	Group MD / CEO
	Mr. Olusola Ajayi	Executive Director
	Mr. Adewale Kadri	Executive Director
	Mr. Samaila Zubairu	Director/Independent
	Mr. Sobandele David Ayodele Sobanjo *	Director
	Mr. Ademola Adebise	Director
	Mrs. Oluwafolakemi Edun (Nee Fajemirokun)	Director
	Mr. Olalekan Akinyanmi	Director
	Raimun Snyders **	Director

Key

*	Retired with effect from	1 January 2020
**	Appointed with effect from	14 January 2020

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

TIN 00401332-0001

Corporate Head Office
AIICO Plaza
Plot PC 12, Churchgate Street Victoria Island
Lagos
Tel: +234 01 2792930-59
0700AIIContact (0700 2442 6682 28)
Fax: +234 01 2799800
Website: //**www.aiicoplc.com**
E-mail: aiicontact@aiicoplc.com

Registrar
Coronation Registrars (Formerly United Securities Limited)
10, Amodu Ojikutu Street Off
Bishop Oluwole Street Victoria Island
P.M.B. 12753
Lagos

Independent Auditor
Ernst & Young
10th & 13th Floors, UBA House
57, Marina Road
Lagos Island
Lagos
website: ***www.ey.com/ng***

Bankers
Access Bank Plc
Ecobank Plc
First Bank of Nigeria Limited
First City Monument Bank Limited
Guaranty Trust Bank Plc

Corporate Information (Continued)

	Stanbic IBTC Bank Standard Chartered Bank Nigeria Limited Union Bank of Nigeria Plc United Bank of Africa Plc Wema Bank Plc
Actuary	Zamara Consulting Actuaries Nigeria Limited FRC/2017/NAS/00000016912
Reinsurers	Africa Reinsurance Corporation Continental Reinsurance Plc Swiss Reinsurance WAICA Reinsurance Nigerian Reinsurance Trust Reinsurance Zep Reinsurance Arig Reinsurance Aveni Reinsurance NCA Reinsurance
Estate Valuer	Niyi Fatokun & Co. (Chartered Surveyors & Valuer) FRC/2013/NIESV/70000000/1217
Regulatory Authority	National Insurance Commission (NAICOM)

Branch Networks

1. Port Harcourt
11 Ezimgbu Link Road (Mummy B Road)
Off Stadium Road
G.R.A Phase 4, Port Harcourt
Rivers State
Tel: +234 808 313 4875
+234 909 448 9393

2. Kaduna
Yaman Phone House
1, Constitution Road
Kaduna, Kaduna State
Tel: +234 803 338 6968;
+234 805 601 9667

3. Abuja Area Office
Plot 1012, Adetokunbo Ademola Crescent
Opp. Rockview Hotel (Classic), Wuse II
FCT, Abuja.
Tel: +234 805 820 0439
+234 817 668 4115

4. Kano
8, Post Office Road
Kano
Kano State
Tel: +234 807 810 7938
+234 806 593 4787

5. Abeokuta
46, Tinubu Street
Ita Eko, Abeokuta
Ogun State
Tel: +234 803 255 7071

6. Lagos Ikeja
AIICO House
Plot 2, Oba Akran Avenue
Opp. Dunlop, Ikeja, Lagos
Tel: +234 1 460 2097-8; +234 808 313 4376
+234 1 460 2218

7. Aba
7, Factory Road
Aba, Abia State
Tel: +234 805 531 4351

8. Lagos Isolo
203/205, Apapa-Oshodi Expressway
Isolo, Lagos
Tel: +234 802 305 4803; +234 805 717 6063

9. Enugu
55-59, Chime Avenue
Gbuja's Plaza New Haven
Enugu State
Tel: +234 803 724 6767

10. Lagos Ilupeju
AIICO House
36/38, Ilupeju Industrial Avenue
Ilupeju, Lagos
Tel: +234 816 046 6239
+234 803 334 3036

Corporate Information (Continued)

11. Benin
28, Sakponba Road
Benin City
Edo State
Tel: +234 805 116 3395
+234 813 405 1972

12. Onitsha
Noclink Plaza, 41 New Market Road
Opp UBA Bank, Onitsha
Anambra State
Tel: +234 708 606 4999
+234 803 375 0361

13. Jos
4, Beach Road
Jos, Plateau State.
Tel: +234 805 735 6726
+234 809 033 5125

14. Owerri
46, Wetheral Road
Owerri, Imo State
Tel: +234 805 603 3269
+234 706 603 2065

15. Ibadan
12, Moshood Abiola Way
Challenge Area
Ibadan, Oyo State
Tel: +234 803 231 8925
+234 802 834 4263

16. Warri
60, Effurun/Sapele Road
Warri.
Delta State.
Tel: +234 803 971 0794
+234 818 749 7490

Results at a Glance - The Group

Profit or Loss and Other Comprehensive Income *In thousands of naira*	**2020**	**2019**	**Increase/ (decrease) Changes**	**Increase/ (decrease) %**
Gross premium written	61,979,667	50,138,467	11,841,200	24
Gross premium income	60,680,800	50,008,831	10,671,969	21
Net premium income	52,779,760	43,776,021	9,003,739	21
Claim expenses (net)	31,656,713	25,380,608	6,276,105	(25)
Underwriting (loss)/profit	(36,272,055)	(7,729,733)	(28,542,322)	(369)
Investment and other income	52,508,374	25,158,290	27,350,084	109
Other expenses	(3,829,691)	(5,182,748)	1,353,058	26
Profit before income tax expense	4,632,074	5,985,245	(1,353,171)	(23)
Profit for the year	4,980,336	5,718,408	(738,072)	(13)
Total other comprehensive (loss)/ profit	(2,701,346)	2,863,291	(5,564,637)	(194)
Total comprehensive income for the year	2,548,480	8,773,630	(6,225,150)	(71)
Basic earnings per share (kobo)	33	83		
Diluted earnings per share (kobo)	33	83		

Financial Position *In thousands of naira*	**31-Dec-20**	**31-Dec-19**	**Changes**	**%**
Cash and cash equivalents	31,913,335	10,080,164	21,833,172	217
Financial assets	188,342,047	126,827,073	61,514,974	49
Trade receivables	937,078	386,749	550,329	142
Reinsurance assets	7,496,395	5,460,569	2,035,826	37
Deferred acquisition costs	582,265	488,884	93,381	19
Other receivables and prepayments	2,426,871	6,227,700	(3,800,829)	(61)
Deferred tax assets	6,168	149,379	(143,211)	(96)
Investment properties	758,000	772,000	(14,000)	(2)
Goodwill and other intangible assets	889,082	985,862	(96,780)	(10)
Property and equipment	7,009,404	7,597,843	(588,439)	(8)
Statutory deposits	500,000	500,000	-	-
Assets classified as held for sale	2,237,780	-	2,237,780	100
Total assets	**243,098,424**	**159,476,222**	**83,622,202**	**52**
Insurance contract liabilities	136,078,388	84,986,351	(51,092,037)	(60)
Investment contract liabilities	21,835,376	16,201,367	(5,634,009)	(35)
Trade payables	2,020,724	1,839,238	(181,486)	(10)
Other payables and accruals	4,774,609	3,650,286	(1,124,323)	(31)
Fixed income liabilities	43,046,848	20,143,047	(22,903,801)	(114)
Current income tax payable	358,099	487,112	129,013	26
Deferred tax liabilities	8,837	629,281	620,444	99
Borrowing	-	2,629,477	2,629,477	100
Liabilities attributable to assets held for sale	316,462	-	(316,462)	(100)
Total liabilities	**208,439,343**	**130,566,159**	**(77,873,184)**	**(60)**
Issued share capital	7,843,988	3,465,102	4,378,886	126
Share premium	7,037,181	2,824,389	4,212,792	149
Revaluation reserve	1,812,707	1,812,707	(0.25)	(0)
Fair value reserve	(507,416)	1,995,336	(2,502,752)	(125)
Foreign exchange reserve	175,600	159,677	15,923	10
Statutory reserve	-	167,874	(167,874)	(100)
Contingency reserve	7,213,594	6,320,410	893,183	14
Retained earnings	9,924,143	5,888,970	4,035,173	69
Deposit for shares	-	5,280,000	(5,280,000)	(100)
Statutory reserves of disposal assets	202,042	-	202,042	100
Shareholders' funds	**33,701,838**	**27,914,465**	**5,787,373**	**143**
Non-controlling interests	957,243	995,599	(38,356)	100
Total equity	**34,659,081**	**28,910,063**	**5,749,018**	**20**
Total liabilities and equity	**243,098,424**	**159,476,222**	**83,622,202**	**52**

Results at a Glance - The Company

Profit or loss and other comprehensive income			**Increase/ (Decrease)**	**Increase/ (Decrease)**
In thousands of naira	**2020**	**2019**	**Changes**	**%**
Gross premium written	61,318,398	49,440,231	11,878,167	24
Gross premium income	60,038,913	49,376,338	10,662,575	22
Net premium income	52,137,873	43,143,528	8,994,345	21
Claim expenses (net)	31,211,819	24,923,539	6,288,280	(25)
Underwriting (loss)/profit	(36,834,179)	(8,267,656)	(28,566,523)	(346)
Investment and other income	50,650,982	23,544,816	27,106,166	115
Other expenses	(1,707,472)	(3,864,156)	2,156,684	56
Profit before income tax expense	4,375,726	5,223,956	(848,229)	(16)
Profit for the year	4,764,596	5,157,260	(392,665)	(8)
Other comprehensive income/(loss)	(1,542,113)	1,575,663	(3,117,776)	(198)
Total comprehensive income for the year	3,222,482	6,732,923	(3,510,441)	(52)
Basic earnings per share (kobo)	32	74		
Diluted earnings per share (kobo)	32	74		

Financial Position				
In thousands of naira	**31-Dec-20**	**31-Dec-19**	**Changes**	**%**
Cash and cash equivalents	9,279,385	8,166,352	1,113,033	14
Financial assets	166,074,396	103,414,529	62,659,867	61
Trade receivables	897,596	303,106	594,490	196
Reinsurance assets	7,496,395	5,460,569	2,035,826	37
Deferred acquisition costs	582,265	488,884	93,382	19
Other receivables and prepayments	726,262	5,762,765	(5,036,502)	(87)
Investment in subsidiaries	1,087,317	2,452,359	(1,365,042)	(56)
Investment properties	758,000	772,000	(13,999)	(2)
Goodwill and other intangible assets	862,379	906,680	(44,301)	(5)
Property and equipment	6,705,570	7,036,211	(330,641)	(5)
Statutory deposits	500,000	500,000	-	-
Assets classified as held for sale	1,365,042	-	1,365,042	100
Total assets	**196,334,608**	**135,263,455**	**61,071,153**	**45**
Insurance contract liabilities	135,856,973	84,766,122	(51,090,851)	(60)
Investment contract liabilities	21,835,376	16,201,367	(5,634,009)	(35)
Trade payables	1,963,893	1,512,394	(451,499)	(30)
Other payables and accruals	3,892,160	3,406,751	(485,410)	(14)
Current income tax payable	307,621	361,505	53,884	15
Deferred tax liability	-	441,416	441,416	100
Long term borrowing	-	2,629,477	(2,629,477)	(100)
Total liabilities	**163,856,023**	**109,319,031**	**(59,795,946)**	**(55)**
Issued share capital	7,843,988	3,465,102	4,378,886	126
Share premium	7,037,181	2,824,389	4,212,792	149
Revaluation reserve	1,812,707	1,812,707	-	-
Fair value reserve	(438,588)	828,179	(1,266,767)	(153)
Foreign exchange reserve	175,600	159,677	15,923	10
Contingency reserve	7,213,594	6,320,410	893,184	14
Retained earnings	8,834,102	5,253,959	3,580,143	68
Deposit for shares	-	5,280,000	(5,280,000)	(100)
Shareholders' funds	**32,478,585**	**25,944,424**	**6,534,161**	**115**
Total liabilities and equity	**196,334,610**	**135,263,455**	**61,071,155**	**45**

Directors' Report

For the year ended 31 December 2020

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 Annual Financial Statements and the Auditor's Report for the year ended 31 December 2020.

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

AIICO 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	**2020**	**2019**	**Change**	**Change (%)**
Gross premium written	61,979,667	50,138,467	11,841,200	24
Gross premium income	60,680,800	50,008,831	10,671,969	21
Net premium income	52,779,760	43,776,021	9,003,739	21
Claim expenses (net)	31,656,713	25,380,608	6,276,105	(25)
Underwriting loss	(36,272,055)	(7,729,733)	-	-
Profit before tax	4,632,074	5,985,245	(1,353,171)	(23)
Profit after tax	4,980,336	5,718,408	(738,072)	(13)
Other comprehensive (loss)/ income, net of tax	(2,701,346)	2,863,291	(5,564,637)	(194)
Total comprehensive income for the year	2,548,480	8,773,630	(6,225,150)	(71)
Basic earnings per share (kobo)	33	83	-	-
Diluted earnings per share (kobo)	33	83	-	-

Director's 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 301 and 302 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Stock Exchange are disclosed as follows:

Directors' Report

For the year ended 31 December 2020

Directors	Directr shares held	Indirect Holding	31 December 2020 Total Holding	31 December 2019 Total Holding
Mr. Kundan Sainani	-	-	-	-
Mr. S. D. A Sobanjo	-	-	-	37,284,985
Mr. Babatunde Fajemirokun	50,194,174	-	50,194,174	2,340,695
Mr. Olusola Ajayi	-	-	-	-
Mr. Adewale Kadri	-	-	-	-
Mr Ademola Adebise	21,030	-	21,030	21,030
Mr Samaila Zubairu	-	-	-	-
Mrs. Oluwafolakemi Edun (Fajemirokun)	-	-	-	-
Mr. Olalekan Akinyanmi	-	-	-	-
Raimund Synders	-	-	-	-

Directors' interest in contracts

None of the Directors has notified the Company for the purpose of Section 302 of the Company and Allied Matters Act, 2020 of any disclosable interest in contracts in which the Company was involved during the year ended 31 December 2020.

Substantial interest in shares

According to the Register of Members at 31 December 2020, no shareholder held more than 5% of the issued share capital of the Company except as disclosed as follows:

	31 December 2020		31 December 2019	
	Number of Shares held	%	Number of Shares held	%
AIICO Investment Inc.	1,340,090,053	8.54	889,291,665	12.83
AIICO Bahamas Limited	1,879,357,280	11.98	-	-
DF Holdings Limited	2,564,132,029	16.34	1,524,650,716	22.00
LeapFrog III Nigeria Insurance Holdings LTD	4,788,834,058	30.53	-	-
	10,572,413,420	67.39	2,413,942,381	34.83

Shareholding Analysis

The shareholding pattern of AIICO Insurance PLC as at 31 December 2020 is as stated below:

Holding pattern (range) as at 31 December 2020

		No of Holders	% of Shareholders	No of shares	% of Shareholdings
1	1,000	4,512	5.00	2,468,458	0.02%
1,001	10,000	42,538	47.11	210,317,648	1.34%
10,001	100,000	40,026	44.33	1,001,941,436	6.39%
100,001	500,000	2,558	2.83	508,586,082	3.24%
500,001	1,000,000	324	0.36	238,575,111	1.52%
1,000,001	5,000,000	246	0.27	485,027,180	3.09%
5,000,001	10,000,000	41	0.05	277,469,256	1.77%
10,000,001	100,000,000	43	0.05	1,573,149,987	10.03%
100,000,001	1,000,000,000	6	0.01	927,066,912	5.91%
1,000,000,001	10,000,000,000	4	0.00	10,463,373,364	66.70%
		90,298	100	15,687,975,434	100.00%

Holding pattern (range) as at 31 December 2019

		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	3.09%
10,001	100,000	41,422	45.26	1,041,219,752	15.28%
100,001	500,000	2,725	2.97	550,561,339	8.01%
500,001	1,000,000	322	0.35	235,601,475	3.32%
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	4.24%
10,000,001	100,000,000	37	0.04	984,087,373	15.76%
100,000,001	1,000,000,000	7	0.01	1,541,530,701	27.35%
1,000,000,001	10,000,000,000	1	0.00	1,524,650,716	14.73%
		91,529	100	6,930,204,480	100.00%

Directors' Report

For the year ended 31 December 2020

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.

Events after balance sheet date

There has been no material change in the Group's financial position since 31 December, 2020 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.

Auditors

In accordance with Section 401 (1) of the Companies and Allied Matters Act 2020, Messrs. Ernst and Young was appointed as the new auditor at the Company's last annual general meeting and shall remain in office as auditors of the Company until the end of the current financial year.

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: 25 February 2021

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 2020, 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 31 December 2020 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 responses to the External Auditors' findings on management matters for the year ended 31 December 2020.

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
25 February 2021

Members of the Statutory Audit Committee are:

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

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

Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended 31 December 2020 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 year in which the yearic reports are being prepared;
- have evaluated the effectiveness of the group's internal controls as of date of 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 Group'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. Babatunde Fajemirokun
MD/CEO
FRC /2015/MULTI/00000019973

25 February 2021
Date

Mr. Oladeji Oluwatola
Chief Financial Officer
FRC/2013/ICAN/0000004910

25 February 2021
Date

Statement of Significant Accounting Policies
For the year ended 31 December 2020

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 Plot PC 12, Churchgate St, Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria.

These consolidated and separate financial statements comprise the Company and its subsidiaries (together referred to as "the Group"). The Group and Company are 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. The activities of the subsidiaries and AIICO Insurance percentage holding are mentioned in Note 13 (Investment in subsidiaries).

2 Basis of accounting

2.1 *Statement of compliance*

These consolidated and separate 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 2020, the Financial Reporting Council of Nigeria Act No. 6, 204, the Insurance Act of Nigeria 2003, the Pension Reform Act 2014 and relevant National Insurance Commission (NAICOM) policy guidelines and circulars.

These consolidated and separate financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.

2.2 Going concern

These consolidated and separate 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 and the Company have 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 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.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

Items	Measurement Bases
Item of building (Property plant and eqyuipment)	Fair value
Non-derivative Financial asset at fair value through other comprehensive income	Fair value
Non-derivative Financial asset at fair value through profit or loss	Fair value
Investment properties	Fair value
Insurance contract liabilities	Fair value

2.5 ***Use of estimates and judgement***

In preparing these consolidated and separate financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are described in Note 4.

2.6 Changes in accounting policies

The Group has consistently applied the accounting policies as set out in Note 3 to all years presented in these financial statements. A number of other new standards are also effective from 1 January 2020 but they do not have a material effect on the Group's financial statements. Such standards are discussed below:

A Issued and Amended standards effective from priods beginning on or after 1 January 2020

(i) Definition of a Business (Amendments to IFRS 3)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

(ii) Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

(iii) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

(iii) Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

(iv) Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

2.7 Segment reporting

For management purposes, the Group is organized into business units based on their products and services.

Segment performance is evaluated based on profit or loss. 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 2020 as shown in Note 5.1 Segment statement of profit or loss and other comprehensive income and 5.2 Segment statement of financial position and results will include those transfers between business segments.

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

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all years presented in these consolidated and separate 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 Group 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 Group 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 year 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 control commences until the date on which control ceases.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

3.1 Basis of Consolidation (Continued)

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

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

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 related non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising from the loss of control is recognised in profit or loss. If the Group retains any interest in such 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 a financial asset elected to be measured at fair value through other comprehensive income depending on the level of influence retained.

(c) Non-Controlling Interest

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

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 spot 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 spot

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):

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 their fair value and are used by the Group in the management of its short term commitments.

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

Cash and cash equivalents are carried at amortized cost in the consolidated and separate statements of financial position.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

3.4 Financial instruments

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

3.4.1 Recognition and initial measurement

All financial instruments are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, except for a financial asset or liability measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2 Classification of financial instruments

The Group classified its financial assets under IFRS 9, into the following measurement categories:

• Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling)
• Those to be measured at fair value through profit or loss (FVTPL); and
• Those to be measured at amortized cost.

The classification depends on the Group’s business model for managing financial assets and the contractual terms of the financial assets cash flow (i.e. solely payments of principal and interest- (SPPI test)).

The Group classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortized cost.
Management determine the classification of the financial instruments at initial recognition.

(i) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
• how the performance of the portfolio is evaluated and reported to the Group's management;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
• how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

(ii) Assessment whether contractual cash flows are solely payments of principal and interest

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the year for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

• contingent events that would change the amount and timing of cash flows;
• leverage features;
• prepayment and extension terms;

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 on these instruments 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.

(iii) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Group changes its business model for managing financial assets that are debt instruments. A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

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

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

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting year following the change in business model.

Gains, losses or interest previously recognized are not restated when reclassification occurs.

3.4.3 Subsequent measurements

The subsequent measurement of financial assets depends on its initial classification:

(i) Debt instuments

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt securities that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortized cost of a financial instrument is the amount at which it was measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter year, to the instrument's net carrying amount.

*** Fair value through other comprehensive income (FVOCI)**

Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

• the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. Upon disposal or derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as realized gain or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as investment income.

*** Fair value through profit or loss (FVTPL)**

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt securities that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/loss' in the year in which it arises. Interest income from these financial assets is recognized in profit or loss as investment income.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. For 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. Where the Group's management has elected to present fair value

gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through other comprehensive income are recognised in 'Net fair value gain/loss in the other comprehensive income.

3.4.4 Impairment of financial assets

(a) Overview of the Expected Credit Losses (ECL) principles

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined.

The 12month ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter year if the expected life of the instrument is less than 12 months). Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

•Stage 1: When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.

• Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.

• Stage 3: Financial assets considered credit-impaired. The Company records an allowance for the LT ECLs.

If, in a subsequent year, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary year above, the Group also observes a further probationary year of 90 days to upgrade from Stage 3 to 2. This means a probationary year of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

3.4 Financial instruments (Continued)
3.4.4 Impairment of financial assets (Continued)

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Group considers a financial asset to be in default when the following occurs;

- The counterparty is unlikely to pay its credit obligations e.g market information
- Failure by the counterparty to meet obligation 90days past due.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g indicators of financial asset OR breach of covenant.
- quantitative e.g overdue status and non payment of another obligation of the same issuer to the Group.

The Group has defined its maximum year in estimating expected credit losses to be the maximum year to which the Group is exposed to the credit risk.

The Group has assumed that credit risk of a financial asset has not increased significantly since initial recognition if the financial asset have low credit risk at reporting date. The Group considers a financial asset to have low risk when its credit rating is equivalent to the globally understood definition of investment grade.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering grace year that might be available to the borrower.

(b) **The calculation of ECLs**

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, The mechanics of the ECL calculations are outlined below and the key elements are as follows:

• PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.

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

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

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

The mechanics of the ECL method are summarised below:

• Stage 1: The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

• Stage 3: For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

(c) **Debt instruments measured at fair value through OCI**

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is reclassified to the profit and loss upon derecognition of the assets.

(d) **Collateral valuation**

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms: staff gratuity or guarantors for staff loans, in-house pension fee for agency loan, policy document/cash value for policy loans, etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on yearly basis as deemed necessary.

(e) **Presentation of allowance for ECL in the statement of financial position**

Loan allowances for ECL are presented in the statement of financial position as follows:

• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

• Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

(f) **Forward looking information**

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

• GDP growth
• Unemployment rates
• Inflation rates
• Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 46 (d) in the financial statements.

3.4.5 Fair value measurement

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

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from

observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3.4.6 Derecognition of financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.4.7 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired.

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 recognized in profit or loss.

3.4.8 Write off

The Group writes off a financial asset (and any related allowances for impairment losses) when the Group determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

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 Group 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. Refer to note 3.4 for basis of measurement.

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

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

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

Other payables and accruals (Continued)

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 year 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 cost for life insurance are expensed as incurred. Subsequent to initial recognition, Acquisition cost for general insurance are amortized over the year 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 year and are treated as a change in an accounting estimate. DAC are derecognized when the related contracts are either settled or disposed off.

(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 profit or loss except to the extent that this relates to a business combination, or items recognized directly in equity or other comprehensive income.

(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 Group.

(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 ₦100million 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

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

- 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 asset 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 year, 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 properties

Investment properties are 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 properties (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 is measured at cost less accumulated impairment losses

(b) Intangible assets

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 finite.

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 year 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 year 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.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

(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 Group’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 year 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 year.

PVIF is derecognized when the related contracts are settled or disposed off.

(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.

(f) Imapairment on goodwill

Goodwill is evaluated for impairment annually or whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts.

3.14 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses except for building (see note 2.4). 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 (see note 2.4). Valuations are performed frequently (within every three year (3yrs)) 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. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use and have been reclassified to the related asset category.

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.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

(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 years are as follows:

Land	Not depreciated
Buildings	50 years
Furniture and equipment	5 years
Motor vehicles	4 years
Leased motor vehicles	4 years
Capital work in progress	Not depreciated

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 or loss account for the year.

(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. Any revaluation gain or loss previously recognised in reserve is derecognised into retained earnings

(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

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 years, 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.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

(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 Group 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.

3.16.2 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 account. 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.

However, when contracts contain both financial risk component and significant insurance risk component and cash flows from the two components are not distinct and cannot be measured reliably, the underlying amounts are not unbundled but are recognized in the statement of financial position account as insurance contract liabilities. After which, the actuary, using the contract terms, allocates a portion to the deposit component during the actuarial valaution. The portion allocated to the deposit component is subsequently debited to the profit and loss account as part of the actuarially determined liabilities with a corresponding credit posted to other investmnent contract liabilities account in order to track the deposit element separately from the risk element.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

3.17 Portfolio under Management

(i) Fiduciary activities

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.

(ii) Fixed income liability

These are funds managed by the Group on behalf of its clients. The interest rate on these liabilities are agreed with the client at the inception of the investment. The Group invests these funds in finanacial instruments in order to generate at the minimum, the agreed rate of returns. The interest spread on these investments is the return to the Group. These 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.

3.18 Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencementdate, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which

is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is yearically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

During the year, the group has no lease liability as all leases were rental and leased properties prepaid.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease;

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative year were not different from IFRS 16.

3.19 Provisions

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is 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.

3.20 Share capital

(a) Ordinary shares

The Group'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 when approved by the Group's shareholders are paid from retained earnings.

(c) Share premium

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

3.21 Deposit for shares

The group recognises funds received from investors for the purposes of equity purchase as deposit for shares pending the allotment of its shares.

3.22 Revaluation reserve

Subsequent to initial recognition, an item of property 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 gains 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. When a revalued asset is disposed of, any revaluation surplus is left in equity under the heading retained earnings.

3.23 Fair value reserve

(a) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

3.24 Exchange gains reserve

Exchange gain reserves comprises the cumulative net change when fair value through other comprehensive income 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 10 percent from 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 and an additional 25 percent of net premium for every year between valuation date

(e) Liability Adequacy Test

At each end of the reporting year, 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 Group 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 – Insurance ACT 22 (1)(b).

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

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 year of cover provided by contracts entered into during the accounting year. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting year for premiums receivable in respect of business written in prior accounting years. 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 years of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent years 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 year and are recognised on the date the policy becomes effective.

Premiums includes any adjustments arising in the accounting year in respect of reinsurance contracts that commenced in prior accounting years.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to years 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 year in which the related services are performed. If the fees are for services provided in future years, then they are deferred and recognized over those future years.

(d) Change in life fund

Actuarial valuation of the ordinary life and annuity fund is conducted at reporting date to determine the net liabiities on the existing policies and the adequacy of the assets representing the insurance fund. The changes in the fund is charged to the income statement.

(e) 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.

(f) 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.

(g) 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. Durng the year, there was no rent receoved on the properties.

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

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

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, 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.

The Company operates a contributory pension scheme in line with the provisions of the Pension Reform Act 2014. The Pension Reform Act 2014 requires a minimum contributions of 8% from the staff and 10% by the Company based on the basic salaries and other designated allowances. The Pension Reform Act 2014 also allows the Company to bear the full contribution on behalf of the employees as far as the minimum contributions of 18% is met. The Company contributes 18% of the employees' emolument as pension contributions which is charged to the profit or loss account.

3.34 Other operating expenses

Expenses are decreases in economic benefits during the accounting year 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 Group by the weighted average number of ordinary shares outstanding during the year, 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.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

3.37 Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions except for IFRS 17. The likely impact of IFRS 17 insurance contracts on the group's financial statements is stated in note (e) below

(a) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) Annual reporting years beginning on or after 1 January 2023

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(b) Reference to the Conceptual Framework (Amendments to IFRS 3) Annual reporting years beginning on or after 1 January 2022

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

(c) Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) Annual reporting years beginning on or after 1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(d) Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) Annual reporting years beginning on or after 1 January 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(e) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting years beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

(f) Annual Improvements to IFRS Standards 2018–2020 Annual reporting years beginning on or after 1 January 2022

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December 2020

3.Significant accounting policies (Continued)

other's behalf.

- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December2020

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 financial instrument

The Company has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of ECL.

The judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for debt instruments measured at amortised cost and fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the debt portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

These critical assumptions have been applied consistently to all years presented.

(c) 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

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December2020

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

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

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

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

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

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

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

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(d) Fair value of unquoted equity financial instruments
Investments in unquoted equity financial instrument should be measured at fair value. The Group's investment in unquoted equity financial instrument are measured at fair value, using free cashflow approach.

(e) 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

(f) 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.

(g) 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.

Statement of Significant Accounting Policies (Continued)
For the year ended 31 December2020

(h) Impairment of goodwill

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. The recoverable amount was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period

(i) Investment properties

The Group's investment properties are valued on the basis of open market value. The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value such as price per square meter, rate of development in the area and quality of the building.

(j) Current income 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;

• an insurance company, whether proprietary or mutual, other than a life insurance company; or
• 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 year for which the profits are being ascertained, subject to the Iimitation 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.

(k) 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.

(l) 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

Consolidated and separate statements of financial position
As at 31 December 2020

In thousands of naira	Notes	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Assets					
Cash and cash equivalents	6	31,913,335	10,080,164	9,279,385	8,166,352
Financial assets	7	188,342,047	126,827,073	166,074,396	103,414,529
Trade receivables	8	937,078	386,749	897,596	303,106
Reinsurance assets	9	7,496,395	5,460,569	7,496,395	5,460,569
Deferred acquisition costs	10	582,265	488,884	582,265	488,884
Other receivables and prepayments	11	2,426,871	6,227,700	726,262	5,762,765
Deferred tax assets	12(d)	6,168	149,379	-	-
Investment in subsidiaries	13	-	-	1,087,317	2,452,359
Investment properties	14	758,000	772,000	758,000	772,000
Goodwill and other intangible assets	15	889,082	985,862	862,379	906,680
Property and equipment	16	7,009,404	7,597,843	6,705,570	7,036,211
Statutory deposits	17	500,000	500,000	500,000	500,000
Assets classified as held for sale	18.1(a)	2,237,780	-	1,365,042	-
Total assets		**243,098,424**	**159,476,222**	**196,334,608**	**135,263,455**
Liabilities					
Insurance contract liabilities	19	136,078,388	84,986,351	135,856,973	84,766,122
Investment contract liabilities	20	21,835,376	16,201,367	21,835,376	16,201,367
Trade payables	21	2,020,724	1,839,238	1,963,893	1,512,394
Other payables and accruals	22(a)	4,774,609	3,650,286	3,892,160	3,406,751
Fixed income liabilities	22(b)	43,046,848	20,143,047	-	-
Current income tax payable	12(a)	358,099	487,112	307,621	361,505
Deferred tax liabilities	12(d)	8,837	629,281	-	441,416
Borrowings	23(a)	-	2,629,477	-	2,629,477
Liabilities attributable to assets held for sale	18.1(b)	316,462	-	-	-
Total liabilities		**208,439,343**	**130,566,159**	**163,856,023**	**109,319,031**
Equity					
Issued share capital	24(a)(ii)	7,843,988	3,465,102	7,843,988	3,465,102
Share premium	24(b)	7,037,181	2,824,389	7,037,181	2,824,389
Revaluation reserve	24(c)	1,812,707	1,812,707	1,812,707	1,812,707
Fair value reserve	24(d)	(507,416)	1,995,336	(438,588)	828,179
Foreign exchange gains reserve	24(e)	175,600	159,677	175,600	159,677
Statutory reserve	24(f)	-	167,874	-	-
Contingency reserve	24(g)	7,213,594	6,320,410	7,213,594	6,320,410
Retained earnings	24(h)	9,924,143	5,888,970	8,834,102	5,253,959
Deposit for shares	24(i)	-	5,280,000	-	5,280,000
Statutory reserve of disposal assets classified as held for sale	24(f)	202,042	-	-	-
Shareholders' funds		**33,701,838**	**27,914,464**	**32,478,585**	**25,944,424**
Non-controlling interests	13(e)	957,243	995,599	-	-
Total equity		**34,659,081**	**28,910,063**	**32,478,585**	**25,944,424**
Total liabilities and equity		**243,098,424**	**159,476,222**	**196,334,608**	**135,263,455**

These consolidated and separate financial statements were approved by the Board of Directors on 25 February 2021 and signed on its behalf by:

Mr. Kundan Sainani
Chairman
FRC/2013/IODN/00000003622

Mr. Babatunde Fajemirokun
Managing Director/ Chief Executive Officer
FRC /2015/MULTI/00000019973

Mr. Oladeji Oluwatola
Chief Financial Officer
FRC/2013/ICAN/0000004910

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

Consolidated and separate statements of profit or loss and other comprehensive income
For the year ended 31 December 2020

		Group		Company	
In thousands of naira	**Notes**	**2020**	**2019**	**2020**	**2019**
Gross premium written	25(a)	**61,979,667**	**50,138,467**	**61,318,398**	**49,440,231**
Gross premium income	25(b)	60,680,800	50,008,831	60,038,913	49,376,338
Reinsurance expenses	25(c)	(7,901,040)	(6,232,810)	(7,901,040)	(6,232,810)
Net premium income		**52,779,760**	**43,776,021**	**52,137,873**	**43,143,528**
Fee and commission income					
Insurance contracts	26	1,556,537	1,433,827	1,556,537	1,433,827
Pension and other contracts	26	406,077	434,013	-	-
Net underwriting income		**54,742,375**	**45,643,861**	**53,694,410**	**44,577,355**
Claims expenses:					
Claims expenses (Gross)	27(a)	(39,746,511)	(30,608,604)	(39,301,617)	(30,151,535)
Claims expenses recovered from reinsurers	27(b)	8,089,798	5,227,996	8,089,798	5,227,996
Claims expenses (Net)		**(31,656,713)**	**(25,380,608)**	**(31,211,819)**	**(24,923,539)**
Underwriting expenses	28	(7,774,553)	(6,260,563)	(7,733,605)	(6,189,049)
Change in life fund	19(d)	(29,641,976)	(10,077,589)	(29,641,976)	(10,077,589)
Change in annuity fund	19(e)(i)	(16,736,767)	(8,388,032)	(16,736,768)	(8,388,032)
Change in other investment contracts	20(b)	(5,204,421)	(3,266,802)	(5,204,421)	(3,266,802)
Total underwriting expenses		**(91,014,430)**	**(53,373,594)**	**(90,528,589)**	**(52,845,011)**
Underwriting (loss)		**(36,272,055)**	**(7,729,733)**	**(36,834,179)**	**(8,267,656)**
Investment income	29(a)	11,712,513	10,354,006	11,811,450	9,087,686
Profit from deposit administration	29(b)	54,485	11,269	54,485	11,269
Net realised gains	30	7,399,596	12,590,671	7,399,596	12,590,254
Net fair value gains	31	30,623,376	1,652,807	30,623,376	1,652,807
Other operating income	32	2,718,404	549,537	762,075	202,800
Personnel expenses	33	(3,917,598)	(4,796,939)	(3,217,429)	(4,183,247)
Other operating expenses	34	(7,552,932)	(6,038,555)	(6,158,019)	(5,297,475)
Finance cost	35	(96,743)	(431,328)	(96,743)	(431,328)
Impairment loss	36	(36,971)	(176,489)	31,114	(141,155)
Profit before income tax from continuing operations		**4,632,074**	**5,985,245**	**4,375,726**	**5,223,956**
Income tax expense	12(b)(i)	348,261	(266,836)	388,870	(66,695)
Profit after tax from continuing operations		**4,980,336**	**5,718,408**	**4,764,596**	**5,157,260**
Discontinued operations					
Profit after tax from discontinued operations	18.2.	269,490	191,931	-	-
Profit for the year		**5,249,826**	**5,910,339**	**4,764,596**	**5,157,260**
Attributable to shareholders		5,061,120	5,784,444	4,764,596	5,157,260
Attributable to non-controlling interest holders	13(e) (i)	188,707	125,895	-	-
		5,249,826	**5,910,339**	**4,764,596**	**5,157,260**
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss in subsequent periods:					
Net (loss) / gain on financial assets	24(d)	(2,542,201)	3,137,476	(1,236,135)	1,779,163
Impairment reversal on FVTOCI	24(d)	36,338	1,918	(30,632)	1,918
Items within OCI that will not be reclassified to profit or loss in subsequent periods:					
Fair value (loss) on equity securities	24(h)	(56,406)	(298,382)	(136,269)	(227,697)
Revaluation (loss)/gain on property and equipment	24(c)	(155,000)	10,045	(155,000)	10,045
Exchange gains on financial assets	24(e)	15,923	12,234	15,923	12,234
Total other comprehensive (loss)/ income		**(2,701,346)**	**2,863,291**	**(1,542,113)**	**1,575,663**
Total comprehensive profit for the year		**2,548,480**	**8,773,630**	**3,222,482**	**6,732,923**
Attributable to shareholders		2,475,697	8,496,834	3,222,482	6,732,923
Attributable to non-controlling interests		72,783	276,795	-	-
		2,548,480	**8,773,630**	**3,222,482**	**6,732,923**
Basic earnings per share (Kobo)	37	33	83	32	74
Diluted earnings per share (Kobo)	37	33	83	32	74

Consolidated and Separate Statements of Changes in Equity - Group
For the year ended 31 December 2020

In thousands of naira	Note	Issued Share Capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Foeign exchange gains reserve	Statutory Reserve	Contingency Reserve	Retained Earnings	Deposit for shares	Statutory Reserve of Disposal Group	Shareholders' Equity	Non Controlling Interests	Total equity
		Attributable to owners of the Group												
Balance at 1 January 2020		3,465,102	2,824,389	1,812,707	1,995,336	159,677	167,874	6,320,410	5,888,969	5,280,000	-	27,914,465	995,599	28,910,063
Balance as at 1 Jan 2020		3,465,102	2,824,389	1,812,707	1,995,336	159,677	167,874	6,320,410	5,888,969	5,280,000		27,914,465	995,599	28,910,063
Total comprehensive income for the year														
Profit for the year		-	-		-	-	-	-	5,061,120	-	-	5,061,120	188,707	5,249,826
Other comprehensive income		-	-	(155,000)	(2,562,269)	15,923	-	-		-	-	(2,701,346)		(2,701,346)
NCI Share of other comprehensive income		-	-	-	123,910	-	-	-	-	-	-	123,910	(123,910)	-
Total other comprehensive income for the year		-	-	(155,000)	(2,438,359)	15,923	-	-	5,061,120	-		2,483,683	64,797	2,548,480
Transfers within equity														
Transfer to contingency reserve		-	-	-	-	-	-	893,184	(893,184)	-		-	-	-
Transfer to retained earnings				155,000		-	-	-	(155,000)	-		-		-
Deposit for shares				-		-	-	-	-	-		-		-
Transfer to statutory reserve							34,168		(34,168)			-		-
Transfer to disposal group							(202,042)				202,042	-		-
Transfer to/(from) retained earnings		-	-	-	(64,392)	-		-	56,406	-		(7,986)	7,986	-
Total transfers		-	-	155,000	(64,392)	-	(167,874)	893,184	(1,025,946)	-	202,042	(7,986)	7,986	-
Transactions with owners, recorded directly in equity														
Ord shares of 4,400,000,000 with nominal value of 50kobo each at market price of N1.20kobo		2,200,000	3,001,804							(5,201,804)	-	-	-	-
Direct cost attributable to capital raised										(78,199)	-	(78,199)	-	(78,199)
Right Issue		2,178,886	1,210,987								-	3,389,874	-	3,389,874
Dividend paid to ordinary shareholders		-	-	-	-	-	-	-	-	-	-	-	(111,140)	(111,140)
Total contributions by and distributions to equity holders		4,378,886	4,212,792	-	-	-	-	-	-	(5,280,003)	-	3,311,675	(111,140)	3,200,535
Balance at 31 December 2020		**7,843,988**	**7,037,181**	**1,812,707**	**(507,416)**	**175,600**	**-**	**7,213,594**	**9,924,143**	**-**	**202,042**	**33,701,838**	**957,243**	**34,659,081**
Balance at 1 January 2019	**24**	3,465,102	2,824,389	1,802,662	(1,143,847)	147,443	143,882	5,807,411	1,479,002	-		14,526,044	744,558	15,270,602
Total comprehensive income for the year														
Profit for the year		-	-	-	-	-	-	-	5,784,443	-		5,784,443	125,895	5,910,339
Other comprehensive income		-	-	10,045	2,841,012	12,234	-	-		-		2,863,291		2,863,291
Total other comprehensive income for the year		-	-	10,045	2,841,012	12,234	-	-	5,784,443	-		8,647,733	125,895	8,773,630
Transfers within equity														
Transfer to contingency reserve		-	-	-	-	-	-	512,999	(512,999)	-		-	-	-
Deposit for shares										5,280,000		5,280,000		5,280,000
Transfer to/(from) retained earnings		-	-	-	298,171	-	-	-	(421,672)	-		(123,501)	137,200	13,699
Transfer to/(from) retained earnings to statutory reserve							23,992		(23,992)	-		-	-	-
Total transfers		-	-	-	298,171	-	23,992	512,999	(958,663)	5,280,000		5,156,499	137,200	5,293,699
Transactions with owners, recorded directly in equity														
Dividend paid to ordinary shareholders		-	-	-	-	-	-	-	(415,812)	-		(415,812)	(12,057)	(427,869)
Total contributions by and distributions to equity holders		-	-	-	-	-	-	-	(415,812)	-		(415,812)	(12,057)	(427,869)
Balance at 31 December 2019		**3,465,102**	**2,824,389**	**1,812,707**	**1,995,336**	**159,677**	**167,874**	**6,320,410**	**5,888,970**	**5,280,000**		**27,914,464**	**995,599**	**28,910,063**

Consolidated and Separate Statements of Changes in Equity - Company
For the year ended 31 December 2020

In thousands of naira	Note	Attributable to owners of the Company Issued Share Capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Exchange gains reserve	Contingency Reserve	Retained Earnings	Deposit for shares	Total shareholders' Equity
Balance at 1 January 2020		3,465,102	2,824,389	1,812,707	828,179	159,677	6,320,410	5,253,960	5,280,000	25,944,424
Balance at 1 Jan 2020		3,465,102	2,824,389	1,812,707	828,179	159,677	6,320,410	5,253,960	5,280,000	25,944,424
Total comprehensive income for the year										
Profit for the year		-	-	-		-	-	4,764,596	-	4,764,596
Other comprehensive income		-	-	(155,000)	(1,403,036)	15,923	-		-	(1,542,113)
Total other comprehensive income for the year		-	-	- 155,000	- 1,403,036	15,923	-	4,764,596	-	3,222,483
Transfers within equity										
Transfer to contingency reserve		-	-	-	-	-	893,184	(893,184)	-	-
Ord shares of 4,400,000,000 with nominal value of 50kobo each at market price of N1.20kobo		2,200,000	3,001,804						(5,201,804)	-
Direct cost attributable to capital raised									(78,199)	(78,199)
Right Issue		2,178,886	1,210,988						-	3,389,874
Transfer to retained earnings from fair revaluation reserve				155,000				(155,000)	-	-
Transfer to retained earnings from fair value reserve					136,269			(136,269)	-	-
Total transfers within equity		4,378,886	4,212,792	155,000	136,269	-	893,184 -	1,184,453	(5,280,003)	3,311,675
Balance at 31 December 2020		**7,843,988**	**7,037,181**	**1,812,707**	**(438,588)**	**175,600**	**7,213,594**	**8,834,102**	**-**	**32,478,583**
Balance at 1 January 2019	24	3,465,102	2,824,389	1,802,662	(952,902)	147,443	5,807,411	1,253,208	-	14,347,313
Balance at 1 Jan 2019		3,465,102	2,824,389	1,802,662	(952,902)	147,443	5,807,411	1,253,208	-	14,347,313
Total comprehensive income for the year										
Profit for the year		-	-	-		-	-	5,157,260	-	5,157,260
Other comprehensive income		-	-	10,045	1,553,384	12,234	-	-	-	1,575,663
Total other comprehensive income for the year		-	-	10,045	1,553,384	12,234	-	5,157,260	-	6,732,923
Transfers within equity										
Transfer to contingency reserve		-	-	-	-	-	512,999	(512,999)	-	-
Transfer to retained earnings					227,697			(227,697)	-	
Deposit for shares									5,280,000	5,280,000
Total transfers within equity		-	-	-	227,697	-	512,999 -	740,696	5,280,000	5,280,000
Transactions with owners, recorded directly in equity										
Dividend paid to ordinary shareholders		-	-	-	-		-	(415,812)	-	(415,812)
Total contributions by and distributions to equity holders		-	-	-		-	-	(415,812)	-	(415,812)
Balance at 31 December 2019		**3,465,102**	**2,824,389**	**1,812,707**	**828,179**	**159,677**	**6,320,410**	**5,253,960**	**5,280,000**	**25,944,424**

Consolidated and Separate Statements of Cash Flows
For the year ended 31 December 2020
In thousands of naira

		Group		Company	
	Notes	**2020**	**2019**	**2020**	**2019**
Operating activities:					
Total premium received		61,930,410	49,872,426	61,224,981	48,972,572
Commission received		1,962,615	3,307,666	1,682,202	1,380,840
Commission paid		6,854,647	(5,146,495)	6,837,684	(5,097,873)
Premium paid in advance		428,665	588,068	428,665	588,068
Unallocated premium		501,073	321,343	501,073	321,343
Reinsurance premium paid		(7,966,699)	(6,523,365)	(7,966,699)	(6,523,365)
Prepaid minimum deposit		(46,805)	(65,341)	(46,805)	(65,341)
Gross benefits and claims paid	19(a)(i)	(36,285,521)	(29,699,588)	(35,867,444)	(29,256,018)
Claims recoveries		9,632,236	4,567,924	9,632,236	4,567,924
Receipt from deposit administration	20(a)	357,998	539,074	357,998	539,074
Withdrawal from deposit administration	20(a)	(59,747)	(108,480)	(59,747)	(108,480)
Other underwriting expenses paid		(1,427,216)	(1,136,962)	(1,427,216)	(1,136,962)
Payments to employees	33	(3,010,537)	(4,151,443)	(2,310,368)	(2,808,464)
Other operating cash payments		(25,997,338)	(12,684,756)	(24,014,945)	(10,067,660)
Other income received		2,685,985	449,208	671,961	100,928
Interest income on deposit for shares			9,756		9,756
Fixed income received		22,903,801	11,141,795	-	-
Income tax paid	12	(222,166)	(473,798)	(106,430)	(258,851)
Net cash flows from/ (used in) operating activities		**32,241,400**	**10,807,032**	**9,537,144**	**1,157,491**
Investing activities:					
Interest income received		8,768,582	5,436,200	10,347,668	4,187,769
Purchase of property and equipment	16	(682,657)	(1,158,487)	(632,611)	(742,111)
Purchase of intangibles	15	(44,812)	(58,087)	-	-
Proceeds from sale of property and equipment		335,189	43,373	327,480	19,087
Purchase of financial assets at amortized cost	7(a)(iii)	(23,257,157)	(21,410,477)	(10,577,821)	(18,806,064)
Purchase of financial assets at FVTOCI	7(b)(ii)	(22,802,094)	(34,154,640)	(15,072,250)	(12,397,883)
Purchase of financial assets at FVTPL	7(c)(i)	(132,926,739)	(298,804,792)	(132,926,739)	(298,750,672)
Proceed on disposal/ redemption of financial assets		161,398,890	339,606,295	139,446,509	324,517,718
Net cash flows from/ (used in) investing activities		**(9,210,798)**	**(10,500,615)**	**(9,087,763)**	**(1,972,155)**
Financing activities:					
Principal & interest payment on borrowings	23(b)(ii)	(2,726,220)	(403,124)	(2,726,220)	(403,124)
Deposit for shares		-	5,280,000	-	5,280,000
Receipt of right issue proceeds		3,389,874		3,389,874	
Dividend paid to equity holders	24(h)	-	(415,812)	-	(415,812)
Dividend paid to non controlling interest	13(e) (i)	(111,140)	(12,056)	-	-
Net cash flows (used in)/ from financing activities		**552,514**	**4,449,007**	**663,654**	**4,461,063**
Net increase in cash and cash equivalents		23,583,116	4,755,425	1,113,035	3,646,399
Cash and cash equivalents at 1 January		10,080,164	5,324,739	8,166,352	4,519,953
Included in the assets of the disposal group		(1,749,941)	-	-	-
Cash and cash equivalents as at 31 December		**31,913,335**	**10,080,164**	**9,279,385**	**8,166,352**

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2020

5 Segment Information

For management purposes, the Group is organized into business units based on their products and services and has five 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 auto, 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 is 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.

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

5.1 Segment statement of profit or loss and other comprehensive income

In thousands of naira	Life Business	General Business	Elimination of inter-business transactions	Company	Health management services	Asset management	Elimination of inter-segment transactions	Continued Operation	Discontinued operation	31 December 2020
Gross premium written	**47,318,385**	**14,000,013**	**-**	**61,318,398**	**661,269**	**-**	**-**	**61,979,667**	**-**	**61,979,667**
Gross premium income from external customers	46,673,368	13,365,545	-	60,038,913	641,887	-	-	60,680,800	-	60,680,800
Premiums ceded to reinsurers	(968,270)	(6,932,770)	-	(7,901,040)	-	-	-	(7,901,040)	-	(7,901,040)
Net premium Income	**45,705,098**	**6,432,775**	**-**	**52,137,873**	**641,887**	**-**	**-**	**52,779,760**	**-**	**52,779,760**
Fees and Commission Income										
Insurance contract	233,140	1,323,398	-	1,556,537	-	-	-	1,556,537		1,556,537
Pension and other contracts	-	-	-	-	268,868	390,794	(253,584)	406,078	1,511,432	1,917,510
Net underwriting income	**45,938,238**	**7,756,173**	**-**	**53,694,410**	**910,755**	**390,794**	**(253,584)**	**54,742,375**	**1,511,432**	**56,253,807**
Claims expenses:										
Claims expenses (Gross)	27,554,419	11,747,198	-	39,301,617	444,894	-	-	39,746,511		39,746,511
Claims expenses recovered from reinsurer	(308,359)	(7,781,439)	-	(8,089,798)	-	-	-	(8,089,798)		(8,089,798)
Claims expenses (Net)	**27,246,060**	**3,965,759**	**-**	**31,211,819**	**444,894**	**-**	**-**	**31,656,713**		**31,656,713**
Underwriting expenses	5,049,993	2,683,612	-	7,733,605	40,948	-	-	7,774,553	-	7,774,553
Change in life fund	48,530,430	-	-	48,530,430	-	-	-	48,530,430		48,530,430
Change in annuity fund	16,736,768	-	-	16,736,768	-	-	-	16,736,768		16,736,768
Change in other investment contract	(13,684,033)			(13,684,033)				(13,684,033)		(13,684,033)
Total underwriting expenses	**83,879,218**	**6,649,371**	**-**	**90,528,589**	**485,842**	**-**	**-**	**91,014,430**	**-**	**91,014,430**
Underwriting (loss)/profit	**(37,940,982)**	**1,106,801**	**-**	**(36,834,179)**	**424,913**	**390,794**	**(253,584)**	**(36,272,055)**	**1,511,432**	**(34,760,623)**
Investment income	10,479,680	1,331,770	-	11,811,450	94,219	599,995	(793,151)	11,712,513	88,741	11,801,254
Profit from deposit administration	54,485	-	-	54,485	-	-	-	54,485		54,485
Net realised gains and losses	6,032,415	1,367,181	-	7,399,596	-	-	-	7,399,596		7,399,596
Fair value losses	30,630,376	(7,000)	-	30,623,376	-	-	-	30,623,376		30,623,376
Other operating revenue	561,190	200,885	-	762,075	602	1,955,726	-	2,718,403	57,695	2,776,098
Employee Benefits expense	(1,866,109)	(1,351,320)	-	(3,217,429)	(262,231)	(437,938)	-	(3,917,598)	(703,414)	(4,621,012)
Other operating expense	(3,896,017)	(2,262,002)	-	(6,158,019)	(179,214)	(1,469,282)	253,584	(7,552,932)	(571,277)	(8,124,209)
Finance costs	(56,110)	(40,632)	-	(96,743)	-	-	-	(96,743)	-	(96,743)
Other material non-cash items:										
- Impairment expense	20,027	11,087	-	31,114	1,375	(69,460)		(36,971)	1,973	(34,998)
Profit before tax	**4,018,955**	**356,770**	**-**	**4,375,726**	**79,664**	**969,835**	**(793,151)**	**4,632,074**	**385,150**	**5,017,223**
Income tax expense	(43,676)	432,546	-	388,870	(25,597)	(15,012)		348,261	(115,660)	232,601
Profit for the year	**3,975,279**	**789,316**	**-**	**4,764,596**	**54,067**	**954,823**	**(793,151)**	**4,980,333**	**269,490**	**5,249,827**
Attributable to Shareholders of the Company	3,975,279	789,316	-	4,764,595	41,151	859,340	(793,151)	4,871,935	189,182	5,061,120
Attributable to Non-Controlling Interest	-	-	-	-	12,916	95,482	-	108,398	80,308	188,707
Other Comprehensive Income										
Net (loss)/ gain on fair value financial asset	(189,516)	(1,077,249)	-	(1,266,764)	-	(1,308,259)	-	(2,575,023)		(2,575,023)
Exchange gain on unquoted investments	15,923	-	-	15,923	-	-	-	15,923		15,923
Fair value gains on equity						69,159	-	69,159		69,159
Loss on equities	(347,525)	211,256	-	(136,269)	-	79,863	-	(56,406)		(56,406)
Revaluation gain/loss on property and equipment	(155,000)	-	-	(155,000)	-	-	-	(155,000)		(155,000)
Other comprehensive income for the year	**(676,117)**	**(865,993)**	**-**	**(1,542,111)**	**-**	**(1,159,237)**	**-**	**(2,701,346)**		**(2,701,347)**
Total comprehensive income for the year, net of tax	**3,299,162**	**(76,677)**	**-**	**3,222,484**	**54,066**	**(204,415)**		**2,278,987**	**269,490**	**2,548,480**

No single external customer contributed 10 percent or more of the entity's revenues as at the end of the year.

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

In thousands of naira	Life Business	General Business	Elimination of inter-business transactions	Company	Health management services	Asset management	Elimination of inter-segment transactions	Continued Operation	Discontinued operation	31 December 2019
Gross premium written	**37,261,090**	**12,179,141**	**-**	**49,440,231**	**698,236**	**-**	**-**	**50,138,467**		**50,138,467**
Gross premium income from external customers	37,233,578	12,142,760	-	49,376,338	632,494	-	-	50,008,831		50,008,831
Premiums ceded to reinsurers	(742,151)	(5,490,659)	-	(6,232,810)	-	-	-	(6,232,810)		(6,232,810)
Net premium Income	**36,491,427**	**6,652,101**	**-**	**43,143,528**	**632,494**	**-**	**-**	**43,776,021**		**43,776,021**
Fees and Commission Income										
Insurance contract	156,434	1,277,394	-	1,433,827	-	-	-	1,433,827		1,433,827
Pension and other contracts	-	-	-	-	332,226	347,482	(245,695)	434,013	1,386,840	1,820,852
Net underwriting income	**36,647,861**	**7,929,495**	**-**	**44,577,355**	**964,720**	**347,482**	**(245,695)**	**45,643,861**	**1,386,840**	**47,030,701**
Claims expenses:										
Claims expenses (Gross)	22,550,944	7,600,591	-	30,151,535	457,069	-	-	30,608,604		30,608,604
Claims expenses recovered from reinsurer	(923,519)	(4,304,477)	-	(5,227,996)	-	-	-	(5,227,996)		(5,227,996)
Claims expenses (Net)	**21,627,425**	**3,296,114**	**-**	**24,923,539**	**457,069**	**-**	**-**	**25,380,607**	**-**	**25,380,608**
Underwriting expenses	4,006,304	2,182,745	-	6,189,049	71,514	-	-	6,260,563		6,260,563
Change in life fund	10,077,589	-	-	10,077,589	-	-	-	10,077,589		10,077,589
Change in annuity fund	8,388,032	-	-	8,388,032	-	-	-	8,388,032		8,388,032
Change in other investment contract	3,266,802			3,266,802				3,266,802		3,266,802
Total underwriting expenses	**47,366,152**	**5,478,859**	**-**	**52,845,011**	**528,582**	**-**	**-**	**53,373,593**	**-**	**53,373,594**
Underwriting (loss)/profit	**(10,718,292)**	**2,450,635**	**-**	**(8,267,656)**	**436,138**	**347,481**	**(245,695)**	**(7,729,732)**	**1,386,840**	**(6,342,893)**
Investment income	8,411,920	675,766	-	9,087,686	114,724	1,179,854	(28,403)	10,354,005	226,832	10,580,837
Profit from deposit administration	11,269	-	-	11,269	-	-	-	11,269	-	11,269
Net realised gains and losses	11,977,715	612,539	-	12,590,254	418	-	-	12,590,671	(976)	12,589,695
Fair value gains/(losses)	1,671,807	(19,000)	-	1,652,807	-	-	-	1,652,807	-	1,652,807
Other operating revenue	107,157	95,643	-	202,800	28,485	318,252	-	549,537	2,519	552,056
Employee Benefits expense	(2,635,795)	(1,547,452)	-	(4,183,247)	(225,304)	(388,388)	-	(4,796,939)	(729,287)	(5,526,227)
Other operating expense	(2,999,961)	(2,297,514)	-	(5,297,475)	(232,985)	(753,791)	245,695	(6,038,555)	(635,026)	(6,673,582)
Finance costs	(250,170)	(181,158)	-	(431,328)	-	-	-	(431,328)	-	(431,328)
Other material non-cash items:				-				-		-
- Impairment loss on investments	(135,194)	(5,961)	-	(141,155)	(24,043)	(11,291)		(176,489)	(2,293)	(178,782)
Profit before tax	**5,440,456**	**(216,503)**	**-**	**5,223,956**	**97,431**	**692,118**	**(28,403)**	**5,985,244**	**248,608**	**6,233,852**
Income tax expense	(52,156)	(14,540)	-	(66,695)	(27,130)	(173,011)		(266,836)	(56,677)	(323,513)
Minimum tax	-	-	-	-		-				-
Profit for the year	**5,388,300**	**(231,043)**	**-**	**5,157,260**	**70,301**	**519,107**	**(28,403)**	**5,718,407**	**191,931**	**5,910,338**
Attributable to Shareholders of the Company	5,388,300	(231,043)	-	5,157,260	53,506	467,140	(28,403)	5,649,707	134,736	5,784,443
Attributable to Non-Controlling Interest	-	-	-	-	16,795	51,904	-	68,699	57,196	125,895
										(5,784,444)
Other Comprehensive Income										
Net gain on fair value financial asset	756,266	1,022,898	-	1,779,164	-	1,358,312	-	3,137,476	-	3,137,476
Impairment charge on FVTOCI	916	1,002	-	1,918	-	-	-	1,918		1,918
Exchange gain on unquoted investments	12,234	-	-	12,234	-	-	-	12,234	-	12,234
(Loss)/Gains on equities			-	-	-	66,305	-	66,305	-	66,305
Revaluation gain on property and equipment	(552,157)	324,460	-	(227,697)	-	(136,990)	-	(364,687)	-	(364,687)
Income tax relating to other comprehensive income	(47,130)	57,174	-	10,045	-	-	-	10,045	-	10,045
Other comprehensive income/(loss) for the year, net of tax	**170,129**	**1,405,536**	**-**	**1,575,663**	**-**	**1,287,627**	**-**	**2,863,291**	**-**	**2,863,291**
Total comprehensive income for the year, net of tax	**5,558,428**	**1,174,493**	**-**	**6,732,923**	**70,301**	**1,806,734**	**(28,403)**	**8,581,698**	**191,931**	**8,773,629**

No single external customer contributed 10 percent or more of the entity's revenues as at end of the year.

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For the year ended 31 December 2020

5.2 Segment Statement of Financial Position

In thousands of naira	Life	General	Elimination of inter-business transactions	Company	Health management services	Asset management	Elimination of inter-segment transactions	Continued Operation	Disposal group AIICO Pensions Limited	31 December 2020
Assets										
Cash and cash equivalents	2,215,601	7,063,784	-	9,279,385	47,741	22,586,210	-	31,913,336	1,749,941	33,663,278
Trade receivable	-	897,597	-	897,597	8,358	264,556	(233,431)	937,078	173,459	1,110,536
Reinsurance assets	725,700	6,770,695	-	7,496,395	-	-	-	7,496,395		7,496,395
Deferred acquisition cost	-	582,265	-	582,265	-	-	-	582,265		582,265
Financial assets:								-		-
Amortized cost	29,361,244	8,554,364		37,915,608	913,486	10,691,947	(5,468,822)	44,052,219	97,098	44,149,316
Fair value through OCI	6,457,983	4,686,879		11,144,862	-	16,927,958	(796,917)	27,275,903		27,275,903
Fair value through profit or loss	117,013,926	-		117,013,926	-	-	-	117,013,926		117,013,926
Deferred tax asset	-	-	-	-	6,168	-	-	6,168	8,491	14,659
Investment in subsidiary	1,650,627	801,732	(1,365,042)	1,087,317	-	-	(1,087,317)	-		-
Investment property	459,000	299,000	-	758,000	-	-	-	758,000		758,000
Property, plant and equipment	4,797,172	1,908,398	-	6,705,570	13,304	290,531	-	7,009,404	147,225	7,156,629
Other receivables and prepayments	2,990,292	172,664	(2,436,694)	726,262	15,497	1,685,105	-	2,426,865	18,271	2,445,136
Statutory deposit	200,000	300,000	-	500,000	-	-	-	500,000		500,000
Goodwill and other intangible assets	59,244	803,135	-	862,379	10,729	15,981	-	889,089	43,295	932,384
Assets classified as held for sale			1,365,042	1,365,042	-	-	(1,365,042)	-		-
Total Assets	**165,930,789**	**32,840,513**	**(2,436,694)**	**196,334,608**	**1,015,284**	**52,462,287**	**(8,951,530)**	**240,860,647**	**2,237,780**	**243,098,428**
Liabilities and Equity										
Liabilities										
Trade payables	1,135,492	828,401	-	1,963,893	56,831	-		2,020,724	59,954	2,080,678
Other payables and accrual	1,088,092	5,240,762	(2,436,694)	3,892,160	24,070	1,092,369	(233,431)	4,775,167	92,942	4,868,109
Fixed income liability	-	-	-	-	-	49,312,587	(6,265,739)	43,046,848	-	43,046,848
Current tax payable	118,220	189,400	-	307,620	36,052	148,675	-	492,348	131,083	623,430
Deferred tax liability	-	-	-	-	8,837	(134,807)	-	(125,970)	32,484	(93,487)
Investment contract liabilities	21,835,376	-	-	21,835,376	-	-	-	21,835,376	-	21,835,376
Insurance contract liabilities	123,391,802	12,465,170	-	135,856,973	221,415	-	-	136,078,388	-	136,078,388
Total liabilities	**147,568,982**	**18,723,733**	**(2,436,694)**	**163,856,022**	**347,205**	**50,418,824**	**(6,499,170)**	**208,122,881**	**316,462**	**208,439,343**
Equity										
Issued share capital	2,274,641	5,569,347	-	7,843,988	600,000	750,000	(2,428,777)	6,765,211	1,078,777	7,843,988
Share premium	2,307,539	4,729,641	-	7,037,181	47,494	41,346	(129,205)	6,996,816	40,365	7,037,181
Statutory reserve	-	-	-	-	-	-		-	202,042	202,042
Revaluation reserves	1,199,618	613,089	-	1,812,707	-	-		1,812,707		1,812,707
Exchange gains reserves	127,744	47,855	-	175,600				175,600		175,600
Fair value reserve	(31,107)	(407,481)	-	(438,588)	-	78,958	(147,773)	(507,403)		(507,403)
Contingency reserve	3,467,544	3,746,050	-	7,213,594	-	-		7,213,594		7,213,594
Retained earnings	9,015,827	(181,723)	-	8,834,102	20,593	1,173,469	(717,557)	9,310,607	600,134	9,910,740
Shareholders funds	**18,361,806**	**14,116,778**	**-**	**32,478,584**	**668,087**	**2,043,773**	**(3,423,312)**	**31,767,133**	**1,921,317**	**33,688,448**
Non- controlling interest	-	-	-	-	-	-	957,242	957,242		957,242
Total equity	**18,361,806**	**14,116,778**	**-**	**32,478,584**	**668,087**	**2,043,773**	**(2,466,069)**	**32,724,375**	**1,921,317**	**34,645,690**
Total liabilities and equity	**165,930,788**	**32,840,512**	**(2,436,694)**	**196,334,606**	**1,015,287**	**52,462,594**	**(8,965,241)**	**240,847,256**	**2,237,787**	**243,085,033**
	(1)	**(1)**	**-**	**(2)**	**3**	**306**	**(13,711)**	**(13,392)**	**7**	**(13,395)**

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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 2019**
Assets									
Cash and cash equivalents	5,427,569	2,738,783	-	8,166,352	338,637	1,238,478	336,697	-	10,080,164
Trade receivable	-	303,106	-	303,106	8,416	212,590	88,039	(225,402)	386,749
Reinsurance assets	703,017	4,757,552	-	5,460,569	-	-	-	-	5,460,569
Deferred acquisition cost	-	488,884	-	488,884	-	-	-	-	488,884
Financial assets:			-	-					-
Amortized cost	39,497,573	2,729,354	-	42,226,927	834,973	160,106	348,961	-	43,570,967
Fair value through OCI	5,648,701	4,049,650	-	9,698,351	-	-	22,811,300	(796,917)	31,712,734
Fair value through profit or loss	51,489,251	-		51,489,251	-	54,121	-	-	51,543,372
Deferred tax asset	-	-	-	-	828	-	148,548	-	149,379
Investment in subsidiary	1,650,627	801,732	-	2,452,359	-	-	-	(2,452,359)	-
Investment property	466,000	306,000	-	772,000	-	-	-	-	772,000
Property, plant and equipment	5,202,926	1,833,285	-	7,036,211	9,913	223,714	328,004	-	7,597,843
Other receivables and prepayments	1,815,418	5,503,210	(1,555,863)	5,762,765	39,986	29,564	395,425	-	6,227,700
Statutory deposit	200,000	300,000	-	500,000	-	-	-	-	500,000
Goodwill and other intangible assets	94,826	811,854	-	906,680	6,180	55,205	17,797	-	985,862
Total Assets	**112,195,906**	**24,623,412**	**(1,555,863)**	**135,263,455**	**1,238,933**	**1,973,778**	**24,474,771**	**(3,474,678)**	**159,476,222**
Liabilities and Equity									
Liabilities									
Trade payables	1,232,442	279,952	-	1,512,394	326,844	-	-		1,839,238
Other payables and accrual	1,882,125	3,080,489	(1,555,863)	3,406,751	47,325	108,320	313,291	(225,401)	3,650,286
Fixed income liability	-	-	-	-	-	-	20,939,964	(796,917)	20,143,047
Current tax payable	74,544	286,961	-	361,505	27,509	77,126	20,971	-	487,112
Deferred tax liability	-	441,416	-	441,416	3,018	32,484	152,364	-	629,281
Investment contract liabilities	16,201,367	-	-	16,201,367	-	-	-	-	16,201,367
Insurance contract liabilities	75,971,936	8,794,186	-	84,766,122	220,229	-	-	-	84,986,351
Borrowings	2,629,477	-	-	2,629,477	-	-	-	-	2,629,477
Total liabilities	**97,991,891**	**12,883,004**	**(1,555,863)**	**109,319,032**	**624,925**	**217,930**	**21,426,590**	**(1,022,318)**	**130,566,159**
Equity									
Issued share capital	1,838,863	1,626,239	-	3,465,102	600,000	1,078,777	750,000	(2,428,777)	3,465,102
Share premium	2,046,072	778,317	-	2,824,389	47,494	40,365	41,346	(129,205)	2,824,389
Statutory reserve	-	-	-	-	-	143,882	-	23,993	167,874
Revaluation reserve	1,199,618	613,089	-	1,812,707	-	-	-		1,812,707
Exchange gains reserve	111,822	47,855	-	159,677		-			159,677
Available-for-sale reserve	158,411	669,768	-	828,179	-	-	1,318,056	(150,900)	1,995,336
Contingency reserve	2,994,360	3,326,050	-	6,320,410	-	-	-		6,320,410
Retained earnings	5,854,869	(600,910)	-	5,253,959	(33,486)	492,825	938,779	(763,069)	5,888,970
Deposit for shares		5,280,000		5,280,000					5,280,000
Shareholders funds	**14,204,015**	**11,740,408**	**-**	**25,944,424**	**614,008**	**1,755,850**	**3,048,180**	**(3,447,959)**	**27,914,465**
Non- controlling interest	-	-	-	-	-	-	-	995,599	995,599
Total equity	**14,204,015**	**11,740,408**	**-**	**25,944,424**	**614,008**	**1,755,850**	**3,048,180**	**(2,452,360)**	**28,910,063**
Total liabilities and equity	**112,195,906**	**24,623,412**	**(1,555,863)**	**135,263,455**	**1,238,933**	**1,973,778**	**24,474,771**	**(3,474,678)**	**159,476,222**

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

6 Cash and cash equivalents

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Cash on hand	1,022	17,203	391	1,058
Cash in banks	15,728,791	6,082,719	6,206,705	5,375,494
Short-term deposits	17,943,541	3,983,828	3,075,651	2,793,386
Cash at bank attributable to discontinued operations (see note 18)	(1,754,244)	-	-	-
	31,919,110	10,083,751	9,282,747	8,169,938
Allowance for impairment on short term deposits relating to disposal group	(10,077)	(3,586)	(3,362)	(3,586)
Allowance for impairment on short term deposits transferred to disposal group (see note 18)	4,303	-	-	-
	31,913,335	10,080,164	9,279,385	8,166,352
At 1 January	(3,586)	-	(3,586)	-
(Charge)/ recovery in the year	(2,188)	(3,586)	224	(3,586)
Allowance for impairment on short term deposits relating to disposal group	(4,303)	-	-	-
Allowance for impairment on short term deposits transferred to disposal group (see note 18)	4,303	-	-	-
Balance as at	(5,774)	(3,586)	(3,362)	(3,586)
Current	31,913,335	10,080,164	9,279,385	8,166,352
Non Current	-	-	-	-
	31,913,335	10,080,164	9,279,385	8,166,352

(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 and Company. The carrying amounts disclosed above reasonably approximate fair value at the reporting date and the average interest rate on the short-term deposits as at the reporting date was 4% per annum

7 Financial assets

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Financial assets at amortized cost (see note (a) below)	44,149,317	43,570,967	37,915,608	42,226,927
Fair value through other comprehensive income (see note (b) below)	27,275,901	31,712,734	11,144,862	9,698,351
Fair value through profit or loss (see note (c) below)	117,013,926	51,543,372	117,013,926	51,489,251
Amortised cost financial assets transferred to disposal group	(97,097)	-	-	-
	188,342,047	126,827,073	166,074,396	103,414,529
Current	28,720,379	12,764,991	11,566,151	10,964,717
Non Current	159,621,668	114,062,082	154,508,245	92,449,812
	188,342,047	126,827,073	166,074,396	103,414,529

(a) Financial assets at amortized cost

In thousands of naira	159,621,668	114,062,082	154,508,245	92,449,812
Amortised cost	44,149,317	43,570,967	37,915,608	42,226,927
Amortised cost financial assets transferred to disposal group	(97,097)	-	-	-
	44,052,220	43,570,967	37,915,608	42,226,927

In thousands of naira				
Federal government bonds	29,248,522	37,879,376	29,211,993	37,839,935
Treasury bills	12,097,447	3,035,444	-	1,902,097
Other financial assets (see (i) below)	-	-	5,986,564	-
Loans to policyholders (see note (d)(i))	2,105,215	2,020,402	2,105,215	2,020,402
Staff loans	561,027	524,291	483,302	352,006
Agent loans	46,647	85,524	46,647	85,524
Other loans	117,785	63,117	117,785	63,117
Transfer to disposal group	(97,203)	-	-	-
	44,079,440	43,608,154	37,951,506	42,263,081
Allowance for Impairment of other loans (see (ii) below)	(16,576)	(5,905)	(3,142)	(5,905)
Allowance for Impairment of treasury bills (see (ii) below)	(1,033)	(1,629)	-	(596)
Allowance for Impairment of bonds (see (ii) below)	(9,715)	(29,653)	(9,715)	(29,653)
Allowance for Impairment of GIN (see (ii) below)	-	-	(23,039)	-
Allowance for impairment transferred to disposal group	106	-	-	-
	44,052,220	43,570,967	37,915,608	42,226,927

(i) Other financial aasets relates to an investment in AIICO Capital's GIN note for investment in bonds and treasury bills at a guaranteed return of 6.67%. AIICO Capital is regulated by Securities and Exchange Commission (SEC) to invest in the capital market and carries out this type of investments for its clients.

(ii) Movement in impairment allowance during the year is as follows:

	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
At 1 January	37,187	14,593	36,154	13,560
Charge for the year bonds	(19,937)	15,060	(19,937)	16,093
Recovery for the year treasury bills	(809)	1,629	(597)	596
Charge for the year other loans	10,671	5,905	(2,763)	5,905
Charge for the year GIN	-	-	23,039	-
Transferred to disposal group	106	-	-	-
Balance as at	27,219	37,187	35,897	36,154

(iii) Movement in amortized cost portfolio is as follows;

In thousands of naira				
Balance at 1 January	43,608,155	26,477,218	42,263,082	24,556,918
Additions during the year	23,257,157	21,410,477	10,577,821	18,806,064
Disposals/Repayments	(24,845,248)	(5,429,443)	(15,530,731)	(2,091,233)
Accrued interest	2,156,473	1,149,903	641,332	991,332
Transferred to disposal group (see note 18)	(97,203)	-	-	-
	44,079,333	43,608,155	37,951,504	42,263,082
Allowance for impairment (ECL) (see (ii) above)	(27,219)	(37,187)	(35,897)	(36,154)
Allowance for impairment transferred to disposal group	106	-	-	-
	44,052,220	43,570,967	37,915,608	42,226,927

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For the year ended 31 December 2020

(b) Financial assets classified at fair value through other comprehensive income

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Federal Government bonds	10,968,936	23,924,565	5,794,839	2,405,857
Corporate bonds	382,272	355,325	382,272	355,325
Treasury bills	10,924,594	942,747	-	701,805
Equities (see note (i) below)	5,000,098	6,490,097	4,967,751	6,235,365
	27,275,901	31,712,734	11,144,862	9,698,351

(i) Equity instruments designated at fair value through other comprehensive income

In thousands of naira				
Quoted equities	1,863,882	2,726,696	1,831,535	2,471,964
Unquoted equities	3,136,216	3,763,401	3,136,216	3,763,401
	5,000,098	6,490,097	4,967,751	6,235,365

(ii) Movement in financial asset classified as fair value through other comprehensive income (FVTOCI) is as follows;

In thousands of naira				
Balance at 1 January	31,712,734	19,539,290	9,698,351	8,975,760
Additions during the year	22,802,094	34,154,640	15,072,250	12,397,883
Disposals	(25,348,753)	(25,497,378)	(12,765,010)	(13,747,010)
Exchange gain	15,923	12,234	15,923	12,234
Accrued interest	599,843	364,554	390,113	278,404
Fair value (loss)/ gain during the year	(2,505,863)	3,139,394	(1,266,767)	1,781,081
Balance as at	27,275,978	31,712,734	11,144,860	9,698,351

(c) Financial assets classified at fair value through profit or loss

In thousands of naira				
Federal Government bonds	116,497,203	48,472,705	116,497,203	48,418,584
State Government bonds	143,815	475,698	143,815	475,698
Corporate bonds	372,908	934,011	372,908	934,011
Treasury bills	-	1,660,958	-	1,660,958
	117,013,926	51,543,372	117,013,926	51,489,251

(i) Movement in financial asset classified as fair value through profit or loss (FVTPL) is as follows;

In thousands of naira				
Balance at 1 January	51,543,372	43,238,517	51,489,251	43,238,516
Additions during the year	132,926,739	298,804,792	132,926,739	298,750,672
Disposals during the year	(103,807,873)	(296,099,913)	(103,753,752)	(296,099,913)
Accrued interest	5,714,312	3,825,968	5,714,312	3,825,968
Fair value gain during the year	30,637,376	1,774,007	30,637,376	1,774,007
Balance as at	117,013,926	51,543,372	117,013,926	51,489,251

(d)

(i) Gross movement in financial assets 2020 (Group)

In thousands of naira	**Amortised cost**	**FVOCI**	**FVTPL**	**Total**
Balance at 1 January	43,608,155	31,712,734	51,543,372	**126,864,260**
Additions during the year	23,257,157	22,802,094	132,926,739	178,985,990
Disposals/Repayments during the year	(24,845,248)	(25,348,753)	(103,807,873)	(154,001,874)
Accrued interest	2,156,473	599,843	5,714,312	8,470,627
Fair value (loss)/ gain	-	(2,505,863)	30,637,376	28,131,513
Exchange gain	-	15,923	-	15,923
Impairment loss	(27,219)	-	-	(27,219)
Transferred to disposal group	(97,097)	-	-	(97,097)
	44,052,221	**27,275,978**	**117,013,926**	**188,342,124**

(ii) Gross movement in financial assets 2019 (Group)

In thousands of naira	**Amortised cost**	**FVOCI**	**FVTPL**	**Total**
Balance at 1 January	26,477,218	19,539,290	43,238,517	**89,255,025**
Additions during the year	21,410,477	34,154,640	298,804,792	354,369,910
Disposals/Repayments during the year	(5,429,443)	(25,497,378)	(296,099,913)	(327,026,734)
Accrued interest	1,149,903	364,554	3,825,968	5,340,425
Fair value loss	-	3,139,394	1,774,007	4,913,401
Exchange gain	-	12,234	-	12,234
Impairment loss	(37,187)	-	-	(37,187)
Transferred to disposal group	-	-	-	-
	43,570,967	**31,712,734**	**51,543,372**	**126,827,073**

(iii) Gross movement in financial assets 2020 (Company)

In thousands of naira	**Amortised cost**	**FVOCI**	**FVTPL**	**Total**
Balance at 1 January	42,263,082	9,698,351	51,489,251	103,450,684
Additions during the year	10,577,821	15,072,250	132,926,739	158,576,810
Disposals/Repayments during the year	(15,530,731)	(12,765,010)	(103,753,752)	(132,049,493)
Accrued interest	641,332	390,113	5,714,312	6,745,757
Fair value (loss)/ gain	-	(1,266,767)	30,637,376	29,370,609
Exchange gain	-	15,923	-	15,923
Impairment loss	(35,897)	-	-	(35,897)
	37,915,608	**11,144,860**	**117,013,926**	**166,074,394**

(iv) Gross movement in financial assets 2019 (Company)

In thousands of naira	**Amortised cost**	**FVOCI**	**FVTPL**	**Total**
Balance at 1 January	24,556,918	8,975,760	43,238,516	76,771,194
Additions during the year	18,806,064	12,397,883	298,750,672	329,954,619
Disposals/Repayments during the year	(2,091,233)	(13,747,010)	(296,099,913)	(311,938,156)
Accrued interest	991,332	278,404	3,825,968	5,095,704
Fair value (loss)/ gain	-	1,781,081	1,774,007	3,555,088
Exchange gain	-	12,234	-	12,234
Impairment loss	(36,154)	-	-	(36,154)
	42,226,927	**9,698,351**	**51,489,251**	**103,414,529**

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(d)(i) Policy loans

The Group granted 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 annually.

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) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Group
Fair value measurements At 31 December 2020

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
-Federal Government bonds	-	116,497,203	-	116,497,203
-State Government bonds	-	143,815	-	143,815
-Corporate bonds	-	372,908	-	372,908
Group Financial Assets at FVTPL as at 31 December 2020	-	117,013,926	-	117,013,926
Financial assets at fair value through other comprehensive income				
-Federal Government bonds	-	10,968,936	-	10,968,936
-Corporate bonds	-	382,272	-	382,272
-Treasury bills	-	10,924,594	-	10,924,594
-Quoted equities	1,863,882		-	1,863,882
-Unquoted equities	-	-	3,136,216	3,136,216
Group Financial Assets at FVOCI as at 31 December 2020	1,863,882	22,275,802	3,136,216	27,275,900

Fair value measurements At 31 December 2019

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL)				
-Federal Government bonds	-	48,472,705	-	48,472,705
-State Government bonds	-	475,698	-	475,698
-Corporate bonds	-	934,011	-	934,011
-Treasury bills	-	1,660,958	-	1,660,958
Group Financial Assets at Fair value as at 31 December 2019	-	51,543,372	-	51,543,372
Financial assets at fair value through other comprehensive income				
-Federal Government bonds	-	23,924,565	-	23,924,565
-Corporate bonds	-	355,325	-	355,325
-Treasury bills	-	942,747	-	942,747
-Quoted equities	2,726,696	-	-	2,726,696
-Unquoted equities	-	-	3,763,401	3,763,401
Group Financial Assets at Fair value as at 31 December 2019	2,726,696	25,222,637	3,763,401	31,712,734

Fair value measurements At 31 December 2020
Company

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL)				
-Federal Government bonds	-	116,497,203	-	116,497,203
-State Government bonds	-	143,815	-	143,815
-Corporate bonds	-	372,908	-	372,908
Company Financial Assets at Fair value as at 30 December 2020	-	117,013,926	-	117,013,926
Financial assets at fair value through other comprehensive income				
-Federal Government bonds	-	5,794,839	-	5,794,839
-Corporate bonds	-	382,272	-	382,272
-Treasury bills	-	-	-	-
-Quoted equities	1,831,535	-	-	1,831,535
-Unquoted equities	-	-	3,136,216	3,136,216
Company Financial Assets at Fair value as at 30 December 2020	1,831,535	6,177,111	3,136,216	11,144,862

Fair value measurements At 31 December 2019
Company

In thousands of naira	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL)				
-Federal Government bonds	-	48,418,584	-	48,418,584
-State Government bonds	-	475,698	-	475,698
-Corporate bonds	-	934,011	-	934,011
-Treasury bills	-	1,660,958	-	1,660,958
Company Financial Assets at Fair value as at 31 December 2019	-	51,489,251	-	51,489,251
Financial assets at fair value through other comprehensive income				
-Federal Government bonds	-	2,405,857	-	2,405,857
-Corporate bonds	-	355,325	-	355,325
-Treasury bills	-	701,805	-	701,805
-Quoted equities	2,471,964	-	-	2,471,964
-Unquoted equities	-	-	3,763,401	3,763,401
Company Financial Assets at Fair value as at 31 December 2019	2,471,964	3,462,987	3,763,401	9,698,351

Recognised fair value measurements

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:
-the use of quoted market prices or dealer quotes for similar instruments
-for other financial instruments – discounted free cash flow analysis.
For full fair value disclosures relating to financial assets, see note 46

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8 Trade receivables

(a) Trade receivables comprise:

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Due from brokers	897,596	303,106	897,596	303,106
Due from direct clients (see note (i) below)	347,664	279,616	-	-
Trade receivables attributable to discontinued operations (see note 18)	(189,132)			
	1,056,128	582,722	897,596	303,106
Allowance for impairment on trade receivables (see note (ii) below)	(134,724)	(195,973)	-	-
Allowance for impairment on trade receivables attributable to discontinued operations (see note (18) below)	15,673			
	937,078	386,749	897,596	303,106

Age Analysis of trade receivables:	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Within 30 days	897,597	303,106	897,596	303,106
Above 30 days	212,940	83,643	-	-
Balance as at	1,110,537	386,749	897,596	303,106

(i) Due from direct clients relates to fees receivables.
(ii) The movement in impairment allowance during the year is shown below;

In thousands of naira				
At 1 January	195,973	42,387	-	-
(Reversal)/charge for the year	(61,249)	153,586	-	-
	134,724	195,973	-	-

9 Reinsurance assets
Reinsurance assets is analyzed as follows:

In thousands of naira				
Prepaid reinsurance (see note (a) below)	1,935,631	1,442,243	1,935,631	1,442,243
Recoverable on outstanding claims (see note (b) below	5,068,358	3,694,393	5,068,358	3,694,393
Recoveries on Claims paid (see note (c) below)	492,406	323,933	492,406	323,933
	7,496,395	5,460,569	7,496,395	5,460,569
Current	7,496,395	5,460,569	7,496,395	5,460,569
Non Current	-	-	-	-
Balance at 31 December	7,496,395	5,460,569	7,496,395	5,460,569

Reinsurance assets by business segment is analysed as follows;

(i) Life reinsurance assets

in thousands of naira				
Prepaid reinsurance	239,598	96,868	239,598	96,868
Recoverable on outstanding claims	362,441	524,347	362,441	524,347
Recoveries on Claims paid	123,661	81,802	123,661	81,802
	725,700	703,017	725,700	703,017

(ii) Non life reinsurance assets;

in thousands of naira				
Prepaid reinsurance	1,696,033	1,345,375	1,696,033	1,345,375
Recoverable on outstanding claims	4,705,917	3,170,046	4,705,917	3,170,046
Recoveries on Claims paid	368,745	242,131	368,745	242,131
	6,770,695	4,757,552	6,770,695	4,757,552

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

In thousands of naira				
Balance at 1 January	1,442,243	1,327,775	1,442,243	1,327,775
Additions during the year	8,394,428	6,347,278	8,394,428	6,347,278
Reinsurance expense in the year (see note 25c)	(7,901,040)	(6,232,810)	(7,901,040)	(6,232,810)
Balance as at	1,935,631	1,442,243	1,935,631	1,442,243

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

In thousands of naira				
Balance at 1 January	3,694,393	2,809,196	3,694,393	2,809,196
Changes during the year	1,373,965	885,197	1,373,965	885,197
Balance as at	5,068,358	3,694,393	5,068,358	3,694,393

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

In thousands of naira				
Balance at 1 January	323,933	549,058	323,933	549,058
Changes during the year	168,473	(225,125)	168,473	(225,125)
Balance as at	492,406	323,933	492,406	323,933

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

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Fire	145,566	122,221	145,566	122,221
Motor	197,970	166,221	197,970	166,221
Workmen Compensation	23,291	19,555	23,291	19,555
Marine	87,340	73,333	87,340	73,333
Personal accident	40,759	34,222	40,759	34,222
Casualty accident	58,227	48,888	58,227	48,888
Oil and Gas	29,113	24,444	29,113	24,444
	582,265	488,884	582,265	488,884
The movement in deferred acquisition costs is as follows:				
Balance at 1 January	488,884	465,991	488,884	465,991
Acquisition during the year	6,440,718	5,146,494	6,399,770	5,074,980
Amortization for the year	(6,347,337)	(5,123,601)	(6,306,389)	(5,052,087)
Balance as at	582,265	488,884	582,265	488,884
Current	582,265	488,884	582,265	488,884
Non Current	-	-	-	-
Balance as at	582,265	488,884	582,265	488,884

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11 Other receivables and prepayments

In thousands of naira				
Prepaid expenses (see note (i) below)	508,592	322,938	465,583	214,906
Short term lease payment	24,566	46,232	24,566	46,232
Right-of-use Assets	21,987	21,638	21,987	21,638
Prepaid minimum deposit	46,805	65,341	46,805	65,341
Receivable from agents	34,235	32,132	34,235	32,132
Other receivables (iv)	1,708,807	449,664	51,207	92,760
Doubtful receivables	68,588	68,588	68,588	68,588
Deposit for shares receivable (ii)	-	5,289,756		5,289,756
	2,495,459	6,296,288	794,850	5,831,353
Less allowance for impairment (iii)	(68,588)	(68,588)	(68,588)	(68,588)
	2,426,871	6,227,700	726,262	5,762,765

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Current	2,426,871	6,227,700	726,262	5,762,765
Non Current	-	-	-	-
Balance as at	2,426,871	6,227,700	726,262	5,762,765

(i) Prepaid expenses relate to rent and other expenses.

(ii) Deposit for shares represents amounts received by the Company from its recent private placement, in which Leap Frog Investment Limited and AIICO Bahamas Limited invested a combined amount of N5.28 billion into the Company on 20 December 2019. Amount received was kept in dedicated account by the issuing house, Stanbic IBTC Capital pending the receipt of the final approval by the Securities and Exchange Commission (SEC). However, the Company received 'No Objection' from both SEC and NAICOM on the transaction before the receipt of the funds on 20 Dec 2019. In addition, the two investors have no intention of asking for a refund of their funds. Hence, the Company have recognised these funds in equity as Deposit for Shares pending the receipt of the final approval and allocation of the shares (see note 23 below). The final approval was received in Febuary 2020 and the shares were allocated on February 20, 2020.

(iii) This represents receivable amount under reconciliation.

(iv) Included in receivable from other client is an unsettled trade with a managed portfolio amounting to N1.09 billion which was settled in the subsequent year. Also included there are receivable from brokers amounting to N340 million

12 Income taxes

(a) Current income tax payable

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

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Balance at 1 January	487,112	590,976	361,505	507,241
Charge for the year	93,153	369,933	52,545	113,115
Payments made during the year	(222,166)	(473,798)	(106,430)	(258,851)
Balance as at	358,099	487,112	307,620	361,505

(b) Amounts recognised in profit or loss

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Minimum tax (see note (iii) below)	-	-	-	-
	-	-	-	-

(i)

Income tax expense				
Current income tax expense	208,813	319,670	52,545	62,852
Tertiary tax	-	-	-	-
NITDA levy	-	50,264	-	50,264
Income tax atrributable to discontinued operation	(115,660)	(56,677)	-	-
Current Income tax expense	93,153	313,256	52,545	113,115
Deferred tax expense				
Origination of temporary differences	(441,415)	(46,420)	(441,415)	(46,420)
Total deferred income tax (benefit)/ expense	(441,415)	(46,420)	(441,415)	(46,420)
Total income taxes	**(348,261)**	**266,836**	**(388,870)**	**66,695**

(ii) Income tax expense

In thousands of naira				
Minimum tax (see note (i) above)	-	-	-	-
Corporate tax (see note (i) above)	93,153	313,256	52,545	113,115
	93,153	313,256	52,545	113,115
Back duty (see note (ii) above)	-	-	-	-
Income tax expense	**93,153**	**313,256**	**52,545**	**113,115**

* The life business of the Company was assessed to minimum tax 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 30% of the 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-20	
In thousands of naira	**Before tax**	**Tax (expense)**	**Net of tax**
Exchange gains on fair value financial assets	15,923	-	15,923
Fair value gain on fair value financial assets (see note 24 d)	(2,598,605)	-	(2,598,605)
Balance as at	(2,582,682)	-	(2,582,682)

Company

		Dec-20	
In thousands of naira	**Before tax**	**Tax (expense)**	**Net of tax**
Exchange gains on fair value financial assets (see note 24 e)	15,923	-	15,923
Fair value gain on fair value financial assets (see note 24 d)	(1,236,135)	-	(1,236,135)
Balance as at	(1,220,212)	-	(1,220,212)

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Amounts recognised in OCI (Cont'd)

Group

In thousands of naira	Dec-19 Before tax	Tax (expense)	Net of tax
Exchange gains on fair value financial assets	12,234	-	12,234
Fair value loss on fair value financial assets	3,279,074	(139,680)	3,139,394
Balance as at	3,291,308	(139,680)	3,151,628

Company

In thousands of naira	Dec-19 Before tax	Tax (expense)	Net of tax
Exchange gains on fair value financial assets	-	-	-
Fair value loss on fair value financial assets	1,781,081	-	1,781,081
Balance as at	1,781,081	-	1,781,081

(d) Movement in deferred tax balances

2020
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
Property and Equipment	(481,164)	477,353	-	(3,931)	3,091	(7,022)
Unrelieved losses	3,077	-	-	3,077	3,077	-
Unrealised exchange gain on financial assets	(1,815)	-	-	(1,815)	-	(1,815)
	(479,902)	**477,353**	**-**	**(2,669)**	**6,168**	**(8,837)**

2020
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
Property and equipment	(441,416)	441,416	-	-	-	-
Investment property	-	-	-	-	-	-
	(441,416)	**441,416**	**-**	**-**	**-**	**-**

2019
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
Property and Equipment	(526,392)	45,228	-	(481,164)	5,711	(486,875)
Unrelieved losses	144,944	-	-	3,077	145,483	(142,406)
Investment property	(1,193)	1,193	-	-	-	-
Unrealised exchange gain on financial assets	(1,815)	-	-	(1,815)	(1,815)	-
	(384,456)	**46,420**	**-**	**(479,902)**	**149,379**	**(629,281)**

2019
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
Property and equipment	(486,643)	45,227	-	(441,416)	-	(441,416)
Investment property	(1,193)	1,193	-	-	-	-
	(487,836)	**46,420**	**-**	**(441,416)**	**-**	**(441,416)**

(e) Unrecognised deferred tax on unrelieved losses

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Unrecognised deferred tax	11,870,014	8,537,883	11,870,014	8,537,883
	11,870,014	8,537,883	11,870,014	8,537,883

This represents the deferred tax on unrelieved losses on the life and non life businesses.
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 year 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-20	Group Dec-19	Company Dec-20	Company Dec-19
AIICO Pension Managers Limited (see note (b) below)	-	-	-	1,365,042
AIICO Multishield Limited(see note (c) below)	-	-	587,317	587,317
AIICO Capital Limited see note (d) below)	-	-	500,000	500,000
Balance as at	-	-	1,087,317	2,452,359

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

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Balance at 1 January	-	-	2,452,359	2,452,359
Assets classified as held for sale	-	-	(1,365,042)	-
Balance as at	-	-	1,087,317	2,452,359

(b) AIICO Pension Managers Limited

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19

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Balance at 1 January	-	-	1,365,042	1,365,042
Classified to assets held for sale	-	-	(1,365,042)	-
Balance as at	-	-	-	1,365,042

AIICO Pension Managers Limited 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 of Nigeria 2020 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. During the year, the board decided to divest its investment in AIICO Pensions as disclosed in Note 18 of the consolidated and seperate financial statements

The Company has 70.20% (2019: 70.20%) interest in AIICO Pension Managers Limited.

(c) AIICO Multishield Limited

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Balance at 1 January	-	-	587,317	587,317
Balance as at	-	-	587,317	587,317

(ii) The Company has 76.10% interest in AIICO Multishield Limited (2018: 76.10%). AIICO Multishield Limited is involved in health management insurance.

(d) AIICO Capital Limited

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Balance at 1 January	-	-	500,000	500,000
Balance as at	-	-	500,000	500,000

This represents the Company's 90% (2018: 90%) investment in AIICO Capital Limited. AIICO Capital is involved in providing portfolio and fund management services.

(e) Non-controlling interests

In thousands of naira	**NCI Percentage Holding**	**Dec-20**	**NCI Percentage Holding**	**Dec-19**
AIICO Pension Managers Limited	29.8%	592,484	29.8%	543,316
AIICO Multishield HMO	23.9%	160,401	23.9%	147,485
AIICO Capital	10.0%	204,357	10.0%	304,798
		957,242		995,599

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

In thousands of naira	**Dec-20**	**Dec-19**
Balance at 1 January	995,599	744,559
Share of profit	188,707	125,895
Realized gain/ (loss) on equities	7,986	(13,699)
Fair value reserves	(123,910)	150,900
Dividend paid	(111,140)	(12,056)
Balance as at	957,243	995,599

(f) Asset held for sale

AIICO Pension Managers Limited	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Balance at 31 December	-	-	1,365,042	1,365,042
Balance as at	-	-	1,365,042	1,365,042

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14 Investment properties

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

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Balance at 1 January	772,000	555,000	772,000	555,000
Additions	-	338,200	-	338,200
Changes in fair value (Note 30)	(14,000)	(121,200)	(14,000)	(121,200)
Balance as at	**758,000**	**772,000**	**758,000**	**772,000**
Current	-	-	-	-
Non Current	758,000	772,000	758,000	772,000
Balance as at	**758,000**	**772,000**	**758,000**	**772,000**

Investment properties comprise 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 operating income'. All gains are unrealised.

The items of investment property are valued as shown below:
Investment properties, principally residential buildings, are held for long term rental yields and are not occupied by the group. They are carried at fair value. Property interest held under operating leases are not classified as investment properties

Company

	Opening bal	Additions	Disposal	Fair value gain/(loss)	Closing bal	Title
Safecourt Apartment Towers (6 flats). Ojulari road, off Lekki-Express Way, Lagos	252,000	-	-	6,000	**258,000**	Deed of lease
3 Terrace Houses. 36 Ladoke Akintola street, GRA, Ikeja, Lagos	270,000	-	-	(20,000)	**250,000**	Deed of Assigment
1 Unit Terrace Houses GRA	90,000	-		-	**90,000**	Deed of Assigment
Awolowo Towers	160,000	-		-	**160,000**	Deed of Assigment
	772,000	**-**	**-**	**(14,000)**	**758,000**	

(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 of 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 2020.

The Safecourt apartment (Off Lekki Expressway) had a fair value gain of N6million, the Terrace houses(GRA Ikeja) had a fair value loss of N20million,while Awolowo Towers had no fair value (loss)/gain, hence a net fair value loss of N14million as shown in (a) above.

The fair value measurement for the investment properties of ₦758million (2019: ₦772million) has been categorised as a Level 2 fair value based on the inputs into the valuation technique used.

None of the Group's assets had been pledged as collateral during the year.

(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.

Amounts recognised in profit or loss for investment properties

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Rental income from operating leases	-	-	-	-
Direct operating expenses from property that generated rental income	-	-	-	-
Direct operating expenses from property that did not generate rental income	-	-	-	-
Fair value loss recognised in other income	(14,000)	(121,200)	(14,000)	(121,200)
	(14,000)	**(121,200)**	**(14,000)**	**(121,200)**

15 Goodwill and other intangible assets

(a) Reconciliation of carrying amount

GROUP

	Goodwill	Computer Software	Total
Balance at 1 January 2020	800,863	788,944	1,589,807
Acquisitions	-	44,812	44,812
Transfer to disposal group		(241,886)	(241,886)
Balance at 31 December 2020	800,863	591,870	1,392,733
Accumulated amortization			
Balance at 1 January 2020	-	603,944	603,944
Amortization	-	98,115	98,115
Transfer to disposal group		(198,590)	(198,590)
Balance at 31 December 2020	-	503,651	503,651
Carrying amounts			
Balance at 31 December 2020	800,863	88,219	889,082
Cost			
Balance at 1 January 2019	800,863	708,108	1,508,971
Acquisitions	-	58,087	58,087
Transfer from property and equipment (see note 16)	-	22,749	22,749
Balance at 31 December 2019	800,863	788,944	1,589,807

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Goodwill and other intangible assets (Continued)

	Goodwill	Computer Software	Total
Accumulated amortization			
Balance at 1 January 2019	-	494,886	494,886
Amortization	-	109,058	109,058
Balance at 31 December 2019	-	603,944	603,944
Carrying amounts			
Balance at 31 December 2019	800,863	184,999	985,862

COMPANY

In thousands of naira	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2020	800,863	514,317	1,315,180
Acquisitions	-	23,461	23,461
Balance at 31 December 2020	800,863	537,778	1,338,641
Accumulated amortization			
Balance at 1 January 2020	-	408,500	408,500
Amortization	-	67,580	67,580
Adjustments	-	182	182
Balance at 31 December 2020	-	476,262	476,262
Carrying amounts			
Balance at 31 December 2020	800,863	61,516	862,379
Cost			
Balance at 1 January 2019	800,863	491,568	1,292,431
Transfer from property and equipment (see note 16)	-	22,749	22,749
Balance at 31 December 2019	800,863	514,317	1,315,180
Accumulated amortization			
Balance at 1 January 2019	-	326,526	326,526
Amortization	-	81,974	81,974
Balance at 31 December 2019	-	408,500	408,500
Carrying amounts			
Balance at 31 December 2019	800,863	105,817	906,680

The goodwill for the company arose from the acquisiotion of the assets and liabilities of Nigerian French Insurance Company (NFI) in 2007, via business combination. NFI was an insurance company in the Non-life business. The goodwill is evaluated for impairment annually or whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts. The recoverable amount was calculated using the free cashflow method (FCFF) with the the assumption that managemnet would continue to pay out 40% of PAT as dividend over the next five years at a long term growth rate of 10%. These variabes are discounted using the prevailing average FGN Bond rate as at each review date having considered inflation and tax. The recoverable amount is viewed from three scenarios, which are the best case, base case and the worse case

16 Property and equipment

(a) Group

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Total
Cost						
At 1 January 2020	1,715,000	4,090,000	563,209	2,867,617	1,494,782	10,730,609
Additions	-	4,891	-	255,824	421,942	682,657
Reclassification	-	475,000	(475,000)	-	-	-
Disposals	-	(320,000)	-	-	(112,570)	(432,570)
Revaluation	-	(155,000)	-	-	-	(155,000)
Transfer to disposal group (Note 18)	-	-	-	(421,896)	(317,304)	(739,200)
At 31 December 2020	**1,715,000**	**4,094,891**	**88,209**	**2,701,544**	**1,486,850**	**10,086,495**
Accumulated depreciation						
At 1 January 2020	-	40,901	-	2,181,719	910,147	3,132,766
Depreciation for the year	-	81,808	-	303,111	251,342	636,261
Disposals	-		-	-	(99,961)	(99,961)
Transfer to disposal group (Note 18)	-	-	-	(330,918)	(261,057)	(591,975)
At 31 December 2020	**-**	**122,709**	**-**	**2,153,912**	**800,471**	**3,077,091**
Net book value						
At 31 December 2020	**1,715,000**	**3,972,183**	**88,209**	**547,633**	**686,379**	**7,009,404**

i. The Group had no capital commitments as at the reporting date. (2019: Nill)
ii. There were no capitalized borrowing costs related to the acquisition of property and equipment as at the reporting date.
iii. None of the Group's assets had been pledged as collateral during the year.

Location	Title	Status
Plot Pc 12 Churchgate street Victoria Island.	Certificate of Occupancy	Pefected
Plot 2 Oba Akran Avenue Ikeja.	Deed of Assignment	Perfected
12 Moshood Abiola Way, Liberty road Ibadan	Receipt of purchase	Acquired via acquisition
AIICO House, 36-38 Ilupeju Industrial Avenue, Ilupeju, Lagos State	Deed of Assignment	Perfected

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In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Total
Cost						
At 1 January 2019	1,519,000	3,916,268	597,710	2,577,049	1,238,526	9,848,553
Additions	-	-	601,779	163,055	393,652	1,158,487
Disposals	-	-	-	(9,219)	(137,396)	(146,615)
Reclassifications	149,067	327,733	(613,532)	136,732	-	-
Reclassification to Intangibles (see note iv below)	-	-	(22,749)	-	-	(22,749)
Revaluation	46,933	(154,001)	-	-	-	(107,068)
At 31 December 2019	**1,715,000**	**4,090,000**	**563,209**	**2,867,617**	**1,494,782**	**10,730,609**
Accumulated depreciation						
At 1 January 2019	-	77,950	-	1,896,995	848,411	2,823,356
Depreciation for the year	-	80,063	-	289,265	170,569	539,897
Disposals	-		-	(4,541)	(108,833)	(113,375)
Revaluation	-	(117,113)	-	-	-	(117,113)
At 31 December 2019	**-**	**40,901**	**-**	**2,181,719**	**910,147**	**3,132,766**
Net book value						
At 31 December 2019	**1,715,000**	**4,049,099**	**563,209**	**685,898**	**584,635**	**7,597,843**

iv. Reclaissifcations are items of major repairs on buildings and purchase of equipments that have been put to full use.

(b) Company

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Total
Cost						
At 1 January 2020	1,715,000	4,090,000	489,929	2,352,704	796,309	9,443,942
Additions	-	4,891	-	213,953	413,767	632,611
Reclassification	-	475,000	(475,000)	-	-	-
Disposals	-	(320,000)	-	-	(57,365)	(377,365)
Revaluation	-	(155,000)	-	-	-	(155,000)
At 31 December 2020	**1,715,000**	**4,094,891**	**14,929**	**2,566,657**	**1,152,711**	**9,544,188**
Accumulated depreciation						
At 1 January 2020	-	40,900	-	1,801,137	565,692	2,407,730
Depreciation for the year	-	81,808	-	239,718	161,221	482,747
Disposals	-	-	-	-	(52,465)	(52,465)
Adjustments					606	606
At 31 December 2020	**-**	**122,708**	**-**	**2,040,855**	**675,055**	**2,838,618**
Net book value						
At 31 December 2020	**1,715,000**	**3,972,183**	**14,929**	**525,802**	**477,656**	**6,705,570**

In thousands of naira	Land	Buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Total
Cost						
At 1 January 2019	1,519,000	3,916,268	597,710	2,121,572	780,377	8,934,927
Additions	-	-	528,499	98,994	114,618	742,111
Disposals	-	-	-	(4,594)	(98,686)	(103,280)
Reclasifications	149,067	327,733	(613,532)	136,732	-	(149,067)
Reclassification to Intangibles *	-	-	(22,749)	-	-	(22,749)
Revaluation	46,933	(154,001)	-	-	-	(107,068)
At 31 December 2019	**1,715,000**	**4,090,000**	**489,929**	**2,352,704**	**796,309**	**9,443,942**
Accumulated depreciation						
At 1 January 2019	-	77,950	-	1,586,773	573,096	2,237,819
Depreciation for the year	-	80,063	-	215,625	86,219	381,908
Disposals	-	-	-	(1,260)	(93,623)	(94,883)
Revaluation	-	(117,113)	-	-	-	(117,113)
At 31 December 2019	**-**	**40,900**	**-**	**1,801,137**	**565,692**	**2,407,730**
Net book value						
At 31 December 2019	**1,715,000**	**4,049,100**	**489,929**	**551,566**	**230,617**	**7,036,210**

17 Statutory deposits

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2020 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.

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Non life business	300,000	300,000	300,000	300,000
Life business	200,000	200,000	200,000	200,000
	500,000	**500,000**	**500,000**	**500,000**

In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
At 1 January	500,000	530,000	500,000	530,000
Writed-off (i)	-	(30,000)	-	(30,000)
Balance as at	**500,000**	**500,000**	**500,000**	**500,000**

(i) Write-off

In year 2019, a reconciliation exercise was carried out with the Central Bank of Nigeria (CBN) which resulted to a writedown of N30 million that was earlier brought into the books in 2014 based on CBN's confirmation.

18 Discontinued operations and disposal groups held for sale.

Following the approval by the Board at the Board Meeting held on 30 April 2020, the company has decided to divest its interest in AIICO Pensions Managers Limited. At 31 December 2020, the subsidiary was classified as disposal group held for sale and as discontinued operations. The subsidiary represents the Pension Administration arm of the Group , with their classification as discontinued operations, these segments going forward will no longer be presented in the segment notes. While efforts to dispose of the groups are ongoing, a sale is expected to be completed within a year from the reporting date.

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This subsidiary was not previously classfied as held for sale or as discontinued operations. The comparative statement of profit or loss and OCI has been restated to show the discontinued operations seperately from continuing operations. Analysis of the results of entities classified as discontinued operations and held for sale are as detailed below:

18.1 Assets and liabilities of disposal groups held for sale and discontinued operations

Assets and liabilities of disposal groups held for sale comprise the assets and liabilities of AIICO Pension Managers Limited as at 31 December 2020.

Carrying values of:

(a) **Assets**

In thousands of naira	Dec-20	Total
Cash and cash equivalents (see note 18.10)	1,749,941	1,749,941
Financial assets (see note 18.4)	97,097	97,097
Trade receivables (see note 18.5)	173,459	173,459
Other receivables and prepayments (see note 18.6)	18,271	18,271
Goodwill and other intangible assets (see note 18.7)	43,295	43,295
Property and equipment (see note 18.3)	147,225	147,225
Deferred tax assets	8,491	8,491
	2,237,780	**2,237,780**

(b) **Liabilities**

In thousands of naira	Dec-20	Total
Trade payables	59,954	59,954
Other payables and accruals (see note 18.8)	92,942	92,942
Current income tax payable (see note 12)	131,083	131,083
Deferred tax liability	32,484	32,484
	316,462	**316,462**
Net assets/(liabilities) directly associated with disposal group	**1,921,318**	**1,921,318**

18.2. Results of discontinued operations

In thousands of naira	Dec-20	Dec-19
Revenue	1,511,432	1,386,840
Direct cost	-	-
Gross profit	1,511,432	1,386,840
Investment and other income	146,436	228,375
Employee Benefits expense	(703,414)	(729,287)
Other operating expense	(569,304)	(635,026)
Operating profit	385,150	250,901
Impairment loss on Investments		(2,293)
Finance costs	-	-
Profit before tax from discontinued operations	385,150	248,608
Income tax	(115,660)	(56,677)
Profit after tax from discontinued operations	**269,490**	**191,931**

18.3. Property plant and equipment of subsidiary classified as disposal group

In thousands of naira	Furniture & equipment	Motor vehicles	Total
Cost			
At 1 January 2020	395,973	330,429	726,402
Additions	25,924	10,000	35,924
Disposals		(23,125)	(23,125)
At 31 December 2020	**421,896**	**317,304**	**739,200**
Accumulated depreciation			
At 1 January 2020	275,598	227,089	502,688
Depreciation for the year	55,320	50,217	105,538
Disposals		(16,250)	(16,250)
At 31 December 2020	**330,919**	**261,057**	**591,975**
Net book value			
At 31 December 2020	**90,978**	**56,247**	**147,225**

18.4. Financial assets of subsidiary classified as disposal group

In thousands of naira	Total
Financial assets at amortized cost	97,203
Impairment on financial assets at amortized cost	(106)
	97,097

18.5. Trade receivables of subsidiary classified as disposal group

In thousands of naira	Total
Receivable fees	189,132
Impairment on receivable fees	(15,673)
	173,459

18.6. Other receivables and prepayment of subsidiary classified as disposal group

In thousands of naira	Total
Prepayment	15,469
Other receivables	2,802
Impairment on other receivables and prepayment	-
	18,271

18.7. Intangible assets of disposal group

In thousands of naira	Software	Total
Cost		
Balance at 1 January 2020	224,291	224,291
Acquisitions	17,594	17,594
At 31 December 2020	**241,886**	**241,886**
Accumulated amortization		
Balance at 1 January 2020	169,087	169,087
Amortization for the year	29,503	29,503
At 31 December 2020	**198,590**	**198,590**
Carrying value		
At 31 December 2020	**43,296**	**43,296**

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18.8. Other payables of attributable to subsidiary classified as held for sale.

In thousands of naira	31-Dec-20	Total
Accrued Expenses	69,167	69,167
Other Payables	23,775	23,775
	92,942	92,942

18.9 Statutory reserve of assets transferred to disposal group

In thousands of naira	31-Dec-20	Total
As at January	167,874	167,874
Transferred from statutory reserve	34,168	34,168
	202,042	202,042

18.10 Cash and cash equivalent classifed as held for sale

In thousands of naira	31-Dec-20	Total
Amortized cost	1,754,244	1,754,244
Impairment loss	(4,303)	(4,303)
	1,749,941	1,749,941

19 Insurance contract liabilities

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Outstanding claims (see note (a) below)	9,547,751	6,822,626	9,366,445	6,668,137
Claims incurred but not reported (see note (b) below)	3,445,017	2,709,152	3,445,017	2,709,152
Unearned premium (see note (c) below)	5,030,111	3,777,808	4,990,001	3,712,068
Life fund (see (note (d) below)	62,276,724	32,634,748	62,276,724	32,634,748
Annuity fund (see note (e) below)	55,778,785	39,042,017	55,778,785	39,042,017
	136,078,388	**84,986,351**	**135,856,973**	**84,766,122**

(a) Outstanding claims per business segment is as follows;

	Group		Company	
	Dec-20	Dec-19	Dec-20	Dec-19
Non life	6,504,785	3,902,463	6,504,785	3,902,463
Life	2,861,660	2,765,674	2,861,660	2,765,674
Health	181,306	154,489	-	-
	9,547,751	**6,822,626**	**9,366,445**	**6,668,137**

(a)(i) The movement in outstanding claims is as follows;

	Group		Company	
	Dec-20	Dec-19	Dec-20	Dec-19
Balance at 1 January	6,822,626	5,972,487	6,668,137	5,831,496
Claims incurred during the year	39,010,646	30,549,728	38,565,752	30,092,658
Claims paid during the year (see note 27)	(36,285,521)	(29,699,588)	(35,867,444)	(29,256,018)
	9,547,751	**6,822,626**	**9,366,445**	**6,668,137**

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

in thousands of naira	0 - 90 days	91 - 180 days	181 - 360 days	361 days +	Total
1 - 500,000	54,768	11,123	25,927	503,370	595,188
500,001 - 1,000,000	24,857	21,588	32,895	312,086	391,426
1,000,001 - 2,500,000	35,859	28,120	74,207	389,300	527,485
2,500,001 - 5,000,000	70,795	41,108	71,110	274,048	457,061
5,000,001 - 10,000,000	82,984	39,383	63,972	116,639	302,978
10,000,001 - Above	231,472	87,005	30,119	238,926	587,523
Total	**500,736**	**228,326**	**298,230**	**1,834,369**	**2,861,660**

(a)(iii) The age analysis of non life reported claims is as follows:

in thousands of naira	0 - 90 days	91 - 180 days	181 - 360 days	360 days +	Total
1 - 500,000	77,114	40,207	65,191	156,773	339,285
500,001 - 1,000,000	92,300	39,944	42,628	51,043	225,915
1,000,001 - 2,500,000	91,539	42,522	56,494	91,365	281,920
2,500,001 - 5,000,000	193,777	76,504	56,128	115,822	442,232
5,000,001 - 10,000,000	153,569	20,748	43,648	50,210	268,175
10,000,001 - Above	2,177,353	210,205	1,521,692	1,038,008	4,947,259
Total	**2,785,653**	**430,130**	**1,785,781**	**1,503,220**	**6,504,785**

(b) Claims incurred but not reported

	Group		Company	
	Dec-20	Dec-19	Dec-20	Dec-19
Non life	2,127,653	1,691,907	2,127,653	1,691,907
Life	1,317,364	1,017,245	1,317,364	1,017,245
	3,445,017	**2,709,152**	**3,445,017**	**2,709,152**

(c) Unearned premium

Non life	3,832,732	3,199,816	3,832,732	3,199,816
Life	1,157,269	512,252	1,157,269	512,252
Health	40,110	65,740	-	-
	5,030,111	**3,777,808**	**4,990,001**	**3,712,068**

(i) Movement in unearned premium is as follows;

Balance at 1 January	3,777,808	3,706,626	3,712,068	3,648,635
Changes during the year	1,298,866	71,182	1,279,485	63,433
Balance as at	**5,030,111**	**3,777,808**	**4,990,001**	**3,712,068**

(d) The movement in individual life fund is as follows;

Balance at 1 January	32,634,748	22,557,159	32,634,748	22,557,159
Changes during the year	29,641,976	10,077,589	29,641,976	10,077,589
Balance as at	**62,276,724**	**32,634,748**	**62,276,724**	**32,634,748**

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(e) The movement in annuity fund is as follows;

	Group		Company	
	Dec-20	**Dec-19**	**Dec-20**	**Dec-19**
Balance at 1 January	39,042,017	30,653,985	39,042,017	30,653,985
Changes during the year	16,736,768	8,388,032	16,736,768	8,388,032
Change as at 31 December	**55,778,785**	**39,042,017**	**55,778,785**	**39,042,017**

20 Investment contract liabilities

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Deposit administration (see note (a) below)	2,906,733	2,477,145	2,906,733	2,477,145
Other investment contract liabilities (see note (b) below)	18,928,643	13,724,222	18,928,643	13,724,222
Total investment contract liabilities	**21,835,376**	**16,201,367**	**21,835,376**	**16,201,367**

(a) Movement in deposit administration is shown below:

At 1 January	2,477,145	1,862,197	2,477,145	1,862,197
Deposits	357,998	539,074	357,998	539,074
Withdrawals	(59,747)	(108,480)	(59,747)	(108,480)
Credit of interest and other income	106,558	105,438	106,558	105,438
Impact of actuarial valuation	24,779	78,917	24,779	78,917
Balance as at	**2,906,733**	**2,477,145**	**2,906,733**	**2,477,145**

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

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
At 1 January	13,724,222	10,457,420	13,724,222	10,457,420
Additional Premium	17,753,178	12,262,337	17,753,178	12,262,337
Withdrawal	(9,960)	(8,267)	(9,960)	(8,267)
Interest	1,145,235	821,808	1,145,235	821,808
Surrender/Benefits	(13,684,033)	(9,809,076)	(13,684,033)	(9,809,076)
Balance as at	**18,928,643**	**13,724,222**	**18,928,643**	**13,724,222**

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

21 Trade payables

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

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Reinsurance and co-insurance payable	945,826	167,439	945,826	167,439
Premium paid in advance	159,403	588,068	159,403	588,068
Unallocated premium (see (a) below)	822,415	321,343	822,415	321,343
Refund to policyholders	24,256	9,626	24,256	9,626
Commission payable	11,993	425,921	11,993	425,921
Others	116,785	326,844	-	-
Transfer to held for sale	(59,954)	-	-	-
	2,020,724	**1,839,238**	**1,963,893**	**1,512,394**

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

22 (a) Other payables and accruals

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Accrued expenses (see note (iii) below)	1,622,217	1,734,771	1,552,366	1,641,035
NAICOM levy (see note 33(a))	613,184	-	613,184	-
Agent provident fund	196,663	203,563	196,663	203,563
Gratuity payable (see note (i) below)	36,824	64,752	36,824	64,752
Deferred income (fees & Commission)	535,758	410,093	535,758	410,093
Other payables (see note (iv) below)	1,284,928	706,807	145,957	331,607
Other credit balances (see note (ii) below)	577,976	530,299	577,976	530,299
Payable to subsidiaries	-	-	233,432	225,402
Transferred to disposal group (see note 18(b))	(92,942)	-	-	-
	4,774,609	**3,650,286**	**3,892,160**	**3,406,751**

(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 prospective policyholders.

(iii) Included in accrued expense is N178m (2019: N152.4m) which represents deferred incentive pay for executive management staff (from AGM to MD). This incentive pay is 30% of eligible employees annual bonus, which is deferred and shall vest after three years. It will also grow in line with the growth in Net Asset Value (NAV) of the Company.

(iv) The balance due to PTAD in 2019 on the re-acquisition of assets initially availed to PTAD for the settlement of the Company's liabilities has been paid. An agreement was reached with PTAD on the payment of N297,991,985.00 as full and final settlement.

(b) Fixed income liabilities

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Guaranteed income notes (see note (i))	43,046,848	20,143,047	-	-
	43,046,848	20,143,047	-	-

(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-20**	**Dec-19**	**Dec-20**	**Dec-19**
Cash and cash equivalents	1,016,546	475,676	-	-
Financial assets (see note 7)	42,030,302	19,667,371	-	-
	43,046,848	20,143,047	-	-

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23 (a) Borrowings

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
IFC Loan	-	2,629,477	-	2,629,477
	-	**2,629,477**	**-**	**2,629,477**

The Company obtained a loan of US$7million (N1.39billion) from the International Finance Corporation (IFC) on 30 June 2015 at an interest rate of 6.5% plus 6-month LIBOR for a year of 7 years with moratorium year of 4 years on the principal. The loan had an embedded derivative (a conversion option) whereby IFC has the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Company.

The first installment was paid in March 2020 after which the Company decided to prepay the loan before its maturity date. As at December 2020 the loan has been fully paid as shown below:

(b) The movement in borrowings is as follows:

(i)	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
At 1 January	2,629,477	2,134,334	2,629,477	2,134,334
Foreign exchange loss	-	138,684	-	138,684
Convertible option	-	-	-	-
Repayment	(2,442,929)		(2,442,929)	
Expired rights of conversion	-	169,911	-	169,911
	186,548	2,442,929	186,548	2,442,929
Accrued interest (see (ii) below)	96,743	186,548	96,743	186,548
Interest repayment	(283,291)		(283,291)	-
	-	**2,629,477**	**-**	**2,629,477**

The loan which is carried at amortised cost was remeasured at the reporting date using the closing market rate of N410.25/$1 (2019: 364.51/$1)

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

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
At 1 January	186,548	190,399	186,548	190,399
Accrued Interest	96,743	399,274	96,743	399,274
Interest repayment	(283,291)	(403,124)	(283,291)	(403,124)
Balance as at	**-**	**186,548**	**-**	**186,548**

24 Capital and reserves

(a) Share capital

In thousands of naira				
(a)(i) Authorised:				
At 1 January 2020: 36,000,000,000 (2019: 15,000,000,000) shares of 50k each	18,000,000	7,500,000	18,000,000	7,500,000
Increase during the year: 1,600,000,000 (2019: 21,000,000,000) shares of 50k each	800,000	10,500,000	800,000	10,500,000
At 31 Dec 2020: 37,600,000,000 (2019: 36,000,000,000) shares of 50k each	**18,800,000**	**18,000,000**	**18,800,000**	**18,000,000**

During the year, the Company increased its authorised share capital in other to accommodate additional shares issued to increase the Company's capital above the NAICOM's minimum Capital required of N9 billion as at 31 Dec 2020 and N18 billion as at 31 Dec 2021

(a)(ii) Ordinary shares issued and fully paid: 15687975434
15,687,975,434

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
At 1 January 2020: 6,930,204,480 (2019: 6,930,204,480) shares of 50k each	3,465,102	3,465,102	3,465,102	3,465,102
Increase: 20 February 2020 from private placement: 4,400,000,000 (2019: NIL) shares of 50k each	2,200,000	-	2,200,000	-
Increase: 29 December 2020 from right issue: 4,357,770,954 (2019: NIL) shares of 50k each	2,178,886	-	2,178,886	-
At 31 Dec 2020: 15,687,975,434 (2019: 6,930,204,480) shares of 50k each	**7,843,988**	**3,465,102**	**7,843,988**	**3,465,102**

(a)(iii) Ordinary shares issued and fully paid can be further analysed as follows:

In thousands of naira				
General business -11,138,694,884.76 ordinary shares at 50 kobo each (2019: 3,252,479,682)	5,567,625	1,626,239	5,567,625	1,626,239
Life business - 4,549,278,989.26 ordinary shares at 50 kobo each	2,276,363	1,838,863	2,276,363	1,838,863
	7,843,988	**3,465,102**	**7,843,988**	**3,465,102**

(a)(iv) During the year, the Company issued additional shares to shareholders that invested in the Company through Private Placement in which N5.2 billion was raised from two new shareholders and Rights Issue in which N3.5 billion was raised from existing shareholders. Shares for the Private Placement were issued at N1.20 per share while the Rights Issued was at 80k per share.

(b) Share premium

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
At 1 January 2020	2,824,389	2,824,389	2,824,389	2,824,389
Increase during the year	4,212,792	-	4,212,792	-
At 31 Dec 2020	**7,037,181**	**2,824,389**	**7,037,181**	**2,824,389**

The increase during the year represents the premium on the Private Placement and the Rights Issue minus less cost of issue.

(c) Revaluation reserve
(i) The balance in this account is analysed as follows:

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
At 1 January	1,812,707	1,802,662	1,812,707	1,812,707
Revaluation (loss)/ gain	(155,000)	10,045	(155,000)	-
Transfer to retained earnings	155,000	-	155,000	-
Balance as at	**1,812,707**	**1,812,707**	**1,812,707**	**1,812,707**

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(d) Fair value reserve

	Group		Company	
	Dec-20	**Dec-19**	**Dec-20**	**Dec-19**
At 1 January	1,995,335	**(1,143,847)**	828,179	**(952,901)**
Reclassification to/(from) fair value reserves	(64,392)	150,689	-	-
Net fair value gain/(loss)	(2,598,605)	3,137,476	(1,236,135)	1,779,163
Impairment adjustment	36,338	1,918	(30,632)	1,918
Transfer to NCI	123,910	(150,900)	-	-
Balance as at	**(507,416)**	**1,995,335**	**(438,588)**	**828,179**

The fair value reserves is further broken down below;

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Revalued equities - Quoted	(563,212)	(943,260)	(547,748)	(806,270)
Revalued equities - Unquoted	819,355	1,462,461	819,355	1,462,461
Revaluation of bonds	(865,158)	1,573,267	(733,858)	130,569
Impairment reserve (see Note (i) below	84,038	47,699	5,326	35,957
Revaluation of treasury bills	17,562	(144,832)	18,338	5,461
Balance as at	**(507,416)**	**1,995,336**	**(438,586)**	**828,179**

	Group		Company	
In thousands of naira	**Group**	**Jan-00**	**Company**	**Jan-00**
At 1 January	47,699	45,781	35,957	34,039
Imapirment charge for the year	36,338	1,918	(30,632)	1,918
	84,037	**47,699**	**5,326**	**35,957**

(e) Foreign exchange gains reserve

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
At 1 January	159,677	147,443	159,677	147,443
Exchange gains on financial assets	15,923	12,234	15,923	12,234
Balance as at	**175,600**	**159,677**	**175,600**	**159,677**

(f) Statutory reserve

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
At 1 January	167,874	143,882	-	-
Transfer from retained earnings	34,168	23,992	-	-
Transfer to disposal group (see note 18.9)	(202,042)	-	-	-
Balance as at	**-**	**167,874**	**-**	**-**

(g) Contingency reserve

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
At 1 January	6,320,410	5,807,411	6,320,410	5,807,411
Transfer from retained earnings	893,184	512,999	893,184	512,999
Balance as at	**7,213,595**	**6,320,410**	**7,213,595**	**6,320,410**

Contingency reserve is calculated, in the case of non-life business, at the rate of the higher of 3% of total premium income receivable during the year or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003.

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 until it reaches minimum capital. As at 30 September 2020, for the life business, additional transfer was made to the contingency reserve as it has not reached the minimum capital in line with the Insurance Act, 2003.

(h) Retained earnings

The movement in retained earnings can be analysed as follows:

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
At 1 January	5,888,969	1,479,002	5,253,959	1,253,208
Transfer from statement of profit or loss and other comprehensive income	5,061,120	5,784,443	4,764,596	5,157,259
Transfer from/(to) contingency reserve	(893,184)	(512,999)	(893,184)	(512,999)
Transfer from statutory reserve (see note (g) above)	(34,168)	(147,282)	-	-
Dividend paid to ordinary shareholders (see (a) below)	-	(415,812)	-	(415,812)
Realised (loss)/gain on equities	56,406	(298,382)	(136,269)	(227,697)
Transfer from revaluation reserve	(155,000)	-	(155,000)	-
Balance as at	**9,924,143**	**5,888,969**	**8,834,100**	**5,253,959**

(i) Deposit for shares

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Deposit for shares	5,280,000	-	5,280,000	-
Additions in the year	-	5,280,000	-	5,280,000
Ord shares of 4,399,998,440 with nominal value of 50kobo each at market price of N1.20kobo	(5,201,804)	-	(5,201,804)	-
Direct cost attributable to capital raised	(78,196)	-	(78,196)	-
	-	**5,280,000**	**-**	**5,280,000**

(ii) This represents deposit for shares from the two investors in the Company's private placement, pending allotment of the shares as at December 2019. The shares were subsequently issued in February 2020 as indicated above.

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25 Gross premium

(a) Gross premium written

Gross premium written by business is as follows:

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Non-life	14,000,013	12,179,141	14,000,013	12,179,141
Life (individual and group)	41,636,417	30,283,279	41,636,417	30,283,279
Annuity	5,681,968	6,977,811	5,681,968	6,977,811
Health Management	661,269	698,236	-	-
	61,979,667	**50,138,467**	**61,318,398**	**49,440,231**

(b) Gross premium income

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Gross premium written	61,979,667	50,138,467	61,318,398	49,440,231
Unearned premium	(1,298,866)	(129,634)	(1,279,485)	(63,893)
	60,680,800	**50,008,831**	**60,038,913**	**49,376,338**

(c) Reinsurance expenses

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Reinsurance premium charge for the year	8,394,428	6,347,278	8,394,428	6,347,278
Unexpired reinsurance cost	(493,388)	(114,468)	(493,388)	(114,468)
Net reinsurance expense	**7,901,040**	**6,232,810**	**7,901,040**	**6,232,810**

26 Fees and commission income

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Insurance contract	1,556,537	1,433,827	1,556,537	1,433,827
Pension and other contracts (see note (a) below)	406,077	434,013	-	-
	1,962,615	**1,867,840**	**1,556,537**	**1,433,827**

(a) Pension and other other contracts relate to fee and income earned on pension fund and asset management by the subsidiary companies.

27 (a) Gross benefits and claims incurred

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Claims paid during the year (note 18(ai))	36,285,521	29,699,587	35,867,444	29,256,018
Change in outstanding claims	2,725,125	850,139	2,698,308	836,641
Change in incurred but not reported	735,865	58,877	735,865	58,877
	39,746,511	**30,608,604**	**39,301,617**	**30,151,536**

In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Life insurance contracts (see note (i) below)	27,999,313	23,008,014	27,554,419	22,550,944
Non-life insurance contracts (see note (ii) below)	11,747,198	7,600,590	11,747,198	7,600,591
	39,746,511	**30,608,604**	**39,301,617**	**30,151,535**

(i) Life insurance contract gross benefits and claims incurred can be analysed as follows:

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Gross benefits	17,900,687	14,461,693	17,900,687	14,461,693
Gross claims	9,570,544	8,543,726	9,125,650	8,086,656
Change in outstanding claims reserve	528,082	2,595	528,082	2,595
	27,999,313	**23,008,014**	**27,554,419**	**22,550,944**

(ii) Non-life insurance contract gross claims Incurred

	Group		Company	
In thousands of naira	**Dec-20**	**Dec-19**	**Dec-20**	**Dec-19**
Gross claims incurred	11,311,452	7,394,016	11,311,452	7,394,016
Changes in outstanding claims reserve	435,746	206,574	435,746	206,575
	11,747,198	**7,600,590**	**11,747,199**	**7,600,591**

	Group		Company	
	Dec-20	**Dec-19**	**Dec-20**	**Dec-19**
(b) Claim recoveries				
Claims recovered from reinsurance	6,547,360	4,567,924	9,632,236	5,888,068
Changes in outstanding claims	1,542,438	660,072	(1,542,438)	(660,072)
	8,089,798	**5,227,996**	**8,089,798**	**5,227,996**
(i) Claims recoveries can be futher analysed as follows:				
Life	308,359	923,519	308,359	923,519
Non-life (see note (ii) below)	7,781,439	4,304,477	7,781,439	4,304,477
	8,089,798	**5,227,996**	**8,089,798**	**5,227,996**
(ii) Non-life business claims recoveries can be analysed as follows:				
Recoveries - reinsurance	7,653,428	4,167,574	7,653,428	4,167,574
Recoveries - salvage	128,011	136,903	128,011	136,903
	7,781,439	**4,304,477**	**7,781,439**	**4,304,477**

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28 Underwriting expenses

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Acquisition costs (see note (a) below)	6,347,337	5,123,601	6,306,389	5,052,087
Maintenance expenses (see note (c) below)	1,427,216	1,136,962	1,427,216	1,136,962
	7,774,553	**6,260,563**	**7,733,605**	**6,189,049**

(a) Acquisition costs by business is as follows:

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Life	4,170,375	3,173,484	4,170,375	3,173,484
Non-life	2,136,014	1,878,603	2,136,014	1,878,603
Multishield HMO	40,948	71,514	-	-
	6,347,337	**5,123,601**	**6,306,389**	**5,052,087**

(b) Acquisition costs is analysed as follows:

Acquisition cost during the year	6,399,770	5,074,980	6,399,770	5,074,980
Net movement in deferred acquisition cost	(93,381)	(22,893)	(93,381)	(22,893)
Commission incurred	6,306,389	5,052,087	6,306,389	5,052,087
Providers' capitation fee and other direct expenses	40,948	71,514	-	-
	6,347,337	**5,123,601**	**6,306,389**	**5,052,087**

(c) Maintenance expenses can be analysed as follows:

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Policy administration expenses	1,036,141	919,262	1,036,141	919,262
Tracking expenses	16,127	20,086	16,127	20,086
Service charges	374,948	197,614	374,948	197,614
	1,427,216	**1,136,962**	**1,427,216**	**1,136,962**

29 (a) Investment income

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Policyholders' funds (see note (i) below)	6,352,986	5,469,469	7,146,137	5,497,872
Annuity funds (see note (ii) below)	2,933,543	2,914,048	2,933,543	2,914,048
Shareholders' funds (see note (iii) below)	2,425,985	1,970,489	1,331,770	675,766
	11,712,513	**10,354,006**	**11,811,450**	**9,087,686**

(i) Investment income attributable to policyholders' funds

	Group		Company	
In thousands of naira	Dec-20	Dec-19	Dec-20	Dec-19
Interest income on financial assets	6,490,590	5,127,817	6,490,590	5,127,817
Interest income on cash and cash equivalents	(71,759)	(789)	(71,759)	(789)
Income on policy loan	178,444	191,359	178,444	191,359
Dividend income	(244,290)	151,082	548,861	179,486
	6,352,986	**5,469,469**	**7,146,137**	**5,497,872**

(ii) Investment income attributable to annuity funds

Interest income on financial assets	2,933,543	2,914,128	2,933,543	2,914,128
Interest expense on cash and cash equivalents	-	(80)	-	(81)
	2,933,543	**2,914,048**	**2,933,543**	**2,914,048**

(iii) Investment income attributable to shareholders' funds

Interest income on financial assets	1,521,418	1,651,357	521,423	471,503
Interest income on cash and cash equivalents	482,139	232,778	387,919	118,054
Dividend income	422,428	86,209	422,428	86,209
	2,425,985	**1,970,489**	**1,331,770**	**675,766**

(iv) Investment income

Interest revenue calculated using the effective interest method	3,593,453	3,231,372	3,136,744	2,774,662
Other interest and similar income	7,308,713	6,856,939	7,864,360	6,047,329
Trading gains on equities	387,919	-	387,919	-
Dividend income	422,428	265,695	422,428	265,695
	11,712,513	**10,354,006**	**11,811,450**	**9,087,686**

(b) Profit on deposit administration

Investment income on deposit administration can be analysed as follows:

Investment income on deposit	186,271	195,788	186,271	195,788
Guaranteed interest to policyholders	(106,558)	(105,438)	(106,558)	(105,438)
Acquisition expense	(449)	(165)	(449)	(165)
Impact of actuarial valuation	(24,779)	(78,917)	(24,779)	(78,917)
Profit from deposit administration	**54,485**	**11,269**	**54,485**	**11,269**

Notes to the Consolidated and Separate Financial Statements (Continued)
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30 (a) Net realised gains

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Net realised gains are attributable to the following:				
Property and equipment	2,580	10,132	2,580	10,691
Fair value financial instruments (see (b) below)	7,397,016	12,580,538	7,397,016	12,579,562
	7,399,596	**12,590,671**	**7,399,596**	**12,590,254**

(b) Net realised gains on fair value financial instrument can be analysed as follows:

	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Gain on treasury bills	105,474	5,623,129	105,474	5,623,129
Gain on FGN Bonds	7,291,542	6,957,409	7,291,542	6,956,433
	7,397,016	**12,580,538**	**7,397,016**	**12,579,562**

31 Net fair value gains/(losses)

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Financial assets	30,637,376	1,774,007	30,637,376	1,774,007
Investment properties	(14,000)	(121,200)	(14,000)	(121,200)
	30,623,376	**1,652,807**	**30,623,376**	**1,652,807**

32 Other operating income

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Sundry income	2,928,821	586,350	972,492	239,613
Interest income on deposit shares	-	9,756	-	9,756
Exchange (loss)	(210,417)	(46,569)	(210,417)	(46,569)
	2,718,404	**549,537**	**762,075**	**202,800**

33 Personnel expenses

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Salaries	2,048,945	2,993,918	1,377,326	2,550,125
Allowances and other benefits	1,868,653	1,803,021	1,840,103	1,633,122
	3,917,598	**4,796,939**	**3,217,429**	**4,183,247**

34 Other operating expenses

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Travel and representation	298,321	581,443	230,130	538,579
Marketing and administration	429,978	327,245	395,434	195,434
Advertising	978,208	825,976	751,633	715,250
Occupancy	530,240	484,967	266,053	435,443
Amortization of Right of Use Assets	87,166	83,783	87,166	83,783
Communication and postages	466,701	386,486	329,022	386,486
Dues and subscriptions	149,296	88,965	110,053	58,955
Office supply and stationery	117,333	343,836	117,238	148,895
Fees and assessments	3,160	1,528	1,833	96,051
NAICOM levy (see note (a) below)	1,144,637	368,069	1,144,637	368,069
Directors emolument	290,881	197,640	237,150	130,819
Regulatory fees & expenses (local licensing and filing)	351,973	241,800	290,138	241,800
Legal fees	137,451	45,552	54,658	45,552
Consulting fees (External actuary, tax consultancy)	695,208	619,381	771,236	490,693
Consulting fees (IT, contract staff related)	590,322	372,328	346,315	227,328
Depreciation and amortisation	650,741	499,736	550,328	463,882
Auditor's fees (including interim audit fees)	59,201	59,201	43,000	43,196
Miscellaneous expenses (see note (b) below)	459,493	371,935	319,373	130,380
Foreign exchange loss	112,621	138,684	112,621	138,684
	7,552,932	**6,038,555**	**6,158,019**	**5,297,475**

(a) Included in NAICOM Levy for the year is accural for the 2020 levy and and amortization for levy 2019 already paid for in 2020.

(b) Miscellaneous expenses relate to local taxes including tenement rates, land use charges, parking fees, etc payable to local tax authorities.

35 Finance costs

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Finance cost (see note (i) below)	96,743	431,328	96,743	431,328
	96,743	**431,328**	**96,743**	**431,328**

(i) This relats to interest on IFC loan which has be been fully repaid as at 31 December 2020. (See note 23(ii) above)

36 Impairment losses

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Impairment loss on financial instruments and others. (see note (a) below)	36,971	176,489	(31,114)	141,155
	36,971	**176,489**	**(31,114)**	**141,155**

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(a) *Impairment losses/ (reversal) can be attributable to the following;*

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Impairment loss on financial instruments at amortized cost	(10,074)	60,221	(257)	22,595
Impairment loss on financial instruments at FVTOCI	36,337	1,918	(30,633)	1,918
(Reversal)/ impairment on cash and cash equivalent	(224)	3,586	(224)	3,586
Write down of statutory deposits (see note 17(i))	-	30,000	-	30,000
Write off on other receivables		14,468	-	14,468
(Reversal)/ impairment of Trade and other receivables	(61,249)	68,588	-	68,588
	36,971	**178,781**	**(31,114)**	**141,155**

(b) ***Impairment loss/(write back) can be attributed to the following:***

	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Impairment allowance for debt instruments	97,996	21,610	(31,338)	(5,025)
Impairment on cash and cash equivalents	224	3,586	224	-
Impairment on trade receivables	(61,249)	153,586	-	-
	36,971	**178,782**	**(31,114)**	**(5,025)**

(b) Impairment loss on loans receivables can be attributed to:

	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Impairment loss on policy loans	-	-	-	-
Impairment of financial asset	(31,114)	153,586	(31,114)	141,155
	(31,114)	**153,586**	**(31,114)**	**141,155**

37 Earnings per share

(a) Earnings per share from continued operation

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average

In thousands of naira	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Net profit attributable to ordinary shareholders for basic and diluted earnin	5,061,120	5,784,443	4,764,596	5,157,259
	5,061,120	**5,784,443**	**4,764,596**	**5,157,259**
Number of shares in issue	**15,687,975**	**6,930,204**	**15,687,975**	**6,930,204**
Dilutive effect of preference shares	-	-	-	-
Dilutive effect of the IFC loan conversion option	-	-		-
Net	**15,687,975**	**6,930,204**	**15,687,975**	**6,930,204**
Weighted average of ordinary shares in issue	14,958,161	6,930,204	14,958,161	6,930,204
Basic earnings per share (kobo)	33	83	32	74
Diluted earnings per share (kobo)	33	83	32	74

(a) Earnings per share from discontinued operation

	Group Dec-20	Group Dec-19	Company Dec-20	Company Dec-19
Basic earnings per share (kobo) from discontinued operation	0.25	-	-	-
Diluted earnings per share (kobo) from discontinued operation	0.25	-	-	-

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.

38 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 2020, no loan was advanced to directors (2019: 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.

Company

Name of related party	Relationship	Nature of transaction	Transaction values ('000) Dec-20	Transaction values ('000) Dec-19	Balance outstanding ('000) Dec-20	Balance outstanding ('000) Dec-19
AIICO Pension Managers Limited	Subsidiary	Insurance Premium	7,965	5,227	-	-
		Rent	12,529	10,786	103	-
AIICO Multishield Limited	Subsidiary	Health	34,528	18,706	-	-
		Insurance Premium	6,730	7,496	-	-
AIICO Capital Limited*	Subsidiary	Portfolio Management	366,084	208,195	233,432	225,402
		Insurance Premium	7,592	6,232	-	-
		Rent	30,003	11,700	-	-
Magnartis Finance and Investment Limited**	Common Director	Stockbrokers	8,787	8,787	186,707	186,707
			474,217	277,129	420,242	412,109

* AIICO Insurance Plc employs the services of AIICO Capital Limited to manage its financial assets. In return, AIICO Capital charges a percentage on the income generated 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.

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The terms and conditions of the finance lease 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.

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) Key management personnel compensation for the year

	Group		Company	
In thousands of naira	**2020**	**2019**	**2020**	**2019**
Wages and salaries	441,296	441,296	268,111	268,111
Post employment benefits	36,217	36,217	26,509	26,509
	477,513	477,513	294,620	294,620

(d) Directors remuneration

Directors remuneration excluding pension contributions and certain benefits was provided as follows:

	Group		Company	
In thousands of naira	**2020**	**2019**	**2020**	**2019**
Fees as Directors	5,838	4,338	1,710	910
Other allowances	285,043	193,302	235,440	129,909
	290,881	197,640	237,150	130,819
Executive compensation	254,730	254,730	127,716	127,716
	545,611	452,369	364,866	258,535
Chairman	30,000	30,000	11,522	11,522
Highest paid director	48,581	48,581	48,581	48,581

The number of directors, including the Chairman, whose emoluments were within the following range were:

	Group		Company	
	2020	**2019**	**2020**	**2019**
1,000,001 - 2,000,000	-	-	-	-
2,000,001 and above	19	21	6	8
	19	21	6	8

39 Contingencies and commitments

(a)(i) Legal proceedings and obligations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. The Directors through legal counsel have assessed the obligations that such proceedings (including litigation) will not have any material effect on its results and financial position, hence, no provisions have been made in the financial statements.

(ii) The Company is also subject to insurance solvency regulations of NAICOM. There are no contingencies related to 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:

	Group		Company	
In thousands of naira	**2020**	**2019**	**2020**	**2019**
AIICO Money Market Fund (AMMF) (see note (i) below)	905,688	1,002,207	-	-
AIICO Balance Mutual Fund (ABF)	171,601	106,416		
High Networth Individuals Fund (HNI) (see note (ii) below)	7,545,096	5,200,268	-	-
Non-pension funds	8,622,385	6,308,891	-	-
Pension Funds (see note (iii) below)	146,205,929	124,133,225		
Total funds	154,828,314	130,442,116	-	-

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:

	Group		Company	
In thousands of naira	**2020**	**2019**	**2020**	**2019**
AMMF	14,351	16,039	-	-
ABF	2,903	1,361		
HNI Fund	27,127	51,413	-	-
Non-pension funds	44,381	68,813	-	-
Pension Funds (see note (iii) below)	1,511,432	1,298,508	-	-
Total funds	1,555,813	1,367,321	-	-

(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 10 March 2014.
It currently trades at ₦100 per unit as at 31 December 2020 (2019: ₦100)

(c) 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.

(d) 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 Managers Limited.

AIICO Pensions Retirement Savings Account and Retiree Funds are open pension funds, while the remaining funds are closed.

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(e) Unclaimed dividend

The Company has unclaimed dividend of ₦737.2million as at 31 December 2020, 2019 (N737.2million). 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 were returned to AIICO insurance and is domiciled with the custodian.

40 Contraventions and penalties

	Group		Company	
In thousands of naira	2020	2019	2020	2019
The following payments were made relating to contraventions and penalties during the year:				
Penalty to National Insurance Commission (NAICOM) (see note (i) below)	250	-	250	-
Penalty to National Insurance Commission (NAICOM) (see note (ii) below)	-	750	-	750
	250	**750**	**250**	**750**

(i) During the year, National Insurance Commission (NAICOM) imposed a fine on the Company for contravention of the provisions of the Prudential Guidelines for Insurers and Reinsurers 2015, and this has been subsequently paid in the year.

(ii) In the prior year, National Insurance Commission (NAICOM) imposed a fine on the Company for appointment of two principal offcers and a non executive director without a valid approval from the commission in violation of section 5(1b) of NAICOM Market Conduct Business Practice Guidelines.

41 Personnel

The average number of persons employed at the end of the year/ year was:

	Group		Company	
Number	2020	2019	2020	2019
Managerial	68	69	43	44
Senior staff	347	336	246	235
Junior staff	150	154	7	11
	565	559	296	290

(a) The personnel expenses for the above persons were:

In thousands of naira				
Wages and salaries	2,048,945	2,993,918	1,377,326	2,550,125
Other staff costs	1,868,653	1,803,021	1,840,103	1,633,122
	3,917,598	4,796,939	3,217,429	4,183,247

(b) The number of employees paid emoluments, excluding pension and allowances, above ₦100,000 for the year were:

	Group		Company	
Number	2020	2019	2020	2019
100,000 - 600,000	275	272	195	192
600,001 - 1,200,000	119	119	56	56
1,200,001 - 2,400,000	67	67	12	12
2,400,001 and above	104	101	33	30
	565	559	296	290

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42 Hypothecation of assets

2020

	Policyholder's fund						
	Life Fund	Annuity	Investment Contract Liabilities	Non-life Insurance Contract Liabilities	Total Policyholders fund	Shareholders' fund	Total
Cash and cash equivalents	2,562,811	-	621,162	2,089,941	5,273,915	4,854,827	10,128,742
Financial assets:							
Bonds and treasury bills	57,428,725	58,671,328	21,252,054	2,067,980	139,420,087	18,152,015	157,572,102
Quoted equities	1,411,839	91,751	211,749	782,755	2,498,094	52,937	2,551,031
Unquoted equities	2,081,420	-	155,830	-	2,237,250	1,624,492	3,861,742
Loans & receivables	2,020,403	-	-	-	2,020,403	494,741	2,515,143
Investment in subsidiaries	-	-	-	-	-	2,452,359	2,452,359
Investment properties	47,500	-	-	-	47,500	710,500	758,000
Property and equipment	2,235,190	-	-	-	2,235,190	4,864,395	7,099,585
Statutory deposits	-	-	-	-	-	500,000	500,000
Other assets (See a below)	665,101	-	-	7,673,260	8,338,361	2,494,904	10,833,265
Total assets (a)	68,452,990	58,763,079	22,240,794	12,613,937	162,070,799	36,201,170	198,271,968
Policyholders liabilities (b)	67,613,017	55,778,785	21,835,376	12,465,170	157,692,348	38,642,260	196,334,608
Excess/ (shortfall) of assets over liabilities (a-b)	**839,973**	**2,984,294**	**405,418**	**148,767**	**4,378,451**	**(2,441,089)**	**-**
(a) Other Assets							
Trade receivables	-	-	-	915,538	915,538	-	915,538
Reinsurance assets	665,101	-	-	6,757,722	7,422,823	-	7,422,823
Deferred acquisition costs	-	-	-	-	-	582,265	582,265
Other receivables and prepayments	-	-	-	-	-	1,050,261	1,050,261
Deferred tax assets	-	-	-	-	-	-	-
Goodwill and other intangible assets	-	-	-	-	-	862,378	862,378
	665,101	-	-	7,673,260	8,338,361	2,494,904	10,833,265

2019

	Policyholder's fund						
	Life Fund	Annuity	Investment Contract Liabilities	Insurance Contract Liabilities	Total Policy holders fund	Shareholders' fund	Total
Cash and cash equivalents	566,226	-	188,742	1,274,164	2,029,132	3,366,271	5,395,403
Financial assets:							
Bonds and treasury bills	20,920,915	31,720,503	14,027,073	3,045,529	69,714,020	1,002,690	70,716,710
Quoted equities	1,200,238	16,780	336,319	805,985	2,359,322	52,937	2,412,259
Unquoted equities	246,329	-	393,323	-	639,652	1,624,492	2,264,144
Money market placements	-	-	-	-	-	-	-
Loans & receivables	2,092,921	-	-	-	2,092,921	494,741	2,587,662
Investment in subsidiaries	-	-	-	-	-	2,452,359	2,452,359
Investment properties	47,500	-	-	-	47,500	724,500	772,000
Property and equipment	1,629,545	-	-	-	1,629,545	5,366,746	6,996,291
Statutory deposits	-	-	-	-	-	500,000	500,000
Other assets (See a below) (a)	816,227	-	-	4,001,643	4,817,870	7,158,329	11,976,199
	27,519,901	31,737,284	14,945,456	9,127,321	83,329,962	22,743,066	106,073,027
Policyholders liabilities (b)	36,929,919	39,042,017	16,201,367	8,794,186	100,967,489	34,295,967	135,263,458
(Shortfall)/ excess of assets over liabilities (a-b)	**(9,410,018)**	**(7,304,733)**	**(1,255,911)**	**333,135**	**(17,637,527)**	**(11,552,902)**	**-**
Other Assets							
Trade receivables	-	-	-	131,841	131,841	-	131,841
Reinsurance assets	816,227	-	-	3,869,802	4,686,029	-	4,686,029
Deferred acquisition costs	-	-	-	-	-	488,884	488,884
Other receivables and prepayments	-	-	-	-	-	5,762,765	5,762,765
Deferred tax assets	-	-	-	-	-	-	-
Goodwill and other intangible assets	-	-	-	-	-	965,906	965,906
	816,227	-	-	4,001,643	4,817,870	7,217,554	12,035,424

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43 Disclosure on the impact of COVID 19

The World Health Organization (WHO), following the widespread of the virus over the globe declared the coronavirus (COVID-19) a global pandemic. The spread and its impact has generated a degree of uncertainty and anxiety, as governments and health experts attempt to curtail the proliferation of the virus. Consequently, the Company has put in place measures to mitigate the risk on its operations and services to its stakeholders.

Prior to the advent of COVID-19, the Company has consistently tested and evaluated its Business Continuity Management System (BCMS) with the support and guidance of the British Standard Institutions (BSI), having granted the Company certification of the system under ISO 22301 standard since 2012. The BSI conducts annual and three-year continuous assessment visit and recertification audit respectively of the ISO 22301 standard certification maintenance.

At the advent of the pandemic and upon the continued COVID-19 scourge, in order to manage its impact on the business operations, the Company adapted and evoked the BCMS to proactively manage, the possible impact of the COVID -19 incident on the Company's business continuity. Within this framework, the Company swiftly reviewed its organizational–wide and departmental COVID 19 Incident Management Plan (IMP) and Business Continuity Plan (BCPs) respectively , which details a systematic approach to responding to and managing exigencies that may bring about business interruptions or cause a complete or partial system shut down.

In line with Nigeria and the World Health Organization (WHO) protocols, the Company rolled out precautionary measures to protect our employees, customers and other stakeholders as well as ensure business operations continued with minimal interruption. These include:

• Enforced basic infection prevention measures, as advised by the World Health Organization (WHO) and government agencies.
• Continuous employees enlightenment and education on COVID-19 precautionary measures
• Communication with customers and partners (brokers, agents, etc.) on the continuation of service delivery via e-business solutions.
• Sustained factual and effective communications to stakeholders
• Continuous assessment of the COVID-19 risks. In particular, as it affects employees, workplace facilities, customers, business operations, and community.
• A continued to monitor compliance to all COVID-19 strategies implemented to forestall any eventualities.
• Establishment of a cross-functional COVID-19 response team that reports to the Incident Management Team, and headed by one of the Executive Directors.
• Entrenchment of extant remote working strategy. This include including advising employees to temporarily work remotely and providing required resources for both onsite and offsite employees to facilitate optimal operations and customer satisfaction.

Impact of the pandemic on the business

The Company assessed the financial and capital impact on its business across its Life and Non-Life businesses with varying scenarios ranging from two-month year to a six-month of lockdown. We have assessed the impact of COVID-19 on the Company's operations, cash flow, liquidity, capital resources, strategic and brand as well as risks and uncertainties about the impact on future years. The outcome of the assessment does not suggest any significant adverse impact on the Company's survival and sustainability. Our core businesses, however, were affected as the pandemic hindered business development, disrupted plans for effective product mix, with consequent impact on our overall profit position.

Specifically, our Retail Life business saw a decline in uptake of multiyear and large case size policies across the board. Endowment, travel and Deferred Annuity product lines, which were positioned for growth at beginning of the year, were particularly impacted by the pandemic. Key trigger points were a slowed economic environment, increased business uncertainty and job disruption of targeted customers. Summarily, customers were simply unwilling to commit to longer term, higher premium risk-based policies.

Additionally, the general downward movement and volatility in financial market, particularly bond and currency markets have impacted our investment earnings by increasing the fair value gains on our investment portfolios with a corresponding increase in the fair valuation of our actuarial liabilities, while reducing the interest income attainable on our new investments. These developments have also necessitated a review of our projected earnings/Budget for FY2020 to reflect current market realities.

Within our Corporate Business unit, there was also considerable impact on the Oil and Gas product lines as oil prices crashed due to lower expected demand and a potential flooding of supply. Locally, this led to a stall in several major energy projects and streamline of larger sized energy projects. New business was constrained by movement restrictions, which affected the team's ability to carry out on-site risk inspections and evaluations.

To effectively navigate these challenges brought about by COVID -19, we will continue to work closely with our agents and brokers to define and deliver unique, simplified, cost-effective value propositions to our teeming customers across markets. We are also prioritising the adoption of digital tools and new tech to adequately surmount the constraints imposed on offline sales by COVID -19.

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

Impact of the pandemic on the business (Cont'd)

To effectively navigate these challenges brought about by COVID -19, we will be working closely with our agents and brokers to define and deliver unique, simplified, cost-effective value propositions to our teeming customers across markets. We are also prioritising the adoption of digital tools and new tech to adequately surmount the constraints imposed on offline sales by COVID -19.

As the economy gradually reopens, our strategy will be to propel our performance for enhanced profitability through customer led innovation and deep market partnerships amongst other business recovery strategies.

As a socially responsible organization, we supported the Federal Government and Lagos State Government in the fight against the pandemic by providing life insurance to over 5,000 frontline Healthcare workers. In addition, we provided hygiene kits to pregnant women and established a feeding program, targeted at less privileged in vulnerable communities within Lagos State.

The Company will continue to make adequate mitigations and continuously ensure it proactively manages the impact of COVID-19 on its corporate existence and objectives. The Company will continue to monitor all the business risks and effectively mitigate these risks as they unfold. The management of AIICO Insurance PLC remains committed to meeting stakeholders' interests whilst taking the Company above and beyond

44 Securities trading policy

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

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

45 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, analysis and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting reinsurance strategy for apprpropriate Asset-Liability Management, to achieve the corporate goals, and specify reporting and regulatory requirements.

(b) Capital management objectives, policies and approach

The National Insurance Commission (NAICOM), sets and monitors capital requirements for Insurance Companies. The individual subsidiaries are directly supervised by other regulators, i.e., AIICO Capital Limited is regulated by the Nigerian Securities and Exchange Commission, AIICO Pensions Limited by the National Pension Commission while AIICO MULTISHIELD Limited is regulated by the National Health Insurance Scheme.

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Group Risk and Group Credit, and is subject to review by the Group Asset and Liability Management Committee (ALCO), as appropriate. The Group ensures it maintains the minimum required capital at all times throughout the year. The Regulatory capital for the non-life business is determined as the solvency margin while that of the life business is determined as the net asset value. The table below summarises the minimum required capital across the Group and the regulatory capital held against each of them

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 and other stakeholders as required.
(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.

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

The table below shows the available capital resources as at 31 December:

	Group		Company	
In thousands of naira	2019	2018	2019	2018
Total shareholders' funds	33,701,838	14,526,044	32,478,585	25,944,424
Regulatory required capital	5,000,000	5,000,000	5,000,000	5,000,000
Excess capital reserve	28,701,838	9,526,044	27,478,585	20,944,424

(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 of 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 Company is as follows:

Solvency margin computation as at 31 December

In thousands of naira			2020	2019
	Total	**Inadmissible**	**Admissible**	**Admissible**
Assets				
Cash and cash equivalents	9,279,385	-	9,279,382	8,166,352
Trade receivables	897,596	-	897,596	303,106
Reinsurance assets	7,496,395	-	7,496,398	5,460,572
Deferred acquisition cost	582,265	-	582,265	488,884
Financial assets	166,074,396	-	166,074,396	103,414,529
Investment in subsidiaries	1,087,317	-	1,087,317	2,452,359
Investment property	758,000	-	758,000	772,000
Property and equipment	6,705,570	4,035,445	2,670,125	3,883,743
Other receivables and prepayments	726,262	726,262	-	-
Statutory deposits	500,000	-	500,000	500,000
Intangible assets	862,379	800,863	61,516	105,818
Asset held for sale	1,365,042		1,365,042	
	196,334,607	**5,562,570**	**190,772,037**	**125,547,363**
Liabilities				
Insurance contract liabilities	135,856,973	-	135,856,972	84,766,122
Investment contract liabilities	21,835,376	-	21,835,376	16,201,367
Trade payables	1,963,893	-	1,963,891	1,512,394
Other payables	3,892,160	535,758	3,356,613	2,996,658
Taxation payable	307,621	-	307,622	361,505
Convertible loan	-	-	-	2,629,477
Total admissible liabilities	**163,856,023**	**535,758**	**163,320,473**	**108,467,522**
Excess of total admissible assets over admissible liabilities			**27,451,563**	**17,079,840**
Higher of:				
Gross premium written			60,038,913	49,440,231
Less: Reinsurance expense			(7,901,040)	(6,232,810)
Net premium			52,137,873	43,207,421
15% of net premium			7,820,681	6,481,113
Minimum paid up capital			5,000,000	5,000,000
The higher thereof:			**7,820,681**	**6,481,113**
Excess of solvency margin over minimum capital base			**19,630,882**	**10,598,727**
Solvency margin ratio			**351%**	**264%**

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

46 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 2020

	Carrying amount						Fair value			
In thousands of naira	Designated at fair value	FVTPL	Amortized Cost	FVOCI	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Debt Instruments	139,289,728	117,013,926	-	22,275,802	-	139,289,728	-	139,289,728	-	139,289,728
Equities	5,000,098	-	-	5,000,098	-	5,000,098	1,863,882	-	3,136,216	5,000,098
	144,289,826	**117,013,926**	**-**	**27,275,900**	**-**	**144,289,826**	**1,863,882**	**139,289,728**	**3,136,216**	**144,289,826**
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	31,913,335	-	-	31,913,335	-	31,913,335	-	31,913,335
Trade Receivables*	-	-	937,078	-	-	937,078	-	937,078	-	937,078
Loans and receivables*	-	-	2,223,000	-	-	2,223,000	-	2,223,000	-	2,223,000
Reinsurance assets*^	-	-	5,560,764	-	-	5,560,764	-	5,560,764	-	5,560,764
Other receivables**	-	-	1,743,043	-	-	1,743,043	-	1,743,043	-	1,743,043
Debt Instruments^^	-	-	41,345,970	22,275,802	-	63,621,771	-	63,621,771	-	63,621,771
	-	**-**	**83,723,189**	**22,275,802**	**-**	**105,998,991**	**-**	**105,998,991**	**-**	**105,998,991**
Financial liabilities not measured at fair value										
Other payables and accruals	-	-	-	-	(4,289,575)	(4,289,575)	-	(4,289,575)	-	(4,289,575)
Trade payables*	-	-	-	-	(2,020,724)	(2,020,724)	-	(2,020,724)	-	(2,020,724)
Fixed income liabilities	-	-	(43,046,848)	-	-	(43,046,848)	-	(43,046,848)	-	(43,046,848)
Investment contract liabilties	-	-	(21,835,376)	-	-	(21,835,376)	-	(21,835,376)	-	(21,835,376)
	-	**-**	**(64,882,224)**	**-**	**(6,310,298)**	**(71,192,523)**	**-**	**(71,192,523)**	**-**	**(71,192,523)**

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 IFRS 9 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 (₦1.33billion)

^^Debt instruments not measured at fair value are bonds and treasury bills measured at amortized cost. They include FGN bonds and treasury billls.

**Other receivables do not include prepayments of (₦443.1million) which are not financial assets.

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

COMPANY
31 December 2020

		Carrying amount						Fair value			
In thousands of naira	Note	Designated at fair value	FVTPL	Amortized Cost	FVOCI	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Debt Instruments		123,191,037	117,013,926	-	6,177,111	-	123,191,037	-	123,191,037	-	123,191,037
Equities		4,967,751	-	-	4,967,751		4,967,751	1,831,535	-	3,136,216	4,967,751
		123,191,037	**117,013,926**	**-**	**11,144,862**	**-**	**128,158,788**	**1,831,535**	**123,191,037**	**3,136,216**	**128,158,788**
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	9,279,385	-	-	9,279,385	-	9,279,385	-	9,279,385
Trade receivables*		-	-	897,596	-	-	897,596	-	897,596	-	897,596
Loans and receivables*		-	-	2,223,000	-	-	2,223,000	-	2,223,000	-	2,223,000
Reinsurance asset*^		-	-	5,560,764	-	-	5,560,764	-	5,560,764	-	5,560,764
Other receivables*,**				85,442	-	-	85,442	-	85,442	-	85,442
Debt Instruments^^		-	-	29,211,993	6,177,111	-	35,389,104	-	35,389,104	-	35,389,104
		-	**-**	**47,258,180**	**6,177,111**	**-**	**53,435,291**	**-**	**53,435,291**	**-**	**53,435,291**
Financial liabilities not measured at fair value											
Other payables and accruals		-	-	-	-	(3,892,160)	(3,892,160)	-	(3,892,160)	-	(3,892,160)
Trade payables		-	-	-	-	(1,963,893)	(1,963,893)	-	(1,963,893)	-	(1,963,893)
Investment contract liabilties		-	-	(21,835,376)	-	-	(21,835,376)	-	(21,835,376)	-	(21,835,376)
		-	**-**	**(21,835,376)**	**-**	**(5,856,052)**	**(27,691,428)**	**-**	**(27,691,428)**	**-**	**(27,691,428)**

The Company 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 IFRS 9 Financial instruments: Recognition and Measurement.

* The Company 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 (₦1.33billion)

^^Debt instruments not measured at fair value are bonds and treasury bills measured at amortized cost. They include FGN bonds and treasury billls.

**Other receivables do not include prepayments (₦358.2million) which are not financial assets.

Notes to the Consolidated and Separate Financial Statements (Continued)
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GROUP
31 December 2019

In thousands of naira	Note	Carrying amount: Designated at fair value	FVTPL	Amortized Cost	FVOCI	Other financial liabilties	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Debt Instruments		76,711,888	51,489,251	-	25,222,637	-	153,423,776	-	76,766,009	76,657,767	153,423,776
Equities		6,490,097	-	-	6,490,097	-	6,490,097	2,726,696	-	3,763,401	6,490,097
		83,201,985	**51,489,251**	**-**	**31,712,734**	**-**	**159,913,873**	**2,726,696**	**76,766,009**	**80,421,168**	**159,913,873**
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	10,080,164	-	-	10,080,164	-	10,080,164	-	10,080,164
Trade Receivables*		-	-	386,749			386,749	-	386,749	-	386,749
Loans and receivables		-	-	2,083,519	-	-	2,083,519	-	2,083,519	-	2,083,519
Reinsurance assets*^		-	-	4,018,326			4,018,326	-	4,018,326	-	4,018,326
Other receivables*,**		-	-	481,795			481,795	-	481,795	-	481,795
Debt Instruments^^		-	-	40,914,820	25,222,637	-	66,137,457	-	66,137,457	-	66,137,457
		-	**-**	**57,965,373**	**25,222,637**	**-**	**83,188,010**	**-**	**83,188,010**	**-**	**83,188,010**
Financial liabilities not measured at fair value											
Other payables and accruals		-	-	-	-	(3,119,986)	(3,119,986)	-	(3,119,986)	-	(3,119,986)
Trade payables		-	-	-	-	(1,839,238)	(1,839,238)	-	(1,839,238)	-	(1,839,238)
Fixed income liabilities		-	-	(20,143,047)	-	-	(20,143,047)	-	(20,143,047)	-	(20,143,047)
Investment contract liabilties		-	-	(16,201,367)	-	-	(16,201,367)	-	(16,201,367)	-	(16,201,367)
Long term borrowing		-	-	-	-	(2,629,477)	(2,629,477)	-	(2,629,477)	-	(2,629,477)
		-	**-**	**(36,344,414)**	**-**	**(7,588,701)**	**(43,933,114)**	**-**	**(43,933,114)**	**-**	**(43,933,114)**

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)

**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(₦217.6million) that are not financial liabilities.

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

COMPANY
31 December 2019

		Carrying amount						Fair value			
In thousands of naira	**Note**	**Designated at fair value**	**FVTPL**	**Amortized Cost**	**FVOCI**	**Other financial liabilties**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value											
Debt Instruments		54,952,238	51,489,251	-	3,462,987	-	109,904,476	-	54,952,238	54,952,238	109,904,476
Equities		6,235,365	-	-	6,235,365	-	6,235,365	2,471,964	-	3,763,401	6,235,365
		54,952,238	**51,489,251**	**-**	**9,698,352**	**-**	**116,139,841**	**2,471,964**	**54,952,238**	**58,715,639**	**116,139,841**
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	8,166,352	-	-	8,166,352	-	8,166,352	-	8,166,352
Trade receivables*		-	-	303,106	-	-	303,106	-	303,106	-	303,106
Loans and receivables		-	-	2,083,519	-	-	2,083,519	-	2,083,519	-	2,083,519
Reinsurance assets*^		-	-	4,018,326	-	-	4,018,326	-	4,018,326	-	4,018,326
other receivables*,**		-	-	124,892	-	-	124,892	-	124,892	-	124,892
Debt Instruments^^		-	-	37,839,935	3,462,987	-	41,302,922	-	41,302,922	-	41,302,922
		-	**-**	**52,536,129**	**3,462,987**	**-**	**55,999,116**	**-**	**55,999,116**	**-**	**55,999,116**
Financial liabilities not measured at fair value											
Other payables*,***		-	-	-	-	(3,406,751)	(3,406,751)	-	(3,406,751)	-	(3,406,751)
Trade payables*		-	-	-	-	(1,512,394)	(1,512,394)	-	(1,512,394)	-	(1,512,394)
Investment contract liabilties		-	-	(16,201,367)	-	-	(16,201,367)	-	(16,201,367)	-	(16,201,367)
Long term borrowing		-	-	(2,629,477)	-	-	(2,629,477)	-	(2,629,477)	-	(2,629,477)
		-	**-**	**(18,830,844)**	**-**	**(4,919,145)**	**(23,749,989)**	**-**	**(23,749,989)**	**-**	**(23,749,989)**

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 (₦1.04 billion)

**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(₦151.2million) that are not financial liabilities.

(b) Measurement of fair values

(i) Transfer between Levels 1 and 2

At 31 December 2020, there was no transfer between level 1, level 2 and level 3 (2019: NIL)

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

(c) Risk management framework

The Company'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
Currency risk

(i) 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 Group 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.

(a) Credit quality analysis

An asset will migrate down the ECL stages as asset quality deteriorates by comparing the credit risk rating of the asset at reporting date with its credit risk rating at origination using the Company's internal credit rating system. The trigger to move down an ECL stage is based on a pre-determined ratings downgrade shift that determines whether significant deterioration has occurred. Conversely, assets will migrate up an ECL stage as asset quality improves.

(i) Credit portfolio neither past due nor impaired

The following table sets out information about the credit quality of debt instruments measured at amortised cost, debt instruments measured at FVOCI . Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

At 31 December 2020

	Group				Company			
In thousands of naira	Federal Government bonds	Treasury bills	Corporate bonds	Total	Federal Government bonds	Treasury bills	Corporate bonds	Total
Performing	40,217,458	23,022,041	382,272	63,621,771	35,006,832	5,986,564	382,272	41,375,668
Underperforming	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
	40,217,458	23,022,041	382,272	63,621,771	35,006,832	5,986,564	382,272	41,375,668
Loss allowance	(9,715)	(927)	-	(10,642)	(9,715)	-	-	(9,715)
Carrying amount	**40,207,743**	**23,021,115**	**382,272**	**63,611,129**	**34,997,117**	**5,986,564**	**382,272**	**41,365,953**

The following table sets out information about the credit quality of loans measured at amortised cost;

At 31 December 2020

	Group				Company			
In thousands of naira	Policyholders loan	Staff loan	Agent loan	Other loans	Policyholders loan	Staff loan	Agent loan	Other loans
Performing	2,105,215	573,402	46,647	117,785	2,105,215	483,302	46,647	117,785
Underperforming	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
	2,105,215	573,402	46,647	117,785	2,105,215	483,302	46,647	117,785
Loss allowance	-	-	-	(16,576)	-	-	-	-
Carrying amount	**2,105,215**	**573,402**	**46,647**	**101,208**	**2,105,215**	**483,302**	**46,647**	**117,785**

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(ii) Loss allowance
Measurement basis under IFRS 9

The following table shows reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL (stage 1), lifetime ECL (stage 2) and credit-impaired (stage 3) are included in Note 3.4.4 (Impairment of financial assets) in the accounting policies.

Group	**Debt instruments measured at amortised cost**					
	2020					**2019**
In thousands of naira	**12-month ECL Individual**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased or originated credit-impaired**	**Total**	**Total**
Balance at 1 January	37,187	-	-	-	37,187	14,593
Charge for the year bonds	(19,937)	-	-	-	(19,937)	15,060
Recovery for the year treasury bills	(809)	-	-	-	(809)	1,629
Charge for the year other loans	10,672	-	-	-	10,672	5,905
Transferred to disposal group	106	-	-	-	106	
Closing balance	27,219	-	-	-	27,219	37,187
Gross amount	**41,345,970**	**-**	**-**	**-**	**41,345,970**	**24,150,389**

Company	**Debt instruments measured at amortised cost**					
	2020					**2019**
In thousands of naira	**12-month ECL Individual**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased or originated credit-impaired**	**Total**	**Total**
Balance at 1 January	36,154	-	-	-	36,154	13,560
Charge for the year bonds	(19,937)	-	-	-	(19,937)	16,093
Recovery for the year treasury bills	(597)	-	-	-	(597)	596
Charge for the year other loans	(2,763)	-	-	-	(2,763)	5,905
Charge for the year GIN	23,039	-	-	-	23,039	-
Closing balance	35,897	-	-	-	35,897	36,154
Grosss amount	**35,198,557**	**-**	**-**	**-**	**35,198,557**	42,263,081

Group	**Debt instruments measured at fair value through OCI**					
	2020					**2019**
In thousands of naira	**12-month ECL Individual**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased or originated credit-impaired**	**Total**	**Total**
Balance at 1 January	41,612	-	-	-	41,612	38,773
Net remeasurement of loan	42,426	-	-	-	42,426	2,839
Closing balance	84,038	-	-	-	84,038	41,612
Gross amount	**22,275,802**	**-**	**-**	**-**	**22,275,802**	**14,954,282**

Company	**Debt instruments measured at fair value through OCI**					
	2020					**2019**
In thousands of naira	**12-month ECL Individual**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased or originated credit-impaired**	**Total**	**Total**
Balance at 1 January	34,256	-	-	-	34,256	35,831
Net remeasurement of loan	(28,931)	-	-	-	(28,931)	(1,575)
Closing balance	5,326	-	-	-	5,326	34,256
Gross amount	**6,182,437**	**-**	**-**	**-**	**6,182,437**	4,729,522

Group	**Loans to Policyholders, Agents and Staff**					
	2020					**2019**
In thousands of naira	**12-month ECL Individual**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased or originated credit-impaired**	**Total**	**Total**
Balance at 1 January	-	-	-	-	-	-
Net remeasurement of loan	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Gross amount	**2,843,048**	**-**	**-**	**-**	**2,843,048**	**2,326,826.58**

Company	**Loans to Policyholders, Agents and Staff**					
	2020					**2019**
In thousands of naira	**12-month ECL Individual**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Purchased or originated credit-impaired**	**Total**	**Total**
Balance at 1 January	-	-	-	-	-	-
Net remeasurement of loan	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Gross amount	**2,752,949**	**-**	**-**	**-**	**2,752,949**	**2,175,062.50**

(iii) Collateral held and other credit enhancements

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A key mitigation step employed by the Group in its credit risk management process includes the use of collateral securities to secure its loans as an alternative source of repayment during adverse conditions.

All loans granted to policyholders, Agents and Staff are collaterized by the cash value of the policies, the Agent pension fund balance which is managed by the Group and gratuity due to various staff together with the provided guarantors respectively.

b Geographical sectors

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 at the reporting date per geo-political region was as follows:

	Group		Company	
In thousands of naira	**2020**	**2019**	**2020**	**2019**
South South	281,954	281,954	281,954	281,954
South West*	180,353,744	82,061,233	158,107,640	70,033,683
	180,635,697	**82,343,187**	**158,389,594**	**70,315,636**

* The South West figures includes Federal Government of Nigeria issued debt securities such as bonds and treasury bills .

(ii) 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 addition, 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 2019, the Group had drawn down $7 million with $13 million available to the Group. The loan had an embedded derivative (a conversion option) whereby IFC has the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Company. The first installment was paid in March 2020 after which the Company decided to prepay the loan before its maturity date. As at December 2020 the loan has been fully paid as shown in note 23:

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 2020:

Group
31 December 2020

		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	937,078	937,078	897,596	39,482	-	-	-
Financial Assets	188,342,047	188,342,047	11,510,426	17,209,953	36,402,332	57,103,721	66,115,616
Cash and cash equivalent	31,913,335	31,913,335	31,913,335	-	-	-	-
	249,912,839	249,912,839	55,831,783	34,459,388	36,402,332	57,103,721	66,115,616
Investment contract liabilities	21,835,376	21,835,376	-	-	21,835,376	-	-
Fixed income liabilities	43,046,848	43,046,848	-	-	43,046,848	-	-
Trade payables	1,963,893	1,963,893	-	1,963,893	-	-	-
	66,846,117	66,846,117	-	1,963,893	64,882,224	-	-
Liquidity gap	183,066,723	183,066,723	55,831,783	32,495,495	(28,479,892)	57,103,721	66,115,616

Company
31 December 2020

		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	897,596	897,596	897,596	-	-	-	-
Financial Assets	166,074,396	166,074,396	1,967,451	9,621,739	55,065,265	38,413,188	61,006,754
Cash and cash equivalents	9,279,385	9,282,747	9,279,385	-	-	-	-
	187,817,528	187,843,930	14,111,884	19,243,478	55,065,265	38,413,188	61,006,754

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Investment contract liabilities	21,835,376	21,835,376	-	-	21,835,376	-	-
Trade payables	1,963,893	1,963,893	-	945,826	1,018,067	-	-
	23,799,269	23,799,269	-	945,826	22,853,443	-	-
Liquidity gap	164,018,260	164,044,661	14,111,884	18,297,652	32,211,822	38,413,188	61,006,754

Group
31 December 2019

		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	386,749	386,749	104,025	55,077	227,647	-	-
Deposit for shares	5,289,756	5,289,756	5,289,756	-	-	-	-
Financial Assets	114,062,082	136,827,072	1,599,464	11,165,527	45,246,421	41,310,939	37,504,722
Cash and cash equivalent	10,080,164	10,080,164	10,080,164	-	-	-	-
	142,583,741	165,348,732	18,672,872	22,386,131	45,474,068	41,310,939	37,504,722
Investment contract liabilities	16,201,367	16,201,367	-	-	16,201,367	-	-
Long term borrowing	2,629,477	2,749,477	113,408	120,610	624,635	1,890,824	-
Fixed Income liabilities	20,143,047	20,143,047	-	-	20,143,047	-	-
Trade payables	1,839,238	1,839,238	495,712	1,343,526	-	-	-
Other payables	3,650,286	3,650,286	1,246,328	2,403,957	-	-	-
	44,463,415	44,583,415	1,855,449	3,868,093	36,969,049	1,890,824	-
Liquidity gap	98,120,327	120,765,317	16,817,424	18,518,037	8,505,020	39,420,115	37,504,722

Company
31 December 2019

		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	303,106	303,106	303,106	-	-	-	-
Financial Assets	92,449,812	103,414,529	422,452	10,542,265	15,681,231	26,725,931	50,042,651
Cash and cash equivalent	8,166,352	8,166,352	8,166,352	-	-	-	-
	111,883,987	122,848,704	9,314,362	21,084,530	15,681,231	26,725,931	50,042,651
Investment contract liabilities	16,201,367	16,201,367	-	-	16,201,367	-	-
Long term borrowing	2,629,477	2,629,477	113,408	45,610	579,635	1,890,824	-
Trade payables	1,512,394	1,512,394	5,698	796,960	709,736	-	-
Other payables	3,406,751	3,406,751	342,118	152,384	2,912,249	-	-
	23,749,988	23,749,989	461,225	994,954	20,402,987	1,890,824	-
Liquidity gap	88,133,999	99,098,715	8,853,137	20,089,576	(4,721,755)	24,835,107	50,042,651

Group

		2020			2019	
In thousands of naira	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	31,913,335	-	31,913,335	10,080,164	-	10,080,164
Financial assets	28,720,379	159,621,668	188,342,047	12,764,991	114,062,082	126,827,073
Trade receivable	937,078	-	937,078	386,749	-	386,749
Reinsurance assets	7,496,395	-	7,496,395	5,460,569	-	5,460,569
Deferred acquisition cost	582,265	-	582,265	488,884	-	488,884
Other receivables and prepayments	2,426,871	-	2,426,871	6,227,700	-	6,227,700
Deferred tax asset	-	6,168	6,168	-	149,379	149,379
Investment property	-	758,000	758,000	-	772,000	772,000
Goodwill and other intangible assets	-	889,082	889,082	-	985,862	985,862
Property and equipment	-	7,009,404	7,009,404	-	7,597,843	7,597,843
Statutory deposit	-	500,000	500,000	-	500,000	500,000
Assets classified as held for sale	2,237,780	-	2,237,780	-	-	-
Total assets	**74,314,104**	**168,784,322**	**243,098,425**	**35,409,057**	**124,067,166**	**159,476,222**
Insurance contract liabilities	3,872,842	132,205,546	136,078,388	3,420,045	81,566,306	84,986,351
Investment contract liabilities	-	21,835,376	21,835,376	-	16,201,367	16,201,367
Trade payables	2,020,724	-	2,020,724	1,839,238	-	1,839,238
Other payables and accruals	4,774,609	-	4,774,609	3,892,160	-	3,892,160
Fixed income liability	43,046,848	-	43,046,848	20,143,047	-	20,143,047
Current tax payable	358,099	-	358,099	487,112	-	487,112
Deferred tax liability	-	8,837	8,837	-	629,281	629,281
Long term borrowing	-	-	-	-	2,629,477	2,629,477

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Liabilities attributable to assets held for sale	316,462	-	316,462			-
Total liabilities	**54,073,122**	**154,049,759**	**208,122,880**	**29,781,602**	**101,026,431**	**130,808,033**

Company

	2020			2019		
In thousands of naira	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Cash and cash equivalents	9,279,385	-	9,279,385	8,166,352	-	8,166,352
Financial assets	11,566,151	154,508,245	166,074,396	10,964,717	92,449,812	103,414,529
Trade receivable	897,596	-	897,596	303,106	-	303,106
Reinsurance assets	7,496,395	-	7,496,395	5,460,569	-	5,460,569
Deferred acquisition cost	582,265	-	582,265	488,884	-	488,884
Other receivables and prepayments	726,262	-	726,262	5,762,765	-	5,762,765
Investment in subsidiaries	-	1,087,317	1,087,317	-	2,452,359	2,452,359
Investment property	-	758,000	758,000	-	772,000	772,000
Property and equipment	-	862,379	862,379	-	906,680	906,680
Goodwill and other intangible assets	-	6,705,570	6,705,570	-	7,036,211	7,036,211
Statutory deposit	-	500,000	500,000	-	500,000	500,000
Assets classified as held for sale	1,365,042	-	1,365,042	-	-	-
Total assets	**31,913,096**	**164,421,511**	**196,334,608**	**31,146,392**	**104,117,062**	**135,263,455**
Insurance contract liabilities	3,832,732	132,024,241	135,856,973	3,199,816	81,566,306	84,766,122
Investment contract liabilities	-	21,835,376	21,835,376	-	16,201,367	16,201,367
Trade payables	1,963,893	-	1,963,893	1,512,394	-	1,512,394
Other payables and accruals	3,892,160	-	3,892,160	3,406,751	-	3,406,751
Current tax payable	307,621	-	307,621	361,505	-	361,505
Deferred tax liability	-	-	-	-	441,416	441,416
Long term borrowing	-	-	-	-	2,629,477	2,629,477
Total liabilities	**9,996,406**	**153,859,617**	**163,856,023**	**8,480,465**	**100,838,566**	**109,319,031**

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(iii) 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.

(iv) 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 2020				**31 December 2019**			
In thousands of	**Carrying Value**	**EUR**	**USD**	**GBP**	**Carrying value**	**EUR**	**USD**	**GBP**
Cash and cash equivalent	198,535	34,172	136,427	27,936	814,941	184,210	607,890	22,841
Financial assets	1,114,810	-	1,114,810	-	559,900	-	559,900	-
IFC borrowing	-	-	-	-	(2,324,733)	-	(2,324,733)	-
Net statement of financial position exposure	1,313,345	34,172	1,251,237	27,936	(949,892)	184,210	(1,156,943)	22,841

COMPANY

	31 December 2020				**31 December 2019**			
In thousands of	**NGN**	**EUR**	**USD**	**GBP**	**NGN**	**EUR**	**USD**	**GBP**
Cash and cash equivalent	198,535	34,172	136,427	27,936	814,941	184,210	607,890	22,841
Financial assets	1,114,810		1,114,810		559,900		559,900	
IFC borrowing	-		-		(2,324,733)		(2,324,733)	
Net statement of financial position exposure	1,313,345	34,172	1,251,237	27,936	(949,892)	184,210	(1,156,943)	22,841

The following significant exchange rates have been applied.

	Year-end spot rate	
Naira	**2020**	**2019**
USD 1	410.25	364.51
GBP 1	515.83	465
EUR 1	466.64	415

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 2020								
EUR (10% movement)	3,417	(3,417)	3,417	(3,417)	3,417	(3,417)	3,417	(3,417)
USD (10% movement)	125,124	125,124	125,124	125,124	125,124	(125,124)	125,124	(125,124)
GBP (10% movement)	2,794	(2,794)	2,794	(2,794)	2,794	(2,794)	2,794	(2,794)
31 December 2019					127			
EUR (10% movement)	18,421	(18,421)	18,421	(18,421)	18,421	(18,421)	18,421	(18,421)
USD (10% movement)	(115,694)	115,694	(115,694)	115,694	(115,694)	115,694	(115,694)	115,694
GBP (10% movement)	2,284	(2,284)	2,284	(2,284)	2,284	(2,284)	2,284	(2,284)

Note 46: Financial instruments - fair values and risk management (Continued)

(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	**2020**	**2019**	**2020**	**2019**
Fixed-rate instruments				
Cash deposits	17,943,541	3,983,828	3,075,651	2,793,386
Debt securities	180,635,697	82,343,187	158,389,594	70,315,636
Money market placements	17,943,541	-	3,075,651	-
Fixed income liabilities	43,046,848	10,181,251	-	-
	259,569,628	96,508,266	164,540,896	73,109,023
Variable-rate instruments				
Long term convertible loan	-	2,324,733	-	2,324,733
	-	2,324,733	-	2,324,733

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 2020								
Financial assets	2,595,696	(2,595,696)	2,595,696	(2,595,696)	1,645,409	(1,645,409)	1,645,409	(1,645,409)
	2,595,696	(2,595,696)	2,595,696	(2,595,696)	1,645,409	(1,645,409)	1,645,409	(1,645,409)
31 December 2019								
Financial assets	965,083	(965,083)	965,083	(965,083)	731,090	(731,090)	731,090	(731,090)
	965,083	(965,083)	965,083	(965,083)	731,090	(731,090)	731,090	(731,090)

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 2020								
Financial liabilities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
31 December 2019								
Financial assets	23,247	(23,247)	23,247	(23,247)	23,247	(23,247)	23,247	(23,247)
	23,247	(23,247)	23,247	(23,247)	23,247	(23,247)	23,247	(23,247)

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 financial asset designated at other comprehensive income 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 fair value through other comprehensive income.

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47 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	2020	2019
a. Economic assumptions		
i. Net valuation interest rate for the long term risk business	8.50%	13.75%
ii. Annuity valuation rate	8.50%	13.50%
iii. Tax adjustment (on projected returns)	-	-
i. Inflation rate	12.00%	11.50%
b. Non - Economic assumptions		
i. Acquisition expense to maintenance expense	56:44	56:44
ii. Per policy expense assumption (per annum)	N4,900	N8,800
iii. Mortality assumption (based on assured lifetable)	Non-Annuities: 90% of A67/70 UK. Annuities: PA90(-1) UK adjusted in line with internal experience.	

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Sensitivities

The analysis 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 2020 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)	42,506,969	38,255,112	47,358,569	42,778,673	42,236,642	42,720,603	42,319,957	42,617,433	42,396,153
Annuity (PRA)	55,778,785	52,227,597	59,816,927	55,928,430	55,629,140	56,238,521	55,454,480	55,228,590	56,352,814
Annuity (Others)	17,108,076	16,871,193	17,381,090	17,116,822	17,099,330	17,139,661	17,086,920	17,082,479	17,134,772
Investment Linked Products	18,928,643	18,928,643	18,928,643	18,928,643	18,928,643	18,928,643	18,928,643	18,928,643	18,928,643
Group DA	2,906,733	2,906,733	2,906,733	2,906,733	2,906,733	2,906,733	2,906,733	2,906,733	2,906,733
Group Credit Life	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419
Group Life - UPR	995,695	995,695	995,695	995,695	995,695	995,695	995,695	995,695	995,695
Group Life - AURR	161,302	161,302	161,302	161,302	161,302	161,302	161,302	161,302	161,302
Group Life - IBNR	1,314,217	1,314,217	1,314,217	1,314,217	1,314,217	1,314,217	1,314,217	1,314,217	1,314,217
Group Life -OCR	1,070,531	1,070,531	1,070,531	1,070,531	1,070,531	1,070,531	1,070,531	1,070,531	1,070,531
Additional Reserves	4,452,807	4,452,807	4,452,807	4,452,807	4,452,807	4,452,807	4,452,807	4,452,807	4,452,807
	145,227,178	**137,187,249**	**154,389,933**	**145,657,272**	**144,798,459**	**145,932,132**	**144,694,703**	**144,761,849**	**145,717,087**
Reinsurance	(598,369)	(598,369)	(598,369)	(598,369)	(598,369)	(598,369)	(598,369)	(598,369)	(598,369)
Net Liability	**144,628,809**	**136,588,880**	**153,791,564**	**145,058,903**	**144,200,090**	**145,333,763**	**144,096,334**	**144,163,479**	**145,118,718**
% change in Net Liability		**-5.56%**	**6.34%**	**0.30%**	**-0.30%**	**0.49%**	**-0.37%**	**-0.32%**	**0.34%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual	138,775,281	130,735,352	147,938,036	139,205,376	138,346,563	139,480,235	138,242,807	138,309,952	139,265,190
	5,853,528	5,853,528	5,853,528	5,853,528	5,853,528	5,853,528	5,853,528	5,853,528	5,853,528
Net Liability	144,628,809	136,588,880	153,791,564	145,058,903	144,200,090	145,333,763	144,096,334	144,163,479	145,118,718
% change in Liability		**-5.56%**	**6.34%**	**0.30%**	**-0.30%**	**0.49%**	**-0.37%**	**-0.32%**	**0.34%**

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.
Valuation assumptions on interest rate is based on constant ViR as in prior years

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(b) Non-life insurance contracts

The Group principally issues the following types of general insurance contracts: fire, motor, casualty, workmen compensation, personal accident, marine, Special oil and Agric. 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.

Claims data

The claims data has eight risk groups – Marine, Motor, Casualty, Fire, Personal Accident, Special Oil , Workmen Compensation and Agric. The combined claims data for all lines of business between 2011 and 2020 are summarized in the table below:

Incremental chain ladder - yearly projections

Accident year	1	2	3	4	5	6	7	8	9	10	ns paid till date(₦'0
2011	778,837,440	1,337,332,089	223,108,441	334,890,266	70,996,549	22,131,520	6,449,833	3,097,658	1,107,155	2,075,181	2,780,026,132
2012	798,430,384	1,448,406,053	525,271,911	279,439,149	113,328,530	61,907,342	24,332,367	1,377,655	6,259,546		3,258,752,938
2013	921,671,366	981,670,275	185,624,210	46,839,246	53,440,190	17,902,903	1,096,631	5,276,093			2,213,520,913
2014	1,436,510,536	1,368,124,182	406,244,238	29,727,211	27,753,377	10,319,569	5,416,511				3,284,095,624
2015	1,207,317,680	1,410,110,583	110,938,941	149,494,387	65,610,781	13,830,193					2,957,302,564
2016	1,442,222,465	1,337,949,024	304,694,803	109,357,544	90,386,036						3,284,609,873
2017	2,134,993,116	2,158,316,699	691,235,178	677,579,373							5,662,124,367
2018	2,426,662,125	2,316,706,490	333,282,968								5,076,651,582
2019	2,983,395,788	3,225,047,370									6,208,443,158
2020	4,712,916,225										4,712,916,225
											39,438,443,377

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Gross claim reserving

The tables shown are the step by step output of the Inflation Adjusted Basic Chain Ladder (IABCL) Method in estimating Gross Claims Reserve. These are based on the 31 December 2020 valuation.

Basic chain ladder method - gross motor claims

Incremental 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**	11.00
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	135	-	1,800	
2012	395,039	250,654	3,916	4,073	1,724	281	67	218	-		
2013	489,232	173,416	41,806	2,432	8,915	1,100	954	-			
2014	558,462	230,849	6,682	2,628	11,547	-	-				
2015	614,947	152,874	14,460	7,545	-	-					
2016	550,304	208,225	5,587	625	2,094						
2017	593,740	238,117	2,566	1,450							
2018	665,796	232,437	13,034								
2019	591,645	182,261									
2020	568,360										

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2010	1,121,384	507,957	31,382	754	118	-	11,495	397	-	-	-
2011	1,017,484	498,830	19,597	11,578	5,911	1,670	284	170	-	1,800	
2012	972,893	571,579	8,246	7,824	2,796	395	85	246	-		
2013	1,115,618	365,143	80,316	3,944	12,530	1,389	1,077	-			
2014	1,175,887	443,496	10,835	3,693	14,583	-	-				
2015	1,181,408	247,885	20,324	9,529	-	-					
2016	892,318	292,656	7,056	706	2,094						
2017	834,488	300,744	2,898	1,450							
2018	840,908	262,468	13,034								
2019	668,086	182,261									
2020	568,360										

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**
2010	1,121,384	1,629,342	1,660,724	1,661,478	1,661,596	1,661,596	1,673,092	1,673,488	1,673,488	1,673,488	1,673,488
2011	1,017,484	1,516,315	1,535,912	1,547,490	1,553,401	1,555,070	1,555,355	1,555,525	1,555,525	1,557,325	1,557,325
2012	972,893	1,544,471	1,552,717	1,560,541	1,563,337	1,563,732	1,563,817	1,564,063	1,564,063	1,564,525	1,564,525
2013	1,115,618	1,480,761	1,561,077	1,565,020	1,577,550	1,578,939	1,580,016	1,580,016	1,580,506	1,580,973	1,580,973
2014	1,175,887	1,619,383	1,630,218	1,633,911	1,648,495	1,648,495	1,648,495	1,650,074	1,650,585	1,651,073	1,651,073
2015	1,181,408	1,429,293	1,449,617	1,459,146	1,459,146	1,459,146	1,461,490	1,462,890	1,463,343	1,463,775	1,463,775
2016	892,318	1,184,974	1,192,030	1,192,736	1,194,830	1,197,858	1,199,782	1,200,932	1,201,304	1,201,658	1,201,658
2017	834,488	1,135,233	1,138,131	1,139,581	1,143,526	1,146,424	1,148,266	1,149,366	1,149,722	1,150,061	1,150,061
2018	840,908	1,103,376	1,116,410	1,124,792	1,128,686	1,131,546	1,133,364	1,134,450	1,134,801	1,135,136	1,135,136
2019	668,086	850,347	865,956	872,458	875,478	877,697	879,107	879,949	880,222	880,482	880,482
2020	568,360	890,033	906,371	913,176	916,337	918,660	920,135	921,017	921,302	921,574	921,574

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Basic chain ladder method - casualty

Incremental 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**
2010	125,152	211,911	41,903	24,002	11,086	3,704	595	269	-	-	-
2011	107,478	174,649	55,652	24,263	6,050	4,068	5,190	959	68	101	
2012	108,972	155,291	70,227	21,321	3,096	5,602	1,032	627	60		
2013	141,592	185,372	35,669	12,063	17,185	3,742	143	3,272			
2014	155,669	161,912	58,720	11,012	3,024	3,496	4,065				
2015	212,854	177,984	30,524	29,049	8,156	3,449					
2016	274,466	184,060	42,504	27,268	5,915						
2017	363,357	263,587	102,919	15,228							
2018	427,255	314,206	60,617								
2019	423,853	421,493									
2020	447,981										

Projected Inflation Adjusted Chain Ladder Table

Inflation Adjusted Incremental Chain ladder-Yearly Projections (N'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2010	380,763	965,279	1,068,476	1,123,209	1,146,551	1,153,666	1,154,631	1,155,009	1,155,009	1,155,009	1,155,009
2011	296,459	726,580	853,486	904,573	916,197	922,793	930,087	931,298	931,374	931,475	931,475
2012	268,373	622,491	770,359	811,320	816,341	824,215	825,518	826,226	826,286	826,301	826,301
2013	322,878	713,194	781,720	801,280	825,433	830,160	830,321	833,593	833,624	833,640	833,640
2014	327,774	638,832	734,047	749,524	753,343	757,291	761,356	762,227	762,256	762,270	762,270
2015	408,926	697,527	740,428	777,117	786,327	789,776	791,828	792,734	792,763	792,778	792,778
2016	445,047	703,739	757,422	788,213	794,128	798,773	800,848	801,764	801,794	801,809	801,809
2017	510,691	843,603	959,819	975,047	992,565	998,371	1,000,964	1,002,110	1,002,147	1,002,166	1,002,166
2018	539,627	894,428	955,045	996,765	1,014,673	1,020,608	1,023,260	1,024,431	1,024,469	1,024,488	1,024,488
2019	478,614	900,107	1,009,696	1,053,804	1,072,736	1,079,011	1,081,814	1,083,052	1,083,092	1,083,113	1,083,113
2020	447,981	905,438	1,015,676	1,060,045	1,079,090	1,085,401	1,088,221	1,089,467	1,089,507	1,089,527	1,089,527

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**
2010	380,763	965,279	1,068,476	1,123,209	1,146,551	1,153,666	1,154,631	1,155,009	1,155,009	1,155,009	1,155,009
2011	296,459	726,580	853,486	904,573	916,197	922,793	930,087	931,298	931,374	931,475	931,475
2012	268,373	622,491	770,359	811,320	816,341	824,215	825,518	826,226	826,286	826,301	826,301
2013	322,878	713,194	781,720	801,280	825,433	830,160	830,321	833,593	833,624	833,640	833,640
2014	327,774	638,832	734,047	749,524	753,343	757,291	761,356	762,227	762,256	762,270	762,270
2015	408,926	697,527	740,428	777,117	786,327	789,776	791,828	792,734	792,763	792,778	792,778
2016	445,047	703,739	757,422	788,213	794,128	798,773	800,848	801,764	801,794	801,809	801,809
2017	510,691	843,603	959,819	975,047	992,565	998,371	1,000,964	1,002,110	1,002,147	1,002,166	1,002,166
2018	539,627	894,428	955,045	996,765	1,014,673	1,020,608	1,023,260	1,024,431	1,024,469	1,024,488	1,024,488
2019	478,614	900,107	1,009,696	1,053,804	1,072,736	1,079,011	1,081,814	1,083,052	1,083,092	1,083,113	1,083,113
2020	447,981	905,438	1,015,676	1,060,045	1,079,090	1,085,401	1,088,221	1,089,467	1,089,507	1,089,527	1,089,527

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

Basic chain ladder method - Fire

Incremental 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**
2010	69,459	90,817	10,717	2,075	1,598	21	-	136	-	-	-
2011	182,516	312,871	33,345	920	707	765	309	579	462	-	
2012	145,488	138,284	84,494	1,421	7	1,340	78	-	-		
2013	161,371	194,379	24,521	25,317	8,164	-	-	-			
2014	175,068	206,422	103,415	11,402	3,784	399	-				
2015	206,687	222,698	38,360	22,578	57,335	1,546					
2016	339,325	299,948	55,487	50,627	5,477						
2017	316,219	118,487	39,658	57,756							
2018	442,329	432,436	45,843								
2019	519,444	326,613									
2020	362,116										

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**
2010	211,324	250,502	26,392	4,731	3,365	39	-	191	-	-	-
2011	503,434	770,532	76,039	1,937	1,359	1,240	434	731	522	-	
2012	358,303	315,336	177,909	2,729	12	1,884	98	-	-		
2013	367,983	409,280	47,109	41,052	11,474	-	-	-			
2014	368,621	396,568	167,687	16,025	4,779	451	-				
2015	397,077	361,104	53,915	28,516	64,743	1,546					
2016	550,215	421,570	70,080	57,168	5,477						
2017	444,439	149,650	44,781	57,756							
2018	558,666	488,306	45,843								
2019	586,556	326,613									
2020	362,116										

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**
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2010	211,324	461,826	488,218	492,949	496,313	496,353	496,353	496,544	496,544	496,544	496,544
2011	503,434	1,273,966	1,350,005	1,351,941	1,353,300	1,354,540	1,354,974	1,355,705	1,356,227	1,356,227	1,356,227
2012	358,303	673,639	851,548	854,277	854,289	856,173	856,271	856,271	856,271	856,271	856,271
2013	367,983	777,263	824,372	865,424	876,897	876,897	876,897	876,897	877,223	877,223	877,223
2014	368,621	765,189	932,877	948,901	953,680	954,131	954,131	954,592	954,946	954,946	954,946
2015	397,077	758,181	812,096	840,612	905,354	906,900	907,441	907,879	908,216	908,216	908,216
2016	550,215	971,785	1,041,865	1,099,033	1,104,510	1,105,416	1,106,075	1,106,609	1,107,020	1,107,020	1,107,020
2017	444,439	594,090	638,871	696,627	706,515	707,095	707,516	707,858	708,121	708,121	708,121
2018	558,666	1,046,972	1,092,815	1,121,438	1,137,355	1,138,289	1,138,967	1,139,517	1,139,940	1,139,940	1,139,940
2019	586,556	913,170	1,006,410	1,032,770	1,047,428	1,048,288	1,048,912	1,049,419	1,049,808	1,049,808	1,049,808
2020	362,116	1,021,834	1,126,169	1,155,665	1,172,068	1,173,030	1,173,729	1,174,296	1,174,732	1,174,732	1,174,732

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

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**
2010	5,996	3,249	953	305	610	-	-	585	-	-	-
2011	1,179	2,571	2,574	544	-	958	-	-	-	174	
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	-	26	-				
2015	4,799	11,891	2,399	-	-	-					
2016	13,470	13,880	4,318	1,844	-						
2017	5,468	5,061	46	-							
2018	9,304	6,053	1,895								
2019	11,784	10,089									
2020	17,888										

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**
2010	18,241	8,962	2,346	696	1,285	-	-	822	-	-	-
2011	3,252	6,331	5,870	1,146	-	1,553	-	-	-	174	
2012	11,478	17,493	2,115	6,804	2,201	211	-	-	-		
2013	17,964	13,190	1,613	763	1,559	-	-	-			
2014	12,395	8,694	2,112	206	-	29	-				
2015	9,219	19,282	3,372	-	-	-					
2016	21,841	19,509	5,453	2,082	-						
2017	7,685	6,392	52	-							
2018	11,751	6,835	1,895								
2019	13,307	10,089									
2020	17,888										

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**
2010	18,241	27,203	29,549	30,244	31,529	31,529	31,529	32,352	32,352	32,352	32,352
2011	3,252	9,583	15,453	16,599	16,599	18,152	18,152	18,152	18,152	18,326	18,326
2012	11,478	28,971	31,087	37,891	40,092	40,302	40,302	40,302	40,302	40,302	40,302
2013	17,964	31,153	32,766	33,529	35,088	35,088	35,088	35,088	35,088	35,088	35,088
2014	12,395	21,089	23,201	23,407	23,407	23,436	23,436	23,436	23,436	23,436	23,436
2015	9,219	28,501	31,873	31,873	31,873	31,873	32,192	32,192	32,192	32,192	32,192
2016	21,841	41,350	46,803	48,886	48,886	49,864	50,363	50,363	50,363	50,363	50,363
2017	7,685	14,077	14,129	14,129	14,424	14,713	14,860	14,860	14,860	14,860	14,860
2018	11,751	18,587	20,482	21,744	22,199	22,643	22,870	22,870	22,870	22,870	22,870
2019	13,307	23,396	27,043	28,709	29,310	29,896	30,195	30,195	30,195	30,195	30,195
2020	17,888	53,169	61,458	65,244	66,609	67,942	68,622	68,622	68,622	68,622	68,622

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

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**
2010	21,668	45,126	6,960	4,267	107	-	1,309	-	-	-	-
2011	19,029	48,146	21,668	5,129	-	1,318	491	745	-	-	
2012	10,143	29,463	9,200	1,055	-	-	-	-	-		
2013	15,137	16,189	9,706	4,384	149	-	-	602			
2014	33,154	22,427	7,140	2,785	4,312	-	-				
2015	21,469	24,898	5,308	-	-	5,340					
2016	13,711	24,361	1,261	1,152	-						
2017	18,000	22,351	3,183	2,794							
2018	16,873	16,416	2,926								
2019	22,825	21,059									
2020	11,129										

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**
2010	65,923	124,471	17,140	9,730	226	-	2,123	-	-	-	-
2011	52,488	118,572	49,410	10,799	-	2,137	690	941	-	-	
2012	24,980	67,185	19,372	2,027	-	-	-	-	-		
2013	34,518	34,086	18,646	7,109	209	-	-	602			
2014	69,809	43,086	11,577	3,914	5,446	-	-				
2015	41,246	40,371	7,460	-	-	5,340					
2016	22,232	34,239	1,593	1,300	-						
2017	25,298	28,230	3,594	2,794							
2018	21,311	18,537	2,926								
2019	25,774	21,059									
2020	11,129										

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**
2010	65,923	190,394	207,534	217,264	217,490	217,490	219,613	219,613	219,613	219,613	219,613
2011	52,488	171,060	220,470	231,269	231,269	233,407	234,096	235,037	235,037	235,037	235,037
2012	24,980	92,164	111,536	113,563	113,563	113,563	113,563	113,563	113,563	113,563	113,563
2013	34,518	68,604	87,250	94,360	94,569	94,569	94,569	95,171	95,171	95,171	95,171
2014	69,809	112,896	124,473	128,387	133,833	133,833	133,833	134,012	134,012	134,012	134,012
2015	41,246	81,617	89,077	89,077	89,077	94,417	94,643	94,770	94,770	94,770	94,770
2016	22,232	56,470	58,063	59,364	59,364	59,761	59,904	59,985	59,985	59,985	59,985
2017	25,298	53,529	57,123	59,917	60,855	61,263	61,409	61,492	61,492	61,492	61,492
2018	21,311	39,848	42,774	44,304	44,998	45,300	45,408	45,469	45,469	45,469	45,469
2019	25,774	46,833	53,518	55,432	56,300	56,677	56,813	56,889	56,889	56,889	56,889
2020	11,129	42,746	48,847	50,594	51,387	51,730	51,854	51,924	51,924	51,924	51,924

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

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**
2010	42,586	5,232	16,452	205	-	-	6,854	1,237	-	-	-
2011	47,861	12,819	835	19,462	89	13,713	-	-	577	-	
2012	34,699	60,006	26,838	20,409	3,127	-	-	-	-		
2013	84,356	68,150	18,402	1,247	2,030	20	-	-			
2014	68,187	42,366	12,928	1,483	4,438	5,528	-				
2015	69,435	88,165	10,780	2,147	120	3,495					
2016	60,926	49,316	19,007	23,565	101						
2017	94,807	105,888	1,987	6,293							
2018	61,980	53,932	3,559								
2019	75,244	80,465									
2020	41,882									-	

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**
2010	129,564	14,431	40,518	467	-	-	11,114	1,739	-	-	-
2011	132,015	31,570	1,904	40,979	171	22,236	-	-	652	-	
2012	85,456	136,834	56,510	39,209	5,070	-	-	-	-		
2013	192,361	143,496	35,353	2,022	2,853	25	-	-			
2014	143,573	81,392	20,963	2,084	5,605	6,243	-				
2015	133,395	142,960	15,151	2,712	135	3,495					
2016	98,791	69,313	24,006	26,610	101						
2017	133,249	133,738	2,244	6,293							
2018	78,281	60,900	3,559								
2019	84,965	80,465									
2020	41,882										

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**
2010	129,564	143,996	184,513	184,981	184,981	184,981	196,094	197,833	197,833	197,833	197,833
2011	132,015	163,586	165,490	206,469	206,640	228,875	228,875	228,875	229,527	229,527	229,527
2012	85,456	222,290	278,800	318,009	323,079	323,079	323,079	323,079	323,079	323,079	323,079
2013	192,361	335,856	371,210	373,232	376,085	376,110	376,110	376,110	376,110	376,110	376,110
2014	143,573	224,965	245,928	248,012	253,617	259,860	259,860	259,860	259,860	259,860	259,860
2015	133,395	276,355	291,506	294,217	294,352	297,848	297,848	297,848	297,848	297,848	297,848
2016	98,791	168,104	192,110	218,720	218,821	223,637	223,637	223,637	223,637	223,637	223,637
2017	133,249	266,987	269,231	275,523	287,660	293,992	293,992	293,992	293,992	293,992	293,992
2018	78,281	139,181	142,740	152,174	158,877	162,375	162,375	162,375	162,375	162,375	162,375
2019	84,965	165,431	180,129	192,034	200,493	204,906	204,906	204,906	204,906	204,906	204,906
2020	41,882	230,672	251,166	267,766	279,562	285,715	285,715	285,715	285,715	285,715	285,715

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

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 2020 (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)
2010	2,099,398	242,080	-	242,080	12%	5%	108,170	-
2011	2,099,398	306,978	1	306,979	15%	12%	242,080	-
2012	3,077,246	930,888	9	930,896	30%	15%	450,068	-
2013	1,743,435	123,051	45	123,096	7%	30%	523,590	-
2014	1,714,798	37,038	168	37,206	2%	2%	37,206	168
2015	1,885,938	215,672	998	216,670	11%	11%	216,670	998
2016	1,138,129	204,418	2,111	206,529	18%	18%	206,529	2,111
2017	1,347,236	1,308,689	51,229	1,359,918	101%	101%	1,359,918	51,229
2018	1,707,782	337,235	93,557	430,793	25%	28%	473,707	136,471
2019	2,237,838	61,569	475,710	537,279	24%	34%	760,865	699,296
2020	2,853,122	14,952	1,231,254	1,246,206	44%	49%	1,388,862	1,373,910

Expected Loss Ratio - Agriculture

Accident Year	Gross Earned Premium (N'000)	Claims Paid Till Date (N'000)	Total O/S as at 31 Dec 2020 (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)
2018	0	0	0	-	0%		-	-
2019	72,529	15,475	0	15,475	21%	21%	15,475	-
2020	40,500	100,737	2,509	103,246	255%	265%	107,296	6,559

Notes to the Consolidated and Separate Financial Statements (Continued)
For the year ended 31 December 2020

43 (a) PRA Regulated Annuity Fund

The Company had 10,712 PRA regulated annuity policies (2019: 9918) as at 31 December 2020 with annual annuity payment of ₦6,186,227,387.25 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 2020:

	Number of annuity policies	Annual Annuity (₦)	Number of annuity policies	Annual Annuity (₦)
	Dec-2020		Dec-2019	
Opening as at 1 January	9,918	5,639,948,969	8,803	4,794,497,152
· New Entrants	866	586,484,098	1201	893,833,635
· Deaths	(72)	(40,205,680)	(86)	(48,381,818)
As at 31 December	10,712	6,186,227,387	9,918	5,639,948,969

Mortality assumptions

We have assumed the following sample average expectation of life in line with the PA(90) UK published tables (as adjusted in line with the internal experience):

Age	Expectation of Life (in years)	
	Male	**Female**
50	28	33
60	20	26
70	13	16
80	8	10

PENCOM REGULATED ANNUITY
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

Quoted equities

Description	Units	Carrying Amount
FLOURMILL	214,204	5,569,304
STANBIC	126,152	5,556,996
NESTLE	53,571	80,624,355
TOTAL	118	15,340
TOTAL		**91,750,655**

Bonds

Description	Maturity Date	Coupon Rate	Amortized Cost
16.2499% FGN APR 2037	18-Apr-37	16.2499%	7,749,539,132
12.4% FGN MAR 2036	18-Mar-36	12.40%	8,869,293,041
			16,618,832,173

Description	Maturity Date	Coupon Rate	Fair value
12.1493% FGN JUL 34	18-Jul-34	12.15%	2,510,104,632
12.5% FGN JAN 2026	22-Jan-26	12.50%	131,642,787
13.53% FGN MAR 2025	23-Mar-25	13.53%	220,786,094
13.98% FGN FEB 2028	23-Feb-28	13.98%	1,260,408,093
14.2% FGN MAR 2024	14-Mar-24	14.20%	283,970,938
14.80% FGN APR 2049	26-Apr-49	14.80%	37,125,441,563
16.2499% APR 2037	18-Apr-37	16.2499%	28,317,825
14.55% FGN APR 2029	26-Apr-29	14.55%	299,227,049
16.2884% FGN MAR 27	17-Mar-27	16.2884%	192,596,757
			42,052,495,739

Total Assets	**58,763,078,566**
Liabilities - Annuity Reserves	**55,778,784,944**

OTHER NATIONAL DISCLOSURES

Value Added Statements

In thousands of Naira	Group				Company			
	December 2020	%	December 2019	Rent %	December 2020	%	December 2019	%
Gross Premium Written:								
Local	61,979,667		50,138,467		61,318,398		49,440,231	
Investment and other income	52,508,374		25,158,290		50,650,982		23,544,816	
	114,488,040		**75,296,756**		**111,969,380**		**72,985,046**	
Impairment on financial assets	(36,971)		(176,489)		31,114		(141,155)	
	114,451,069		**75,120,267**		**112,000,494**		**72,843,891**	
Bought in materials and services:								
Local	(102,072,439)		(61,432,418)		(100,843,213)		(60,782,132)	
Foreign	(2,917,055)		(1,759,347)		(2,917,055)		(1,759,347)	
Value Added	**9,461,575**	**100**	**11,928,501**	**100**	**8,240,226**	**100**	**10,302,412**	
Distribution								
Employees								
Salaries and other employees benefits	3,917,598	41	4,796,939	40	3,217,429	39	4,183,247	41
Government								
Income tax	(348,261)	(4)	266,836	2	(388,870)	(5)	66,695	1
Providers of finance								
Finance cost	96,743	1	431,328	4	96,743	1	431,328	4
Retained in the Group								
Replacement of property and equipment	636,261	7	539,897	5	482,747	6	381,908	4
Replacement of intangible assets	98,115	1	109,058	1	67,580	1	81,974	1
Contingency reserve	893,184	9	512,999	4	893,184	11	512,999	5
Retained profits for the year	4,167,936	44	5,271,443	44	3,871,412	47	4,644,260	45
Value Added	**9,461,575**	**100**	**11,928,501**	**100**	**8,240,226**	**100**	**10,302,412**	**100**

Five-year Financial Summary - Group

In thousands of naira	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Assets					
Cash and cash equivalents	31,913,335	10,080,164	5,324,739	5,199,386	7,491,178
Financial assets	188,342,047	126,827,073	103,414,529	73,635,612	56,556,261
Trade receivables	937,078	386,749	303,106	301,172	411,969
Reinsurance assets	7,496,395	5,460,569	5,460,569	3,644,489	2,816,503
Deferred acquisition costs	582,265	488,884	488,884	334,934	285,232
Other receivables and prepayments	2,426,871	6,227,700	5,762,765	454,902	324,457
Deferred tax assets	6,168	149,379	-	157,008	1,088,677
Investment property	758,000	772,000	772,000	581,999	990,000
Goodwill and other intangible assets	889,082	985,862	906,680	1,060,451	1,092,031
Property and equipment	7,009,404	7,597,843	7,036,211	6,513,175	5,915,891
Statutory deposits	500,000	500,000	500,000	530,000	530,000
Assets classified as held for sale	2,237,780	-	-	-	-
Total assets	**243,098,424**	**159,476,221**	**132,421,842**	**92,413,128**	**77,502,199**
Liabilities					
Insurance contract liabilities	136,078,388	84,986,351	65,540,532	59,959,751	49,987,893
Investment contract liabilities	21,835,376	16,201,367	12,319,617	10,909,624	10,061,637
Trade payables	2,020,724	1,839,238	1,013,475	1,721,918	1,599,841
Other payables and accruals	4,774,609	3,650,286	2,213,547	1,325,766	1,787,068
Fixed income liabilities	43,046,848	20,143,047	10,181,251	3,981,591	2,531,870
Current income tax payable	358,099	487,112	590,976	826,643	623,761
Deferred tax liabilities	8,837	629,282	533,836	547,017	270,408
Finance lease obligation	-	-	-	-	7,368
Long term borrowing	-	2,629,477	2,324,733	2,182,290	1,785,650
Derivative liabilities	-	-	-	-	143,725
Liabilities attributable to assets held for sale	316,462	-	-	-	-
Total liabilities	**208,439,343**	**130,566,160**	**94,717,968**	**81,454,600**	**68,799,221**
Net assets	**34,659,081**	**28,910,061**	**37,703,873**	**10,958,528**	**8,702,978**
Equity					
Issued share capital	7,843,988	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	7,037,181	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	1,812,707	1,812,707	1,802,662	1,802,662	1,221,707
Available-for-sale reserve	-	-	-	(13,072,413)	(14,065,457)
Fair value reserve	(507,416)	1,995,336	(1,143,847)	-	-
Foreign exchange gains reserve	175,600	159,677	147,443	145,640	596,977
Statutory reserve		167,874	143,882	116,458	96,688
Contingency reserve	7,213,594	6,320,410	5,807,411	5,182,190	4,703,531
Retained earnings	9,924,143	5,888,970	1,479,002	10,083,426	9,498,054
Deposit for shares	-	5,280,000	-	-	-
Statutory reserves of disposal assets classified as hel	202,042				
Shareholders' fund	**33,701,838**	**27,914,464**	**14,526,044**	**10,547,455**	**8,340,991**
Non-controlling interests	957,243	995,599	744,559	411,073	361,987
Total equity	**34,659,081**	**28,910,063**	**15,270,603**	**10,958,528**	**8,702,978**

In thousands of naira	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Gross premium written	61,979,667	50,138,467	32,097,692	27,064,365	32,918,820
Gross premium income	60,680,800	50,008,831	31,741,609	30,029,334	10,410,650
Net premium income	52,779,760	43,776,021	27,950,778	26,687,570	6,748,488
Other revenue	54,470,988	27,026,130	17,551,744	10,124,386	16,076,935
Total revenue	107,250,748	70,802,151	45,502,522	36,811,956	22,825,423
Net benefits and claims	31,656,713	25,380,608	(20,774,186)	(13,096,190)	(10,667,702)
Other expenses	42,549,053	13,282,873	(21,687,847)	(11,880,530)	(10,358,427)
Total benefits, claims and other expenses	74,205,765	38,663,481	(42,462,033)	(24,976,720)	(21,026,129)
Profit before income tax expense	4,632,074	5,985,245	3,040,489	11,835,236	1,799,294
Profit after tax	4,980,336	5,718,408	1,283,277	10,238,411	1,195,606
Other comprehensive (loss)/ income net of tax	(2,701,346)	2,863,291	1,122,661	(10,893,465)	(3,156,986)
Total comprehensive income/(loss), for the year	**2,548,480**	**8,773,630**	**2,405,938**	**(655,054)**	**(1,961,380)**
Basic earnings per share (kobo)	33	83	18	147	18
Diluted earnings per share (kobo)	33	83	13	105	14

Five-year Financial Summary - Company

In thousands of naira	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Assets					
Cash and cash equivalents	9,279,385	8,166,352	4,519,953	3,949,642	4,335,655
Financial assets	166,074,396	103,414,529	76,757,634	67,970,438	54,677,784
Trade receivables	897,596	303,106	131,841	59,106	133,022
Reinsurance assets	7,496,395	5,460,569	4,686,029	3,644,489	2,816,503
Deferred acquisition costs	582,265	488,884	465,991	334,935	285,232
Other receivables and prepayments	726,262	5,762,765	408,428	391,384	230,216
Deferred tax assets	-	-	-	-	978,114
Investment in subsidiaries	1,087,317	2,452,359	2,452,359	2,308,690	2,308,690
Investment property	758,000	772,000	555,000	582,000	990,000
Goodwill and other intangible assets	862,379	906,680	965,905	1,032,242	1,080,822
Property and equipment	6,705,570	7,036,211	6,697,108	6,220,962	5,546,923
Statutory deposits	500,000	500,000	530,000	530,000	530,000
Assets classified as held for sale	1,365,042	-	-	-	-
Total Assets	**196,334,608**	**135,263,455**	**98,170,248**	**87,023,888**	**73,912,961**
Liabilities					
Insurance contract liabilities	135,856,973	84,766,122	65,341,550	59,766,360	49,805,659
Investment contract liabilities	21,835,376	16,201,367	12,319,617	10,909,624	10,061,636
Trade payables	1,963,893	1,512,394	839,400	1,711,219	1,599,841
Other payables and accruals	3,892,160	3,406,751	2,002,558	1,187,975	1,738,393
Current income tax payable	307,621	361,505	507,241	426,920	572,512
Deferred tax liabilities	-	441,416	487,836	517,268	265,237
Finance lease obligation	-	-	-	-	7,368
Long term borrowing	-	2,629,477	2,324,733	2,182,289	1,785,650
Derivative liabilities	-	-	-	-	143,725
Total liabilities	**163,856,023**	**109,319,031**	**83,822,935**	**76,701,655**	**65,980,021**
Net Assets	**32,478,584**	**25,944,424**	**14,347,313**	**10,322,233**	**7,932,940**
Equity					
Issued share capital	7,843,988	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	7,037,181	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserve	1,812,707	1,812,707	1,802,662	1,802,662	1,221,707
Available-for-sale reserve	-	-	-	(13,092,408)	(14,019,431)
Fair value reserve	(438,588)	828,179	(952,902)		
Foreign exchange gain reserve	175,600	159,677	147,443	145,640	596,977
Contingency reserve	7,213,594	6,320,410	5,807,411	5,182,190	4,703,531
Retained earnings	8,834,102	5,253,959	1,253,208	9,994,656	9,140,665
Deposit for shares	-	5,280,000	-	-	-
Shareholders' fund	**32,478,585**	**25,944,424**	**14,347,313**	**10,322,233**	**7,932,940**

In thousands of naira	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Gross premium written	61,318,398	49,440,231	37,002,279	30,407,396	26,428,519
Gross premium income	60,038,913	49,376,338	36,441,690	30,143,348	29,507,169
Net premium income	52,137,873	43,143,528	31,260,465	26,352,517	26,165,405
Other revenue	52,207,519	24,978,643	9,988,889	15,932,337	8,417,852
Total revenue	104,345,392	68,122,171	41,249,354	42,284,854	34,583,257
Net benefits and claims	31,211,819	24,923,539	(23,355,837)	(19,284,986)	(12,727,038)
Other expenses	44,671,272	14,601,465	(13,593,853)	(18,815,671)	(10,660,433)
Total benefits, claims and other expenses	75,883,091	39,525,004	(36,949,690)	(38,100,657)	(23,387,471)
Profit before income tax	4,375,726	5,223,956	2,966,516	2,924,825	11,195,786
Profit after income tax	4,764,596	5,157,260	2,604,412	1,471,254	9,682,114
Other comprehensive (loss)/ income, net of tax	(1,542,113)	1,575,663	(186,429)	1,056,640	(10,847,439)
Total comprehensive (loss)/ income for the year	**3,222,482**	**6,732,923**	**2,417,983**	**2,527,894**	**(1,165,325)**
Basic earnings per share (kobo)	32	74	38	21	140
Diluted earnings per share (kobo)	32	74	30	16	100

Revenue Account of General Business

In thousands of naira	Fire	Motor	Casualty	Employer's liability	Marine	Personal accident	Special oil	Agriculture	Total December-20	Total December-19
Income										
Direct premium	2,905,789	2,424,655	2,582,044	190,602	2,315,646	464,777	2,791,189	123,330	13,798,031	12,029,230
Inward premium	23,257	13,594	29,336	1,453	12,122	1,537	100,951	19,732	201,982	149,911
Gross written premium	2,929,046	2,438,249	2,611,379	192,055	2,327,768	466,314	2,892,141	143,062	14,000,013	12,179,141
(Decrease)/Increase in unexpired risk premium	(275,122)	(66,058)	85,509	7,577	(361,995)	34,949	(39,018)	(20,310)	(634,468)	(36,381)
Gross premium income	2,653,924	2,372,191	2,696,888	199,632	1,965,773	501,263	2,853,122	122,752	13,365,545	12,142,760
Reinsurance cost	(2,086,460)	(134,974)	(1,704,304)	(69,535)	(1,294,888)	(133,123)	(1,468,207)	(41,279)	(6,932,770)	(5,490,659)
Net premium income	567,464	2,237,217	992,584	130,097	670,885	368,139	1,384,915	81,473	6,432,775	6,652,101
Commission received	443,022	58,395	452,522	25,409	279,880	51,542	14,364	(1,736)	1,323,398	1,277,394
Total underwriting income	**1,010,485**	**2,295,612**	**1,445,107**	**155,507**	**950,766**	**419,681**	**1,399,279**	**79,736**	**7,756,172**	**7,929,495**
Expense										
Claims	6,592,148	1,154,011	1,209,103	34,373	285,658	50,542	1,829,804	155,814	11,311,452	7,394,016
Increase/(decrease) in claims incurred but not reported (IBNR)	321,085 -	58,716	91,024	(13,331)	(5,234) -	2,647	104,873	(1,308)	435,746	206,575
Gross claims incurred	6,913,233	1,095,294	1,300,127	21,042	280,424	47,895	1,934,677	154,506	11,747,198	7,600,591
Reinsurance claims recoveries	(5,654,435)	(134,524)	(872,915)	(14,775)	(143,111)	(43,669)	(779,457)	(138,553)	(7,781,439)	(4,304,477)
Net claims incurred	**1,258,798**	**960,770**	**427,212**	**6,268**	**137,313**	**4,226**	**1,155,219**	**15,953**	**3,965,759**	**3,296,114**
Commission	462,234	236,702	458,347	34,973	351,385	105,400	479,417	7,557	2,136,014	1,878,603
Maintenance costs	22,203	28,144	91,241	1,256	48,231	160,038	172,487	23,998	547,598	304,142
Total underwriting expenses	1,743,235	1,225,616	976,801	42,497	536,929	269,664	1,807,123	47,508	6,649,372	5,478,859
UNDERWRITING (LOSS)/ PROFIT	**(732,750)**	**1,069,996**	**468,306**	**113,010**	**413,837**	**150,017**	**(407,843)**	**32,228**	**1,106,801**	**2,450,635**

Revenue Account of Life Business

In thousands of naira	Ordinary life	Annuity	Group life	Total December 2020	Total December 2019
Income					
Gross premium written	36,424,795	5,682,124	5,211,466	47,318,384	37,261,090
Changes in unearned premium	-	-	(645,017)	(645,017)	(27,511)
Gross premium income	**36,424,795**	**5,682,124**	**4,566,449**	**46,673,367**	**37,233,578**
Less: Reinsurance costs	(112,955)	-	(855,315)	(968,270)	(742,151)
Net premium income	**36,311,839**	**5,682,124**	**3,711,134**	**45,705,097**	**36,491,428**
Commission received	32,183	-	200,958	233,140	156,434
Total underwriting income	**36,344,022**	**5,682,124**	**3,912,091**	**45,938,237**	**36,647,862**
Expenses					
Death claims	311,180	165,849	1,952,173	2,429,202	2,647,317
Withdrawals	313,586	6,021,480	-	6,335,066	5,400,734
Maturity	14,510,758	-	-	14,510,758	10,986,486
Surrender	3,751,311	-	-	3,751,311	3,513,811
Increase in outstanding claims	205,831	-	322,251	528,082	2,595
Gross claims incurred	**19,092,667**	**6,187,329**	**2,274,424**	**27,554,419**	**22,550,944**
Reinsurance recoveries	(2,565.00)	-	(305,794)	(308,359)	(923,519)
Net claims incurred	**19,090,102**	**6,187,329**	**1,968,630**	**27,246,060**	**21,627,425**
Underwriting expenses:					
Acquisition	3,483,868	244,594	441,914	4,170,375	3,173,484
Maintenance	339,032	-	540,587	879,618	832,820
Change in life and annuity fund	34,846,397	16,736,767	-	51,583,164	21,732,423
Total underwriting expenses	**57,759,398**	**23,168,690**	**2,951,130**	**83,879,217**	**47,366,153**
Underwriting (Loss)/Profit	**(21,415,377)**	**(17,486,566)**	**960,961**	**(37,940,980)**	**(10,718,289)**