OPPORTUNITIES

Total Assets
11.74bn

Gross Claims Expenses
3.45bn

2019
Annual Report
+ Accounts

Customer Centricity

Profit After Tax
600.31m

Issued Shares
8.130.000.000 units

Professionalism
Relationship
Integrity
Customer Focused
Excellence

Our commitment to serving you better has seen us make key investments in our People, Technology and Processes. We are the second insurance company in Nigeria to obtain the prestigious ISO 9001:2015 (Quality Management Systems Certification).

To preserve wealth, reduce anxiety, and create value

Consolidated Hallmark Insurance Plc.
Anxiety Away, Value Assured

If you love it

Insure It

Comprehensive Motor Insurance
Made Easy For You
#IfYouLoveItInsureIt

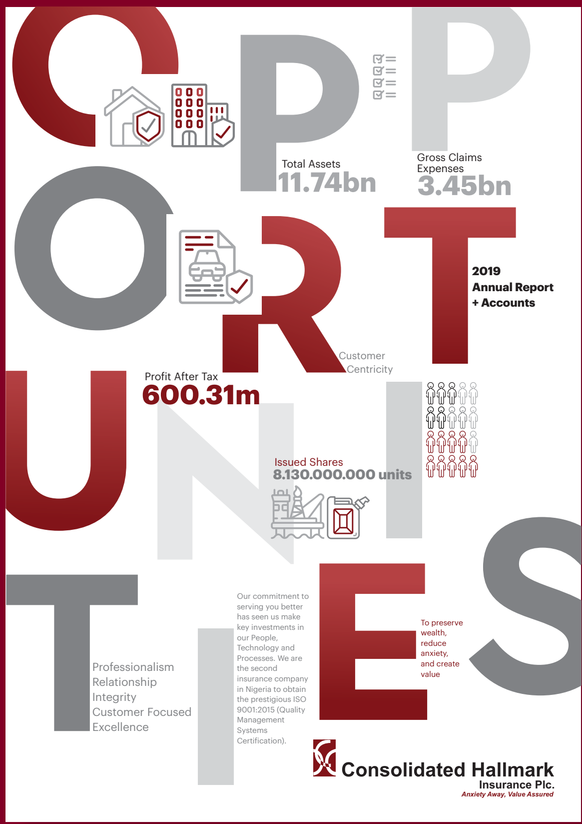
Consolidated Hallmark
Insurance Plc.
Anxiety Away, Value Assured

www.chiplc.com

myCHIplc

0700CHINSURANCE(0700-244-6787-2623)

NAICOM/CA/ADV/2020/3307



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Insurance Plc.
Anxiety Away, Value Assured

Business Units Working in Concert to

INNOVATE AND DELIVER

Products and Solutions to serve our Customers.

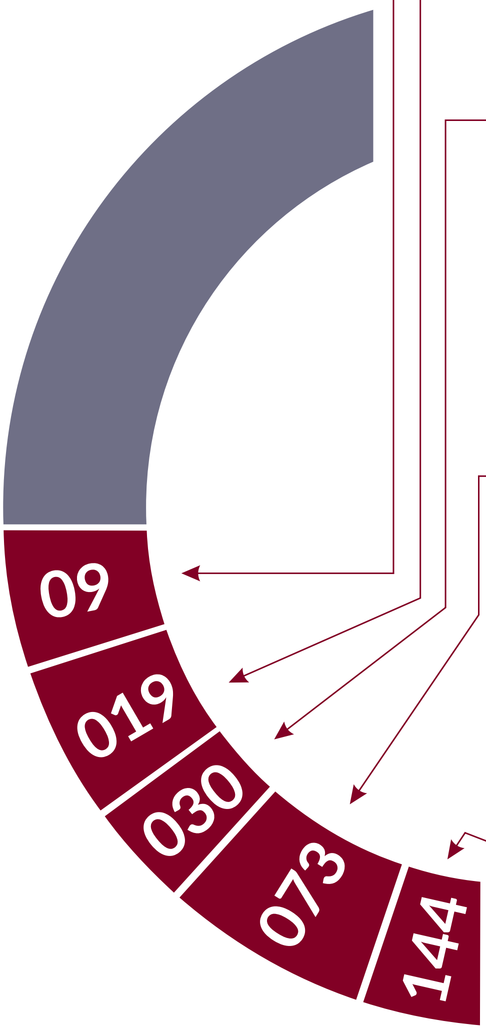
We have built our reputation on our Core Values -**PRICE** through **Professionalism** in service delivery to our customers whose **Relationship** with us we cherish. Our **Integrity** is never compromised as we remain **Customer Focused** with **Excellence** as our watchword.

For over thirteen years, the company has built formidable partnerships with customers in the underwriting of **Aviation, Oil & Gas, Marine Cargo** and **Hull, Motor, Fire,** and other General Insurance Business Categories.

Our commitment to serving you better has seen us continuously making key investments in **our People, Technology and Processes.**

We are the second insurance company in Nigeria to obtain the prestigious **ISO 9001:2015 Quality Management Systems Certification** in recognition of our conformity with International best practices in our operations.

CONTENTS



About this Report

This is the CHI Plc Annual Report & Accounts for the Financial Year Ended 31 December 2019. The Report complies with all relevant regulatory guidelines for registered Insurance Companies in Nigeria, meets the National Insurance Commission (NAICOM) regulations and satisfies the requirements of the Securities & Exchange Commission (SEC) as well as the Nigerian Stock Exchange (NSE).

Every year, we apply requisite standards in the structuring and presentation of our Annual Report, consistent with best-practice in financial and corporate reporting. Based on our business model, peculiar dynamics of the financial year under review plus expectations for the year ahead, we accord every edition of the Report an instructive thematic bearing, visually encapsulated on the cover page.

Performance with Purpose

Consolidated Hallmark Insurance (CHI) Plc is a leading general business insurance company determined to change the way we see insurance in Nigeria. With the help of our people and technology, we ensure we are there for you when you need us most because our primary objective is to deliver exceptional service to you, our customer. We are here to reduce your anxiety and cater to your needs. We have got you covered from motor insurance to gadget insurance, home insurance to business insurance, small risks, big risks and all general insurance classes.

Birthed from a strategic merger in 2007, Consolidated Hallmark Insurance Plc has become one of the top ten General Business and Special Risks Insurance underwriters in Nigeria today.

For over thirteen years, we have carved a niche for ourselves through big-ticket transactions in the Aviation, Oil and Gas, Marine Cargo and Hull Business as well as our motor insurance business with a reputation built on our core values- PRICE.

Leveraging the capabilities and unique skills of the entire group, we provide premium risk management, health management and financial services solutions to our clients.

Our commitment to serving you better has seen us make key investments in our People, Processes and Technology.

We are the second insurance company in Nigeria to obtain the prestigious ISO 9001:2015 (Quality management systems) certification.

Total Assets(NGN)

11.74bn

Profit After Tax(NGN)

600.31m

Gross Claims Expenses(NGN)

3.45bn

The CHI Plc advantage

- Innovation
- Dynamism
- Continuous Improvement

CHI Plc is on a mission to Preserve Wealth, Reduce Anxiety and Create Value for our customers. This is a company that preserves your assets through insurance, and when losses occur, reduce the anxiety that usually accompanies such.

We have always been committed to quality, thus earning us the NIS ISO 9001:2015 certification from the Standards Organization of Nigeria in recognition of our conformity to internationally acceptable standard requirements.

We do not take this privilege for granted, and will continue to provide our customers with the right level of quality service delivery expected of a world-class insurance company. So, choose and stick with CHI Plc today because we are committed not only to meeting the expectations of our clients but surpassing them.

Overview

Corporate Profile

Consolidated Hallmark Insurance (CHI) Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – the National Insurance Commission.

The company was incorporated on 2nd August 1991 as a private limited liability company and commenced operations in 1992. It was converted to a public limited company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The company's shares were listed on the floor of the Nigerian Stock Exchange on 22nd February, 2008.

Over the years, we have earned a reputation in providing leadership in Aviation, Oil and Gas, Marine Cargo and Hull Business and other non-life insurance underwriting including Motor, Fire and Special Perils, Goods-in-Transit, Engineering Insurance, amongst others.

With a formidable Team of highly experienced and committed professionals, CHI Plc prides itself in providing a robust training and retraining programme to enable the team keep abreast of developments locally and at the global level. This is backed by the deployment of a state-of-the art technology infrastructure that ensures prompt service delivery on-line real-time across office locations in the various geopolitical zones of the country.

Consolidated Hallmark blazed the trail in the deployment of ICT infrastructure for the on-line transaction of insurance business in the industry through a user friendly platform with the url www.motorthirdpartyonline.com . in 2008.

The company has a board of Directors made up of highly skilled technocrats cutting across various sectors of the economy.

Products & Services

1. Compulsory Insurance (Online Payment):
   - Motor third party - Individual & Fleet Registration
   - Occupiers Liability Insurance
   - Builders Liability (open) Insurance
   - Healthcare Professional Indemnity Insurance
2. Contractors All Risk
3. Oil, Energy And Special Risks:
   - Offshore risks
   - Onshore risks
4. Bonds:
   Bid/Tender Bond
   Performance Bond
   Advance Payment Bond
5. Householders Comprehensive Insurance
6. Consequential Loss Insurance
7. Professional Indemnity Insurance
8. Aviation Insurance
9. Goods-In-Transit
10. Money Insurance
11. Plant Insurance
12. Machinery Breakdown Insurance
13. Motor Insurance
14. Fire Insurance
15. Burglary Insurance
16. Marine Cargo/Hull Insurance
17. Travel Insurance

Brand Platform

Our Corporate Anthem

“To Insure and Inspire”

Here we stand
Built on Excellence and Professionalism
Ever Ready
To Insure and Inspire our customers
Because we’re Customer-Focused in every way

Here we stand
To serve and deliver with Integrity
To reduce worries and add value
To every Relationship we build
We are CHI
Consolidated Hallmark Insurance Plc

PROFESSIONALISM | RELATIONSHIP | INTEGRITY | CUSTOMER FOCUSED | EXCELLENCE

Our Vision

To be the first choice provider of insurance and other financial services in Nigeria

Our Mission

To Preserve Wealth, Reduce Anxiety, and create Value

Our Core Values

Professionalism
Relationship
Integrity
Customer Focused
Excellence

Corporate Information

Corporate Head Office
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos
Tel:+2341-0700CHINSURANCE(0700-244-6787-2623)
Email: info@chiplc.com
Website:www.chiplc.com

Registration Number RC168762

Registrars
Meristem Registrars & Probate Services Ltd
213, Herbert Macaulay Road
Adekunle, Yaba Lagos
Tel: +234 (1) 8920491-2
Lagos

Directors

Mr. Obinna Ekezie	Chairman
Chief Andrew D. S. Odigie*	Vice Chairman (Rsd)
Mr. Eddie Efekoha	Managing Director/CEO
Mr. Babatunde Daramola	Executive Director-Finance, System Investment
Mrs. Mary Adeyanju	Executive Director-Operations
Mr. Joel Botete Avhurhi*	Non-Executive Director (Rsd)
Mrs. Ngozi Nkem	Non-Executive Director
Mrs. Eziaku Ethel Obidegwu*	Non-Executive Director (Rsd)
Prince Ben Onuora	Non-Executive Director
Mrs. Adebola F. Odukale	Non-Executive Director
Dr. Layi Fatona*	Non-Executive Director (App)
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director

*Rsd: Resigned on 24th April 2019
*App: Appointed 25th April 2019

Reinsurers
African Reinsurers Corporation
Continental Reinsurance Plc
WAICA Reinsurance Corporation

Actuary
Ernst & Young
UBA House
10th Floor
57 Marina
Lagos
FRC/2012/NAS/00000000738
Tel: + 234 1 6314 543

Bankers
Access Bank Plc
Ecobank Nigeria Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
GT Bank Plc
Keystone Bank Plc
Polaris Bank Limited
Stanbic IBTC Bank Plc
Sterling Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

Company Secretary
Mrs. Rukevwe Falana
FRC/2016/NBA/00000014035
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos

Auditors
SIAO (Chartered Accountants)
18b, Olu Holloway Road
Off Alfred Rewane Road
P.O.Box 55461,
Falomo Ikoyi, Lagos.
Tel: +234 01 463 0871-2
Website: www.siao-ng.com
E-mail: enquiries@siao-ng.com

Subsidiaries
CHI Capital Limited
33D Bishop Aboyade Cole Street
Victoria Island Lagos

Hallmark Health Services Limited
264, Ikorodu Road
Obanikoro, Lagos

Grand Treasurers Limited
Plot 33D Bishop Aboyade
Cole Street, **Victoria Island, Lagos.**

CHI Microinsurance Limited
Corporate Office: 5A,
Sawyer Crescent,
Anthony Village, Lagos.
Tel: +234-1-2912543, 2912532

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **25th Annual General Meeting (AGM)** of the Members of **Consolidated Hallmark Insurance Plc** will be held on **26th August 2020 at 11.00am prompt at the Conference Room of Consolidated Hallmark Insurance Plc, 266 Ikorodu Road, Obanikoro, Lagos State** to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31st December 2019 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect retiring Directors.
3. To re-appoint the Auditors.
4. To authorize the Directors to determine the remuneration of the Auditors.
5. To elect Members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolution:

(a) Approve the remuneration of the Directors for the year ending 31st December 2020.

(b) That the Directors are hereby authorized to issue bonus shares of 677,500,000 ordinary shares of N0.50 kobo each amounting to a sum of N338,750,000, from its Retained Earnings in the sum of N405,951,229 as contained in its 31st December 2019 Audited Annual Report. The Bonus Shares shall be distributed at the ratio of one (1) new share for every fifteen (15) shares currently held by Shareholders who are on the Register of Members as at 18th August 2020.

Dated this 29th day of July 2020

BY ORDER OF THE BOARD

RUKEVWE FALANA

Company Secretary

FRC/2016/NBA/00000014035

NOTES:

COMPLIANCE WITH COVID -19 RELATED DIRECTIVES AND GUIDELINES

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria. Particularly, the Lagos State Government placed a restriction on the gathering of people at events, while the Corporate Affairs Commission (CAC) issued Guidelines on Holding Annual General Meeting (AGM) of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

PROXY:

A Member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Member of the Company. Executed form of proxy should be deposited at the Company's Registrars' Office, Meristem Registrars & Probate Services Ltd, or via email at info@meristemregistrars.com not less than 48 hours before the time of holding the meeting. To be effective, the proxy form should be duly stamped and signed by the Commissioner for Stamp Duties.

STAMPING OF PROXY

The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time or sent by e-mail to info@meristemregistrars.com

ATTENDANCE BY PROXY

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

1. Mr. Obinna Ekezie - Chairman
2. Mr. Eddie Efekoha - Managing Director/CEO
3. Mrs. Rukevwe Falana - Company Secretary
4. Sir Sunny Nwosu - Shareholders Representative
5. Mr. Lawrence Oguntoye - Shareholders Representative

LIVE STREAMING OF THE AGM

The AGM will be streamed live online. This will enable Shareholders and other Stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live streaming will be made available on the Company's website at www.chiplc.com

CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of Members and transfer books will be closed from 19th August 2020 to 25th August 2020 (both dates inclusive) for the purpose of the Bonus Issue thereby making Tuesday, August 18, 2020 the qualification date.

UNCLAIMED DIVIDEND

Several dividend remain unclaimed. All Shareholders are hereby advised to update their records and forward details of such records and account numbers to the Company's Registrars, Meristem Registrars & Probate Services Limited for receipt of dividend. Detachable forms in respect of mandate for e-dividend payment, unclaimed/stale dividend payment and Shareholders' data update are attached to the Annual Report and Accounts for your completion. Any Shareholder who is affected by this notice is advised to complete the form(s) and return same to the Company's Registrars, Meristem Registrars & Probate Services Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos.

Please note that the forms can also be downloaded from the Company's website: www.chiplc.com.

RIGHT OF SECURITIES' HOLDERS TO ASK QUESTIONS

Securities Holders have a right to ask questions not only at the meeting, but also in writing prior to the meeting and such questions may be submitted to the Company at 266 Ikorodu Road, Obanikoro, Lagos or via email at info@chiplc.com on or before the 19th August 2020.

E-ANNUAL REPORT

The electronic version of this Annual report (e-annual report) can be downloaded from the Company's website at www.chiplc.com. The e-annual report will be emailed to all Shareholders who have provided their email addresses to the Company's Registrars. Shareholders who wish to receive the e-annual report are kindly requested to send an email to info@chiplc.com or investorrelations@chiplc.com or info@meristemregistrars.com

WEBSITE

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

AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act Cap C20, LFN 2004, any Member may nominate a Shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty-One) days before the Annual General Meeting.

Kindly note that the provision of the Code of Corporate Governance issued by the Securities & Exchange Commission (SEC) states that some of the members of the Statutory Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

In view of the above, nominations to the Statutory Audit Committee should be supported by a Curriculum Vitae of the nominees.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, Mr. Obinna Ekezie, Prince Ben Onuora and Mrs. Bola Odukale retire by rotation and being eligible offer themselves for re-election. Please note that the biographical details of Directors seeking re-election are provided in the Annual Report.

AGE DECLARATION

Dr. Layi Fatona in accordance with section 252 (1) of the Companies and Allied Matters Act Cap C20 LFN 2004, intends to disclose at this meeting that he is over 70 years of age.

Rukevwe Falana

Company Secretary

Board of Directors

Mr. Obinna Ekezie
Chairman

Mr. Obinna Ekezie is the Founder & immediate past Managing Director of one of the fastest growing and largest Internet travel sites in Africa, wakanow.com, which was established after an initial experiment with a travel website, Zeeptravel.com.

He is an alumnus of the University of Maryland - Robert H. Smith College of Business, Maryland U.S.A and with a Minor degree in IBM Total Quality Management, from the same institution.

A talented strategist and tactician, his leadership offerings, strategic insights, and advice for market differentiation helped to secure Wakanow as the fifth fastest growing company in Nigeria within a short time.

A professional basketball player, his sojourn in the United States was remarkable with him signing on to attend and play basketball for the University of Maryland at College Park in 1995. He later competed at the highest levels in two continents while contributing to the success of teams including the Vancouver Grizzlies, Washington Wizards, Dallas Mavericks, Los Angeles Clippers, Atlanta Hawks, amongst others.

Mr. Ekezie is also the founder/chairman of African Basketball League, established to develop innovative organizational models in African Basketball.

Chief Andrew D.S Odigie
Vice Chairman
(Resigned on 24th April 2019)

Chief Andrew Dele Stephen Odigie, a chartered accountant of repute, is also an associate member of the Nigerian Institute of Management, certified Accountants of UK and a Fellow of the Chartered Institute of Secretaries and Administrators.

He began his professional career at Union International Company, London, from where he proceeded to Adecentro Nigeria Limited, where he rose through the ranks to the position of Executive Director.

His experience has been greatly enriched by his extensive international trainings in corporate finance and investments. He is an alumnus of the renowned Catford College, England where he obtained his qualification and membership of the Association of Chartered Certified Accountants (ACCA). Chief Odigie has put in over three decades of experience in accounting, financial analysis, taxation, and investment.

Prior to his retirement, he served as Director, Group Corporate Finance at Femi Johnson & Co Insurance Brokers. Chief Odigie currently consults for corporate and social organizations on financial matters and asset administration.

Board of Directors

Mr. Eddie Efekoha
Group Managing Director/CEO

Mr. Efekoha, Group Managing Director/CEO is also the Chairman of the subsidiary companies including Grand Treasurers Ltd, a finance company licensed by the CBN, Hallmark Health Services Ltd (HMO) and CHI Microinsurance Ltd.

He is the 49th President of the Chartered Insurance Institute of Nigeria (CIIN) and also served as the Chairman of the Nigerian Insurers Association (NIA) until he handed over the baton to the current Chairman.

At the continental level, he is a member, Book Review Committee of the African Insurance Organisation.

He worked previously with leading insurance brokerage firms including Hogg Robinson Nigeria, Glanvill Enthoven & Co. and Fountain Insurance Brokers from 1985 to 2003 during which period he held top executive positions.

He holds a B.Sc degree in Insurance and MBA both from the University of Lagos, Nigeria and he is a Fellow of the Chartered Insurance Institutes of London and Nigeria. He is an alumnus of both the Lagos and Harvard Business Schools

Mr. Babatunde Daramola
Executive Director, Finance, Systems and Investment

Mr. Babatunde Daramola was appointed to the Board on April 1 2016. He was until this appointment the General Manager, Finance and Investment in Consolidated Hallmark Insurance Plc. He has played strategic roles in a number of Corporate Transformation projects within the Group in addition to his role as the Chief Financial Officer.

Mr. Daramola is a Fellow of the Insitute of Chartered Accountants of Nigeria and an Associate of the Chartered Insurance Institute of Nigeria. He is also a Member of the Nigerian Institute of Management. He graduated from the Lagos State Polytechnic in 1994 with a Higher National Diploma in Insurance and also holds the MBA (Finance and Accounting) of the University of Liverpool (U.K.).

Tunde has vast working experience spanning Insurance Broking, Underwriting and Banking. He also had a stint in the oil industry having worked in Exxon Mobil Nigeria on secondment from Glanvill Enthoven & Co.(Nig.). He also worked at Continental Trust Bank Ltd. (now part of UBA PLC), where he had responsibility for Insurance, Tax Management, Budgets and Regulatory and Audit Management.

Tunde serves as a Non Executive Director of both Grand Treasurers Ltd and Hallmark Health Services Ltd.

He is an alumnus of the Lagos Business School.

Mrs. Mary Adeyanju
Executive Director, Operations

Mrs. Adeyanju possesses a Master's Degree in Business Administration from the Lagos State University as well as a B.A (Theatre Arts) and Diploma in Insurance from the University of Jos and Ahmadu Bello University respectively.

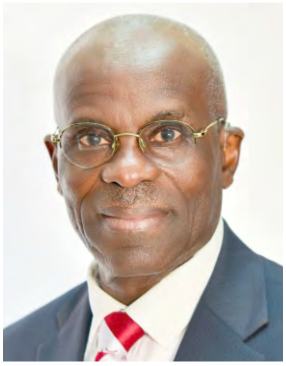
Mrs. Mary Adeyanju is a Fellow of the Chartered Insurance Institute of Nigeria, Mrs. Adeyanju has over two decades of varied experience in the Insurance industry, having commenced her career in Boof Africa Insurance Brokers. She later held top management positions in Carrier Insurance Brokers, First Chartered Insurance Company and later Consolidated Risks Insurers.

Mary was the Regional Director, Lagos/Western Operations of Consolidated Hallmark Insurance Plc before assuming the position of Executive Director, Operations. She is also a Non Executive Director of Grand Treasurers Limited and Hallmark Health Services Limited.

Mary has attended both local and international conferences and papers at various business fora.

She is an alumnus of the Lagos Business School.

Board of Directors



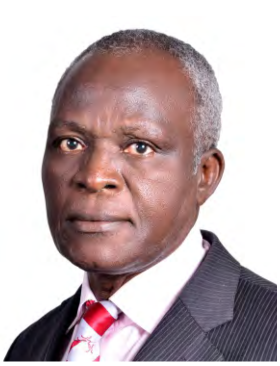
Dr. Layi Fatona
Non-Executive Director
(Appointed on 25th April, 2019)

Dr. Layi Fatona is the Chief Executive officer of Niger Delta Exploration and Production Plc, where he pioneered the first and only privately owned and operated refinery in Nigeria-the Ogbele Mini Refinery.

He is a Petroleum Geologist with over thirty-five years of practice, commencing with a seven year stint in the Petroleum Engineering and Exploration & Production Departments at The Shell Petroleum Development Company of Nigeria Ltd (SPDC).

A leading authority on the geology of the Niger Delta Oil and Gas Province, he was formerly the President of Geotrex Systems Limited, a foremost indigenous Exploration and Production consulting company.
He is widely consulted by Nigerian and foreign oil companies, and is a Past President and Fellow of the Nigerian Association of Petroleum Explorationists (NAPE). A certified Petroleum Geologist of the American Association of Petroleum Geologists (AAPG).

Dr. Fatona studied Geology at the University of Ibadan and Petroleum Geology and Sedimentology at the University of London.



Mr. Joel Botete Avhurhi
Non-Executive Director
(Resigned on 24th April 2019)

Mr. Joel Avhurhi is a financial consultant, lawyer and academic of repute.

He is a Fellow of the Institute of Chartered Accountants of Nigeria, Associate Member of the Chartered Institute of Taxation of Nigeria, amongst other professional bodies.

Before retiring into private legal practice and financial consultancy at Straffoss, he was director, finance and supply, commercial and industrial development at the Niger Delta Development Commission, NDDC.

He was also head of internal audit at the Nigerian Shippers Council, and a lecturer at then Bendel State University, Ekpoma.

A graduate of the University of Benin where he studied Microbiology, He obtained a Master of Science Degree in Food Science & Tech from the University of Reading, UK, MBA from the University of Benin, LLB from the University of Abuja and LLM (Rivers State University of Science and Tech, Port Harcourt)

He has about thirty-five years working experience, ten in Academics and Consultancy and twenty-five in Legal, Accounting and Finance, Planning, Internal Control and Investigations.

Mrs. Ngozi Nkem
Non-Executive Director

Mrs. Ngozi Nkem is a graduate of Banking & Finance from Abia State University. She worked as a banker for many years and currently manages Zopon Nigeria Ltd, a general merchant company engaged in the import, export and supply of goods and services as well as in the downstream oil & gas distribution.

She is also a Director in the following companies: Transglobe Securities Nigeria Ltd, Zopon Nigeria Ltd, Binez Hotel Ltd and Abia State Hotels Ltd.

Mrs. Nkem brought on Board a strong business acumen gained from diverse business interests.

Board of Directors

Mrs. Eziaku Ethel Obidegwu
Non-Executive Director
(Resigned on 24th April 2019)

Mrs. Eziaku Ethel Obidegwu is a Professional Banker and Law graduate of the Imo State University, Okigwe. She holds an MBA obtained from ESUT Business School, Enugu. She was called to the Nigerian Bar in 1988 and started her career with the then Nigerian Agricultural and Cooperative Bank as a Legal Officer before proceeding to the Continental Trust Bank and First Bank of Nigeria.

She has had an expansive career in the banking industries with experience in key areas including, Retail, Commercial Banking, Credit and Marketing, International Operations, International Treasury and Foreign Exchange, Legal, Admin and Personnel Departments.

Mrs. Obidegwu has over 20 years of experience in First Bank Nigeria Limited. She is reputed to have grown the balance sheet sizes of the Lagos Central, Yaba and Coker business offices by several billions of Naira.

Prince Ben Onuora
Non-Executive Director

Prince Onuora holds both Bachelor's and Master's degrees in Law from the University of Lagos. He has been in commercial law practice for over three decades in leading law firms, including Benon Chambers where he is currently the Managing Partner.

He is an Arbitrator, Notary Public for Nigeria and a registered legal consultant by the Securities and Exchange Commission. He is a Fellow of the Nigerian Institute of Management (Chartered) as well as the Institute of Directors where he served as Hon. Legal Adviser and a member of the Governing Council.

He was also a member of the Board of Governors of the IoD Centre for Corporate Governance. Prince Onuora is a member of the Nigerian Bar Association, Capital Market Solicitors Association, Chartered Institute of Arbitrators (UK) and Negotiation & Conflict Management Group (Founders of the Lagos Multi-Door Courthouse).

Mrs. Adebola F. Odukale
Non-Executive Director

Mrs. Odukale is an Associate of the Chartered Insurance Institute of Nigeria (AIIN). She started her Insurance career with Nigerian Life and Pensions Consultants in 1991 before joining Capital Express Assurance Ltd as a Branch Manager Ikeja.

She rose through the ranks in the company variously as Senior Manager, Technical, Controller Marketing, and Regional Director, South West prior to her appointment as the Managing Director of the company.

Mrs. Odukale holds the Bachelor of Science degree in Economics from the Obafemi Awolowo University, Ile- Ife, and an MBA in Human Resource Management from the Lagos State University.

Board of Directors

Mr. Shuaibu Abubakar Idris mni
Independent Non-Executive Director

Mr. Shuaibu Idris is currently the Managing Director/Chief Executive Officer of Time-Line Consult Limited. He is responsible for providing strategic direction and guidance, managing the day to day operation and marketing of clients across the west coast of Africa and beyond.

Previously, he served as the Deputy Managing Director of Dangote Flour Mills Plc from April 2009 to December 2010 where he was saddled with the responsibility for the overall management of the company and coordination of the Supply Chain, Sales and Marketing, Human Resource, Finance, Quality Control and Corporate Affairs. Prior to becoming Deputy Managing Director, he has served as the Special Assistant to the Group Chief Executive Officer; Dangote Group, Group Treasurer, Executive Director; Sales and Marketing and Group General Manager Human Resources and Administration from where he amassed several years of professional experiences. He was an Investment as well as Lending banker having risen to senior management position as well as director of a Nigerian bank.

Amongst several other Executive /Leadership Programmes attended in the course of his career, Mr. Idris completed the Lagos Business School and the Harvard Business School Advanced Management Program (AMP) and the Advanced Leadership Program from Judge Business School, Cambridge University, U.K. He also attended the prestigious National Institute for Policy and Strategic Studies,

Kuru, Jos, Nigeria. He holds an M.A in Banking and Finance from University of Wales, Bangor, United Kingdom and a B.Sc (Hons) in Accounting from Bayero University, Kano, Nigeria.

Mr. Idris is a Fellow of the Institute of Credit Administrators (FICA), a Fellow of the Association of National Accountants of Nigeria (FCNA), Fellow of Chartered Institute of Marketing Nigeria (FNIMN), Fellow of Nigerian Institute of Management (FNIM) and Member, Chartered Institute of Personnel Management of Nigeria (MCIPM). He is also a Fellow of the Institute of Directors Nigeria (IoD) as well as Member of the Nigerian Economic Summit Group and the National Institute.

Mr. Idris currently serve on the board of several private limited liability companies well as public quoted companies as an Independent Director. He also serves as a member of the Board of Trustees of several NGOs and BMOs.

Shuaibu Idris has travelled to virtually all the continents of the world and he is married with children. His interests include Football, Tennis, Swimming, and Political Debates.

Performance

Result at a Glance

	Group			Company		
	31-Dec 2019 ₦	31-Dec 2018 ₦	Change(%)	**31-Dec 2019 ₦**	31-Dec 2018 ₦	Change(%)
Financial Position						
Cash and cash equivalents	**1,717,868,438**	2,948,826,686	-42%	**1,062,065,613**	2,696,356,810	
Financial assets	**4,197,638,009**	2,626,123,540	60%	**3,632,940,135**	1,907,505,062	-61%
Trade receivables	**403,746,494**	484,847,132	-17%	**199,899,308**	199,248,468	90%
Investments & Other Assets	**5,187,426,356**	4,544,284,669	14%	**6,057,789,943**	5,427,347,364	0%
Other receivables & prepayments	**209,056,966**	195,161,111	7%	**313,691,585**	210,813,535	12%
Intangible Assets	**26,087,026**	22,362,991	17%	**24,620,360**	22,192,991	49%
Total Assets	**11,741,823,290**	10,821,606,128	9%	**11,291,006,944**	10,463,464,231	11%
Insurance Contract liabilites	**4,105,083,759**	3,803,576,977	8%	**3,923,826,888**	3,741,068,043	8%
Total liabilities	**5,128,127,677**	4,645,625,104	10%	**4,809,492,296**	4,405,423,535	5%
Issued and paid up share capital	**4,065,000,000**	4,065,000,000	0%	**4,065,000,000**	4,065,000,000	9%
Share premium	**155,264,167**	155,264,167		**155,264,167**	155,264,167	0%
Contingency reserve	**1,855,299,252**	1,603,720,833	16%	**1,855,299,252**	1,603,720,833	
Statutory reserve	**36,863,982**	27,726,056	33%	**-**	-	16%
Retained earnings	**501,268,212**	324,269,968	55%	**405,951,229**	234,055,695	
Shareholders fund	**6,613,695,613**	6,175,981,025	7%	**6,481,514,648**	6,058,040,696	73%
						7%

	31-Dec 2019	31-Dec 2018		**31-Dec 2019**	31-Dec 2018	
Comprehensive Income						
Gross premium	**8,691,234,590**	6,864,879,525	27%	**8,385,947,285**	6,775,797,496	24%
Net Premium earned	**4,945,272,421**	4,272,913,674	16%	**4,720,359,957**	4,242,214,878	11%
Net underwriting income	**5,464,910,450**	4,629,298,726	18%	**5,239,997,985**	4,598,599,930	14%
Other revenue	**950,944,006**	1,105,494,446	-14%	**630,703,881**	794,257,812	-21%
Total Revenue	**6,415,854,456**	5,734,793,172	12%	**5,870,701,866**	5,392,857,742	9%
Claims incured	**(1,679,271,042)**	(1,799,821,142)	-7%	**(1,547,298,877)**	(1,783,133,770)	-13%
Other expenses	**(4,025,108,949)**	(3,400,534,323)	18%	**(3,656,021,257)**	(3,150,035,714)	16%
Total Benefits, Claims and Other Expenses	**(5,704,379,991)**	(5,200,355,465)	10%	**(5,203,320,134)**	(4,933,169,484)	5%
Profit before tax	**711,474,463**	534,437,706	33%	**667,381,732**	459,688,258	45%
Income tax expense	**(111,159,875)**	(127,726,964)	0%	**(81,307,778)**	(83,663,738)	-3%
Profit for the year	**600,314,588**	406,710,742	48%	**586,073,953**	376,024,520	56%
Basic and diluted earnings per share (Kobo)	**7.38**	5.79		**7.21**	5.36	56%

Chairman's Statement

Mr. Obinna Ekezie

Chairman Board of Directors

Focus on growing retail insurance

Create differentiated products

Gross Premium Written

Responding to market dynamics

Distinguished Shareholders, Colleagues on the Board, Ladies and Gentlemen,

It is heart-warming to hold another Annual General Meeting of your company, our 25th, and I thank you immensely for finding time out of your busy schedules to once again attend to the call of your company, Consolidated Hallmark. Welcome!

Ours is a company that has continued to operate in an intensely competitive business environment with many players striving to significantly grow their top and bottom lines from a market that is yet to witness the kind of exponential growth expected.

With your support coupled with the hard work and dedication to duties of hundreds of employees, we have once again sustained our annual profitable operations for the 2019 financial year, positive results which we are set to review in the course of this meeting.

Nigeria, like other economies, operates in a global environment with international developments in various continents having their direct and indirect impacts on local players.

Global Economic Outlook

The Global Economy was projected by the International Monetary Fund IMF to grow by 3.5% in 2019 in the face of rising financial, social and environmental challenges. However, the US economy, a leading world economy grew by 2.3% in 2019, a slowdown from the 2018 figure of 2.9%, and short of the 3% growth target set by the Trump Administration. Tax Cuts which increased take home pay were introduced in a bid to grow the labour force figures, resulting in a labour force participation jump to 63%.

Conversely, the economy of China grew by 6.1% in 2019. Though down from 6.6% in 2018, the authorities said the growth was in line with expectations considering the trade dispute with global giant, the United States of America. Beijing had estimated the 2019 growth rate at between 6.0-6.5%, and Reuters record show the 2019 growth as the slowest since 1990.

The two largest world economies have been locked in a trade dispute which has culminated in US imposing tariffs of more than $360bn on Chinese goods and China retaliating with tariffs of over $110 billion on goods from the US.

Crude Oil prices, especially the Brent (equivalent of Nigeria's Bonny Light), which in 2018 appreciated to $71.34 averaged $64 in 2019, showing a downward trend from the envisaged recovery.

Global Growth of 2.4% was recorded in 2019, amid a global weakening trade and investments. According to the World Bank, the weakness was widespread, affecting both advanced economies and emerging market and developing economies (EMDEs)

Operating Environment

The prevailing exchange rate remained relatively stable during the year, hovering between N305 to USD1 officially and N360 - N365 in the Investors & Exporters window (I &E) and Parallel Market rates respectively. The multiple exchange rates continued to hold sway in the local operating environment. Investors and the International Monetary Fund continued their call on the country to merge the various rates.

Experts have argued that while multiple rates may appear like a viable quick fix solution to counter the effects of falling crude prices, the Apex Bank (CBN) should re-evaluate the policy as the system stifles growth and encourages corrupt practices by those benefiting from it.

The Fixed Income market in 2019 performed well ahead of the capital market due to what could be attributed to as a flight to safety by investors, contrary to the -14.60% negative return of the Nigerian Stock Exchange. The market capitalisation however increased by 10.55% to N12.97trn from the N11.73trn of 2018 due to listings by two top telecom firms.

The year opened on a positive note with inflation rate dropping to 11.37% in January from 11.44% in December 2018. The rate however closed the year with a 20 month high of 12.0% (the highest since April 2018).

First Quarter of the Year (Q1) recorded a drop in GDP to 2.01%, by Q2 it grew by 1.94% and figures for Q3 shows a growth in real terms of 2.28%, an improvement that was propelled by a 1.85% year on year growth in the non- oil sector of the economy.

Regulatory Environment

The industry regulator, the National Insurance Commission (NAICOM) took operators by surprise with an announcement that came barely six months after the suspension of the Tier Based Minimum Solvency Capital TBMSC regime in November, 2018. You will recall that the announcement for a fresh capital threshold for General Insurance operators (our forte) by over 300% to ₦10 billion came on the day of our Annual General Meeting last year, 31st May, 2019. Unlike the terminated exercise where NAICOM sought to categorize players into three Tiers - 1,2,3 based on capacities of companies to underwrite risks, the latest exercise requires the mandatory injection of capital by players.

NAICOM is keenly playing its watchdog role in the current process as it is not only being kept abreast of comprehensive recapitalisation plans by operators as requested by the regulator is keenly following such plans to ensure a seamless process.

Recapitalisation efforts

I am delighted to inform you that following your tremendous support, our recapitalisation efforts have since gained tremendous traction. The first phase of the exercise commenced after your unanimous approval at the Extra Ordinary Meeting in November 2019 for a combination of efforts to raise capital that would enable us to meet the new threshold.

The Rights Issue closed officially on June 8th and due to the enthusiasm displayed by you, distinguished shareholders, we are highly optimistic of reporting a full subscription of the ₦1,056,900,000 we offered for subscription in the course of this General Meeting, after which the next stage would commence with the Private Placement.

The recapitalisation timeline as set by NAICOM was extended beyond December, 2020 but we are working strenuously to conclude well ahead of the new deadline. The option of acquisition of one or more smaller players/a merger is the very last on the cards, and would only be explored if considered absolutely necessary.

I wish to assure you that the current recapitalisation efforts of your company will not only be very successful but will see to the emergence of your company as a stronger and bigger player, fully equipped with greater capacity to retain more special risks locally.

Operating Results

During the 2019 Financial Year, your company once again displayed the ability to consistently post positive results in both the top and bottom lines. I am glad to present our full year results before you for approval. They show a growth of 26.6% in Gross Premium Income, from ₦6,864,879,525 in 2018 to ₦8,691,234,590, an all-time high record, which represents an additional income of ₦1,826,355,065

Underwriting Profit grew by 51.4% from ₦ 1,207,463,892 in 2018 to N 1,828,410,645 in 2019 while the assets of the company was not left out in the impressive performance. Total Assets is now ₦ 11,741,823,290 when compared with the ₦ 10,821,606,128 of 2018.

Your company has once again maintained its profitability streak by growing Profit Before Taxation to ₦ 711,474,464 from the ₦ 534,437,706 of 2018 while Profit After Taxation grew from ₦ 406,710,742 in 2018 to N- 600,314,588 in 2019, a 47.6% increase.

Bonus Shares Issue

We have remained consistent in the payment of dividends to our shareholders and are indeed known as one of the listed insurance companies that is to be reckoned with in this regard. However, in line with current industry recapitalisation realities, a Bonus Share Issue is being proposed for your approval during this meeting. To take us closer to the recapitalisation threshold, a total sum of ₦338,750,000, from our 2019 Retained Earnings of ₦405,951,229 is being proposed for issuance of bonus shares totalling 677,500,000 ordinary shares of N0.50 kobo.

Upon your approval, the Bonus Shares shall be distributed at the ratio of one (1) new share for every fifteen (15) shares currently held by Shareholders who are on the Register of Members as at 18th August 2020, thereby increasing the Issued Share Capital of the Company from 10,162,500,000 ordinary shares to 10,840,000,000 ordinary shares which at par value of N0.50 kobo amounts to ₦5,081,250,000 and ₦5,420,000000 respectively.

CHI MicroInsurance

As promised during our last Extra Ordinal General Meeting, our latest subsidiary, the CHI MicroInsurance, a micro life Assurance company shall commence full operations in the course of the year. It is thus joining other subsidiaries - Grand Treasurers Limited and our Health Maintenance Organisation, Hallmark HMO in contributing to the growth of your organisation on its steady part towards full emergence as a holding company.

Future Outlook

The insurance industry will certainly not remain the same , in view of the effects of the Global Corona Virus pandemic. Also, the year 2021 is that of consolidation as players seek to meet the recapitalization deadline in the industry. Your company is set to take its rightful place amongst other successful and formidable players.

Expectations are high that with a fewer but more formidable number of players in the market, operations would be greatly enhanced. More funds would expectedly be available to plough into expansion of operations and the various stakeholders would be better rewarded.

For I and colleagues on the board, we believe this period of recapitalisation in the industry will afford you all, distinguished shareholders, to increase your stake in your company as we position ourselves keenly for the opportunities ahead.

The political front has been largely stable, with the conclusion of post-election litigations at the federal level. It is hoped that the recent establishment of the Economic Management Team made up of seasoned economists and financial experts will provide the necessary fulcrum for the much desired economic revival.

"We have remained consistent in the payment of dividends to our shareholders and are indeed known as one of the listed insurance companies that is to be reckoned with in this regard."

Focus on growing retail insurance

Create differentiated products

26.6%
Increase in Gross Premium Income

₦8,691,234,590
Gross Premium **Written**

Our future as a full-fledged financial services provider is real as your company is poised to fully deploy additional capital being generated to grow and deepen the customer base in insurance, asset financing and leasing, health maintenance services as well as fully tap into the tremendous opportunities available in the Micro Life Assurance segment now available to us.

Appreciation

Thank you so much for your unwavering support over the years, distinguished shareholders. You have stood firmly with us by affirming your belief and faith in your company.

I also wish to express my sincere appreciation to our major partners in business, the insurance brokers, agents and our numerous customers who have continued to entrust their valued assets in our care.

My gratitude also goes to my colleagues on the board, our management team and entire staff without who the progress we have continued to attain in our annual operations would have been a mirage.

Thank you all and wishing you bountiful blessings as we strive to report even better performances in future outings.

Obinna Ekezie
Chairman, Board of Directors
June, 2020.

Group Managing Director/CEO's Statement

Mr. Eddie Efekoha
Group Managing Director/CEO

Business Outlook

Performance Ratios

Industry Developments

Performance Ratios

2019 Financial Year is once again, a year of cheering news for your company. It was not just a year of profitability in operations like previous years, but I am glad to inform you that we attained an all-time high Group Revenue of ₦8,691,234,590 as Gross Premium Written. This is a 26.6% growth over the 2018 figure of ₦6,864,879,525.

Dear Distinguished Shareholders,

It seems just like yesterday, but another year is gone by in the annals of history and time to take stock of activities of your company. Welcome to the 25th Annual General Meeting of Consolidated Hallmark Insurance Plc.

2019 was indeed a year of mixed fortunes for the Nigerian economy, the insurance industry and your company - noticeable stability in the exchange rate of the local currency (Naira) continued albeit varying rates of exchange. The price of petroleum products remained regulated and product availability did not pose a challenge against the backdrop of public power output which is still being hopefully awaited to improve significantly to enable businesses save more on cost.

The financial outing of your company as the results for the year ended 31st December, 2019 will reveal upon our review is the best in the history of our operations. Kudos to you all that made us achieve this feat in spite of the challenging business environment.

Insurance Industry

On a pleasant note, the 2020 Finance law which became operational on 1st February, 2020 came with some benefits to the insurance industry. Important to note, amongst several good tidings from the law is that insurance companies would now be able to carry forward their losses indefinitely like companies in other sectors of the economy, instead of the previous four year restriction on the sector. The basis of computation of minimum tax payable by insurance companies has also been simplified in a way that is more favourable than the stipulations of the 2007 Act. The new law has now also properly defined investment income for the purpose of proper taxing of life insurance business. Industry players have since embraced the new law as it practically solved the problem of excess taxation on company profits in the past. With its advent, no further tax will be payable on undistributed profits already taxed as was the practice in the past.

The industry regulator, NAICOM in the course of the year also continued with the implementation of the Market Development and Restructuring Initiative, and now set to flag off phase two of the project soon after taking the first phase to the six geopolitical zones in an attempt to deepen insurance penetration.

What came to us all as a form of shock in the course of the year under review was the over 300% increase in the capital threshold of underwriters operating in the general business and special risks category where your company belongs. The announcement by the National Insurance Commission (NAICOM) was a surprise to operators as it came not long after the cancellation of the Tier Based Minimum Solvency Margin recapitalization model in November, 2018. The new level of capital required was not only significantly increased but made mandatory with a period of twelve months only given for compliance. However, the deadline has since been extended till September 2021 due to challenges of the COVID -19 pandemic, though operators are expected to meet 50% threshold by December 2020. We have since embraced the current realities in the industry and various levels of progress have been achieved.

Our Recapitalisation Journey

It has been 13 years since our emergence as a stronger, bigger company from the last industry induced recapitalisation exercise in 2007. It is a terrain we are much familiar with.

Efforts being made by the board and management of your company towards reaching the desired threshold as stipulated by the regulators for the latest exercise are on course. You will recall that with your support, we proactively commenced the process of increasing our working capital in 2017 with a Rights Issue of 1,000,000,000 units at 50k for N500 million and followed that in quick succession with a Private Placement of 1,130,000,000 units at 65k for N734.5 million both offers of which were highly successful. It is in the same spirit we embarked on the first phase of the latest capital raise with a Rights Issue in February, 2020 following your approval of our plans at the Extraordinary General Meeting during the last Quarter of 2019.The 2,032,500,000 units offered at 52k per share is set to be further ploughed into the capital of the company, N1.13 billion which is taking us closer to the threshold.

Benefits of Recapitalisation

Advantages derivable from increased capital are indeed immense. From a Gross Written Premium of N1.506bn upon consolidation of your company in 2007, we have grown by 477% to ₦8.691 billion in the 2019 operating year. Our Assets base has also grown exponentially during the period from ₦4.651bn in 2007 to the ₦11.741bn recorded in 2019. These and other growth margins as seen in the detailed financials being presented for approval show how well we have fared since the last recapitalisation exercise.

Your company has since expanded in leaps and bounds since 2007 while operating on a capital base of N3 billion. It is envisaged that as we move into the next decade in our operations while operating with a N10 billion capital base, revenue profile of the rapidly evolving group will not only meet but surpass the N30 - N40 billion mark. This is our dream as an improved capital base will expectedly lead to a very comfortable solvency margin which will put us in a good stead to continually underwrite all risks including oil & gas, marine and aviation. We expect a significant reduction in the quantum of risks hitherto ceded to offshore reinsurers, thus conserving more funds locally for expansion in operations.

Performance Ratios

2019 Financial Year is once again, a year of cheering news for your company. It was not just a year of profitability in operations like previous years, but I am glad to inform you that we attained an all-time high Group Revenue of ₦8,691,234,590 as Gross Premium Written. This is a 26.6% growth over the 2018 figure of ₦6,864,879,525.

Our bottom line has remained positive, with profit reported yearly. A growth of 33.1% was recorded in Profit Before Taxation in 2019 - from ₦534,437,706 in 2018 to ₦711,474,464 during the year under review. This impacted on Profit After Taxation as a growth of 47.6% was recorded in the 2019 figures of N600,314,588 when compared with ₦406,710,742 in 2018.

Prompt claims payment remains a key pivot to our continued success. We believe firmly in putting smiles on the faces of our rapidly growing customers who have continued to demonstrate their faith in us by entrusting their valued assets to our care. In this regard, ₦3,448,090,659 was expended in settlement of claims in 2019. The reduction from the ₦4,787,135,023 claims expenses of 2018 is attributable to more prudent underwriting efforts and the resultant significant drop in volumes of large one-off payments as it occurred in the recent past especially on a marine hull loss. Also, our robust reinsurance arrangement once again proved very valuable, as significant recoveries of ₦1,768,819,617 was made from our overall claims expenses during the year.

Your company has also increased it's Total Assets from ₦10,821,606,128 in 2018 to ₦11,741,823,290 in 2019, a growth of 8.5%.

A combination of our performance in recent times, using various metrics and ratios has led to the gradual improvement in market share in various classes of insurance. We are now listed amongst the first ten from industry data available at the umbrella body of operators, the Nigerian Insurers Association (NIA).

Business Outlook

The outbreak of the Corona virus pandemic in our shores, which led to a lock down at the end of March 2020 has had a significant effect on the way we do business. We have since adjusted our operations by taking advantage of the opportunities offered by technology to reach out to our various customers. Various measures have also been put in place for the safety of our staff, customers and other stakeholders.

Our journey towards a Group structure is practically concluded with the granting of approval in principle by the primary industry regulators for your company's additional subsidiary, CHI Micro-Insurance Limited, a commence by the second quarter of this year. Key members of staff of the company have since been engaged and an office location in the Lagos mainland ready. Your company is set to tap into the vast opportunities available in the micro insurance business, with products of mass appeal targeted at the huge population requiring minimal cover at affordable cost.

The micro insurance firm is joining other fledging subsidiaries including Grand Treasurers Limited and Hallmark HMO in contributing their quota towards enhancing the fortunes of company.

The need for brand visibility and more awareness about insurance has continually called for greater attention by individual players and collectively as an industry body. In this regard, we have committed more funds towards enhancing our visibility as a foremost player. Thus, in the course of the year we embarked on an Integrated Marketing Communications campaign in major media outlets urging Nigerians to #ResolveToInsure. Future campaigns shall be embarked upon as part of our contributions to ensure better awareness and positive perception of insurance.

Meanwhile, the Five-Year Corporate Strategy plan of your company has been updated to reflect the changes since that of 2016-2020 was developed and more importantly to accommodate the new capital regime in view of current industry realities. Also, our marketing structure has been realigned for better coverage.

Corporate Social Responsibility

Your company is making efforts to upscale its contributions to the society through ongoing discussions with the Lagos Zone of the National Youth Service Corps (NYSC) for viable projects sponsorships initiated by youth corps members deployed to the state. This is in addition to the Annual Essay Competition for students offering insurance and actuarial science in tertiary institutions, a competition now in its ninth edition which the entire industry and participating institutions keenly look forward to every year.

We have also continued to regularly visit diverse orphanage homes for donation of foodstuff and provisions during special events including the yuletide season and children's day celebrations.

Human Capital Development

Our recruitment process is one that draws from a pool of the best talents available. We have continually attracted outstanding human capital across career lines through various measures including a recent Management Trainee Scheme that was conducted via a highly competitive selection process.

Reward for good performance remains a strong motivational factor in the workplace. Towards this end, adoption of a 360° appraisal system has been introduced to enable us recognize good performance and reward same in a transparent manner.
Provision is being made continually through a robust budgeting for the training and retraining of our members of staff and they are regularly exposed to local and international training programs which are relevant to their job roles and performance in line with our firm belief that human capital remains the most vital asset of an organization. This is in addition to the mandatory internal quarterly training programmes organised in a way to ensure every member of staff benefits.

The online Enterprise Human Resource Management Solutions portal for Performance Management and staff data capture/Management is being periodically finetuned to align with latest best practices.

Conclusion

Our operations are expanding in diverse areas with opportunity for significant growth in revenue as a group, while tapping into the valuable contributions of our various subsidiaries. The impact of the Corona virus pandemic is being felt by the insurance sector, like other sectors of the economy.

But we are of the firm conviction that with a more formidable capital base, our operations shall be greatly enhanced, and the results would be visible for all stakeholders in terms of market share and returns on investments.

Immense progress is being recorded in our drive towards recapitalisation as we hope to conclude the process well ahead of the new September 2021 deadline as recently extended by the National Insurance Commission (NAICOM)

We assure you of our resolve, as key stakeholders to see this process through and remain one of the strongest and most formidable players in the insurance industry in Nigeria and count on your continued support in this regard.

I wish to thank whole heartedly, our thousands of customers who have continued to believe in our resolve to rise to the occasion and come to their rescue when the need arises. To them, I offer our firm commitment not only to meet but exceed their expectations.

To my colleagues on the board, management and entire members of staff, I say a big Thank you for your various roles and commitment which has brought your company to the lofty heights it has attained. The future is indeed even brighter.

I am also immensely grateful to all our shareholders who have always risen to the occasion at every opportunity. We have called on you once again in 2020 and you have responded strongly in support of our recapitalisation drive. Thank you for your belief in us as a team and your unshaken faith in your company.

On a final and very significant note, I wish to appreciate God Almighty for another successful outing in 2019 and count on Him for more years of outstanding operations ahead.

Eddie A. Efekoha
Group Managing Director/CEO
Lagos, June 2020

Executive Management Team

1

Eddie Efekoha
Group Managing Director/CEO

2

Babatunde Daramola
Executive Director (Finance, Systems & Investment)

3

Mary Adeyanju
Exective Director (Operations)

4

Mac Ekechukwu
Regional Director (North)

5

Ijeoma Pearl Okoro
Regional Director (East)

6

Ose Oluyanwo
Regional Director (Lagos Central)

7

Tope Ilesanmi
Regional Director (Retail & West)

8

Katherine Itua
Group Head (Audit/Risk Management & Compliance)

9

Orjiako Jimalex
Group Head, (Technical Division)

10

Dotun Adeogun
Managing Director, Hallmark HMO

11

Adetunji Junaid Tolani
Managing Director Grand Treasurers Ltd

12

Rukevwe Falana
Company Secretary & Group Head (Legal, Compliance & HR)

Governance

Directors' Report
For The Year Ended 31 December 2019

The Directors have the pleasure in submitting their report on the affairs of Consolidated Hallmark Insurance Plc together with the Group Audited Financial Statements for the year ended 31 December 2019.

Legal Form
The Company was incorporated on 2nd August 1991 as a private limited liability Company and commenced operations in 1992. The Company converted to a public limited Company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The Company shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

Principal Activities And Corporate Development
During the year under review the Group engaged principally in general insurance business and maintained 11 corporate offices.

Operating Results

	2019	2018	Change	% Change
Gross Written Premium	8,691,234,590	6,864,879,525	1,826,355,065	27%
Gross Premium Earned	8,302,808,423	6,512,335,014	1,790,473,409	27%
Net Premium Earned	4,945,272,421	4,272,913,674	672,358,748	16%
Net Claim Paid	(1,679,271,042)	(1,799,821,142)	120,550,100	-7%
Management Expenses	(2,067,880,186)	(1,778,493,631)	(289,386,555)	16%
Underwriting Profit	1,828,410,645	1,207,436,892	620,973,753	51%
Profit or (Loss) Before Tax	711,474,464	534,437,707	177,036,757	33%
Profit or (Loss) After Tax	600,314,588	406,710,743	193,603,845	48%

Directors as at the date of this report
The names of the Directors at the date of this report and of those who held office during the year are as follows:

1.	Mr. Eddie Efekoha	Managing Director	
2.	Mr. Babatunde Daramola	Executive Director	Appointed 1st April 2016
3.	Mrs. Mary Adeyanju	Executive Director	Appointed 27th July 2016
4.	Mrs. Ngozi Nkem	Non-Executive Director	Appointed 8th Dec 2011
5.	Mr. Obinna Ekezie	Non-Executive Director	Appointed 1st April 2016
6.	Mrs. Adebola Odukale	Non-Executive Director	Appointed 1st April 2016
7.	Prince Ben C. Onuora	Non-Executive Director	Appointed 1st April 2016
8.	Mr. Shuaibu Abubakar Idris	Non-Executive Director	Appointed 26th Oct 2016
9.	Mrs. Eziaku Ethel Obidegwu	Non-Executive Director	Resigned 24th April 2019
10.	Mr. Joel Botete Avhurhi	Non-Executive Director	Resigned 24th April 2019
11.	Chief Andrew Dele Stephen Odigie	Non-Executive Director	Resigned 24th April 2019
12.	Dr. Layi Fatona	Non-Executive Director	Appointed 25th April 2019

Directors And Their Interests

The Directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

Directors' Report
For The Year Ended 31 December 2019

Directors	Direct As at December 2019	Indirect As at December 2019
Mr. Obinna Ekezie	-	467,283,121
Mrs. Adebola Odukale	-	1,079,980,650
Mr. Eddie Efekoha	704,840,451	345,999,075
Mrs. Ngozi Nkem	260,000,000	638,118,755
Prince Ben Onuora	21,372,259	
Dr. Layi Fatona		1,360,811,437
Mr. Babatunde Daramola	14,375,615	
Mrs. Mary Adeyanju	21,731,666	

Director	Indirect Interest Represented
Mr. Obinna Ekezie	Ugo (Dr.) Obi Ralph Ekezie
Mrs. Adebola Odukale	Capital Express Assurance Company Limited
	Capital Express Securities Limited
	Capital Express Managed Fund
	Capital Express Assets & Trust Ltd
Mrs. Ngozi Nkem	Maduako Group Limited
	Transglobe Investment & Financial Co Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Dr. Layi Fatona	Niger Delta Exploration & Production Plc
	Nouveau Technologies &Ass Ltd

Substantial Interest In Shares
Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2019 were as follows:

Shareholder	Units Held	%
Capital Express Assurance Co. Ltd	1,000,000,000	12.30
SPDC West Multipurpose Cooperative Society	500,000,000	6.15
Ugo (Dr.) Obi Ralph Ekezie	467,283,121	5.75
Mr. Eddie Efekoha	704,840,451	8.67
Niger Delta Exploration & Production Plc	1,329,832,063	16.36

Directors' Report
For The Year Ended 31 December 2019

Shareholders Analysis
The range of shareholding as at 31st December 2019 is as follows.

Range of Holding			No of Shareholders	Share Holdings %
1	-	10,000	3,958	0%
10,001	-	100,000	3,737	2%
100,001	-	1,000,000	1,176	5%
1,000,001	-	10,000,000	237	8%
10,000,001	-	100,000,000	34	10%
100,000,001	-	ABOVE	15	75%
		8,130,000,000	**9,157**	**100%**

Directors Responsibilities
The Company's Directors are responsible, in accordance with the provisions of Section 334 of the Companies and Allied Matters Act Cap C20 LFN 2004, for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit and loss and cash flows for the year and that the statements comply with the International Financial Reporting Standard, Insurance Act2003 and Companies and Allied Matters Act Cap C20 LFN 2004. In doing so, they ensure that:

a. Proper accounting records are maintained.

b. Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularity.

c. Applicable accounting standards are followed.

d. Suitable accounting policies are consistently applied.

e. Judgments and estimates made are reasonable and prudent and consistently applied.

f. The going concern basis is used unless it is inappropriate to presume that the Company shall continue in Business.

Fixed Assets
Movements in fixed assets during the period are shown in note 12 and 13 on pages 90 to 96. In the opinion of the Directors the market value of the Company's fixed assets is not lower than the value shown in the Financial Statement.

Corporate Governance Report

Introduction
Consolidated Hallmark Insurance Plc (CHI) is unwavering in its adherence to the principles of corporate governance as enshrined in the regulators' codes. CHI recognizes the benefits that strict adherence to these codes afford its investors, the Company, the insurance industry and the financial market in Nigeria and beyond. The Company has thus, not reneged in its commitment and efforts toward ensuring full compliance with the various and similar standards required of it by its regulators.

The Board
The Company's Board of Directors is made of seasoned and accomplished professionals in the petroleum, insurance, legal, accounting and banking industries. This assemblage of well bred and accomplished professionals with vast experience who are very conscious of their various professional ethics and the regulated nature of the insurance business have over the years brought these experiences to bear by their robust, dispassionate and consistent review of the Company's policies.

Composition Of The Board
The Board of CHI is made up of nine Directors. The Board is composed majorly of Non-Executive Directors which makes it independent of Management and has thus, enabled the Board to carry out its oversight function in an objective and effective manner.

In tandem with international best practice, the positions of the Chairman and the Chief Executive Officer/Managing Director are occupied by two different persons.

Directors' Report
For The Year Ended 31 December 2019

The details of the composition of the Board as at 31 December 2019 are stated below:

Mr. Obinna Ekezie	Non-Executive Director (Appointed 1st April 2016)
Chief Andrew Dele Stephen Odigie	Non-Executive Director (Resigned 24th April 2019)
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Mrs. Ngozi Nkem	Non-Executive Director (Appointed 8th Dec 2011)
Mrs. Eziaku Ethel Obidegwu	Non-Executive Director (Resigned 24th April 2019)
Mrs. Adebola Odukale	Non-Executive Director (Appointed 1st April 2016)
Prince Ben C. Onuora	Non-Executive Director (Appointed 1st April 2016)
Mr. Joel Botete Avhurhi	Non-Executive Director (Resigned 24th April 2019)
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director (Appointed 26th Oct 2016)
Dr. Layi Fatona	Non-Executive Director (Appointed 25th April 2019)
Mr. Babatunde Daramola	Executive Director (Appointed 1st April 2016)
Mrs. Mary Adeyanju	Executive Director (Appointed 27 July 2016)

Duties Of The Board
1. Provides strategic direction for the Company.
2. Approves budget of the Company.
3. Oversees the effective performance of Management in running the affairs of the Company.
4. Ensures human and financial resources are effectively deployed.
5. Establishes adequate system of internal control procedures that ensure the safeguard of assets and assist in the prevention and detection of fraud and other irregularities
6. Following applicable accounting standards.
7. Consistently applying suitable accounting policies.
8. Ensures compliance with the code of corporate governance and with other regulatory laws and guidelines.
9. Performance appraisal of Board Members and senior executives.
10. Approves the policies surrounding the Company's communication and information dissemination system.

Meetings Of The Board
The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met eight times in 2019 thus it ensured that the requirement of meeting at least once in every quarter was surpassed. Required notices and meeting papers were sent in advance before the meeting to all the Directors while the Nigerian Stock Exchange was equally given prior notice before every meeting of the Board.

Board Committees
To assist in the execution of its responsibilities, the Board discharges its oversight functions through various Committees put in place. The Committees are set up in line with statutory and regulatory requirements and are consistent with global best practices. Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-Executive Directors in particular.

The Committees have well defined terms of reference which set out their roles, responsibilities, functions, scope of authority and procedure for reporting to the Board. The Committees consider matters that fall within their purview to ensure that decisions reached are as objective as possible.

Set out below are the various Committees and the terms of reference of each Board Committee:

1. Board Finance Investment & General Purpose Committee (FIGPC)
2. Board Audit, Risk Management & Compliance Committee (ARMCC)
3. Board Establishment & Governance Committee (EGC)

1. Board Finance, Investment & General Purpose Committee (FIGPC)
The Board Finance, Investment & General Purpose Committee is responsible to the Board of Directors and it is mandated to oversee the Company's financial affairs on behalf of the Board and to give initial consideration to and advice on any other Board business of particular importance or complexity.

Responsibilities

- To review and make recommendation to the Board on the annual budget and audited accounts of the Company.
- To recommend strategic initiatives to the Board.
- To review quarterly and annual performance against budget
- To consider and approve extra budgetary expenditure.
- To give anticipatory approvals on behalf of the Board and ensure that such approvals are ratified by the Board at next sitting.
- To present the investment policies and investment plans to the Board annually for approval and ensure that investments are made in accordance with the policies.
- To consider and advise the Board on strategic policies for the Company's investment programmes.
- To decide on the appropriateness of all investments within the Company that affects the Company's clients, lines of business, management and staff and also IT systems.
- To ensure that guidelines for investment comply with legal and regulatory requirements and that investment activities reflect the goals and strategy of the Company.
- To ensure that the assets of the Company are protected and effective control measures are put in place for sufficient internal checks and balances.
- To present the investment policies and investment plans to the Board annually for approval and ensure that investments are made in accordance with the policies.
- To consider and advise the Board on strategic policies for the Company's investment programmes.
- To approve all investment in excess of the limits delegated to Management Investment Committee.
- To approve provisions for non-performing investments based on presentation by the CEO and in line with existing regulations.
- To review Management Investment Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration.
- To conduct quarterly review of investments granted by the Company to ensure compliance with the Company's internal control systems and investment approval procedures.
- To notify all Directors related investment to the Board.
- To ensure that the investment assets of the company are protected and effective control measures are put in place for sufficient internal checks and balances.
- To monitor and notify the top debtors to the attention of the Board
- Any other matter that is not specifically covered by any other Committee.
- Any other matter as may be delegated to the Committee by the Board from time to time.

Meetings Of The Committee

The Committee meets as often as it considers necessary, but not less than once per quarter. The Committee met five times during the period under review.

Membership/composition		
Mrs. Bola Odukale	Non-Executive Director	Chairperson
Prince Ben Onuora	Non-Executive Director	Member
Dr. Layi Fatona	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Babatunde Daramola	Executive Director	Member
Mrs. Mary Adeyanju	Executive Director	Member

2. Board Audit, Risk Management & Compliance Committee (ARMCC)

Purpose

The primary objective of the Audit & Risk Management Committee of the Board is to monitor and provide effective supervision of the Management's Financial Reporting Process with a view to ensuring accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Audit Committee also oversees the work carried out in the financial reporting process by Management, Internal Auditor and the External Auditor. The Audit Committee has the power to investigate any activity within its terms of reference, seek information from any employee when necessary and obtain external legal or professional advice from experts when necessary.

Responsibilities

- Monitors the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant reporting judgments contained in them, assisting the Board's oversight of the Company's compliance with applicable legal and regulatory requirements in this respect.
- Reviews and approves the External Auditors' terms of engagement, propose fees and planned audit scope.
- Oversees, monitors and reviews the functions and effectiveness of Internal Audit.
- It reviews the scope and planning of Internal Audit requirements.
- It reviews findings on management matters in conjunction with the External Auditors.
- The Committee reviews the effectiveness of the Company's system of accounting and internal control.

Directors' Report
For The Year Ended 31 December 2019

- The promotion, co-ordination and monitoring of risk management activities, including regular review and input to the corporate risk profile.
- The Committee shall ensure that principal risks of the Company's business are identified and effectively managed.
- To ensure that infrastructure, resources and systems are in place for risk management.
- Carry out review of the risk mitigation programmes for completeness, adequacy, proportionality and optimal allocation of resources.
- Setting the Company's tolerance for risks.
- Ensuring that management establishes a framework for assessing the various risks.
- It makes recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors, financial and senior management of the Company.
- It has the power to instruct the Internal Auditors to carry out investigations into any of the Company's activities which might be of interest or concern to the Board.
- The Committee is responsible for the review of the integrity of the Company's financial reporting and oversees the independence and objectivity of the External Auditors.
- The Committee may seek explanations and additional information from the External Auditors with management presence.
- It receives quarterly reports of the Internal Auditors.

Meetings Of The Committee
The Committee meets not less than four times per annum and more frequently as circumstances require. This Committee met five times during the period under review.

Membership/composition		
Mr. Shuaibu Idris	Independent Non-Executive Director	(Chairman)
Mrs. Bola Odukale	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member

Board Establishment & Governance Committee

Purpose
The Committee deals with matters affecting executive management staff as it relates to recruitment, assessment, promotion, disciplinary measures, career development among others. The Committee is also responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

Responsibilities
- Review from time to time the People Management Policies and make recommendations to the Board as appropriate;
- Review and recommend recruitment, appointment and promotion of Top Management Staff;
- Consideration and approval of disciplinary matters and exit/severance matters pertaining to Top Management Staff;
- Reviews periodically, reports on productivity/performance of Top Management;
- Review of staff compensation and welfare packages and make recommendation to the Board;
- Consider and approve annual training programmes for the Company's staff in order to ensure overall staff development.

In carrying out its Corporate Governance functions, the Committee shall undertake the following duties:
- Evaluate the current composition, organisation and governance of the Board and its Committees, as well as determine future requirements and make recommendations in this regard to the Board for its approval;
- Oversee the evaluation of the Board;
- Recommend to the Board, Director nominees for each Committee of the Board;
- Coordinate and recommend Board and Committee meeting schedules;
- Advise the Company on the best business practices being followed on corporate governance issues nationally and world-wide;

- Recommend to the Board the governance structure for the management of the affairs of the Company;
- Review and re-examine the Board charter annually and make recommendations to the Board for any proposed changes; and
- Annually review and evaluate Board performance.

Meetings Of The Committee

The Committee meets at least once in each quarter and as necessary. The Board Establishment & Governance Committee met four times during the period under review.

Membership/composition

Prince Ben Onuora	Non-Executive Director	Chairman
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Shuaibu Idris	Independent Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Mrs. Mary Adeyanju	Executive Director	Member
Babatunde Daramola	Executive Director	Member

Directors' Report
For The Year Ended 31 December 2019

Attendance At Board & Its Committees' Meetings

	BOARD	FGPC	ARMC	BEGC
Mr. Obinna Ekezie	7	N/A	N/A	N/A
Chief ADS Odigie	4 (Resigned April 2019)	2(Resigned April 2019)	3(Resigned April 2019)	N/A
Mr. Eddie A. Efekoha	8	5	5	4
Mrs. Eziaku Obidegwu	3 (Resigned April 2019)	2(resigned April 2019)	N/A	N/A
Mr. Joel Avhurhi	4 (Resigned April 2019)	2(resigned April 2019)	3(resigned April 2019)	N/A
Mr. Shuaibu Idris	8	N/A	5	4
Prince Ben Onuora	8	3 (Became a member July 2019)	N/A	4
Mrs. Adebola Odukale	8	3 (Became a member July 2019)	2 (became a member July 2019)	2 (Ceased to be a member July 2019)
Mrs. Ngozi Nkem	1	N/A	-	-
Mrs. Mary Adeyanju	8	6	N/A	4
Mr. Babatunde Daramola	7	6	N/A	2 (became a member July 2019)
Dr. Layi Fatona	4(Appointed	3(Appointed		
	April 2019)	April 2019)		
	30/01/19	28/01/19	28/01/19	16/01/19
	27/02/19	24/04/19	25/02/19	17/04/19
	11/04/19	29/07/19	24/04/19	11/07/19
	26/04/19	-	29/07/19	22/10/19
	22/06/19	23/10/19	23/10/19	-
	31/07/19	09/12/19	-	-
	29/10/19			
	12/12/2019			

Tenure Of Directors

The tenure of the Non-Executive Directors is limited to three terms of three years each. This is in compliance with CAMA, NAICOM's Code of Good Corporate Governance and also fueled by the necessity to reinforce the Board by continually injecting new energy, fresh ideas and perspectives.

Directors' Report
For The Year Ended 31 December 2019

Attendance Record Of Directors Retiring By Rotation Subject To Re-election

	BOARD	FIGPC	ARMC	BEGC
Mr. Obinna Ekezie	7	N/A	N/A	N/A
Prince Ben Onuora	8	3 (Became a member July 2019)	N/A	4
Mrs. Adebola Odukale	8	3 (Became a member July 2019)	2 (Became a member July 2019)	2 (Ceased to be a member July 2019)

Statutory Audit Committee
The constitution and composition of the statutory audit committee is in compliance with Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004. The Committee is made of three Directors and three representatives of Shareholders.

The Statutory Audit Committee amongst other things examines the auditor's report and make recommendations thereon at the annual general meeting as it deems fit. The Committee's composition is set out below:

Dr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiotorhoro	Shareholders' Representative	Member
Chief James Emadoye	Shareholders' Representative	Member
Chief ADS Odigie	Non-Executive Director (resigned April 2019)	Member
Mr. Joel Avhurhi	Non-Executive Director (resigned April 2019)	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mrs. Adebola Odukale	Non-Executive Director (became a member April 2019)	Member
Mr. Shuaibu Idris	Independent Non-Executive Director (became a member April 2019)	Member

Responsibilities
1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices
2. Review the scope and planning of audit requirements
3. Review the findings on management matters in conjunction with external auditor and departmental responses thereon
4. Keep under review the effectiveness of the company's system of accounting and internal control
5. Make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the company
6. Authorise the internal auditor to carry out investigation into any activities of the company which may be of interest or concern to the Committee.

Directors' Report
For The Year Ended 31 December 2019

Meetings of the Committee
The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Statutory Audit Committee met three times during the period under review.

Members		January 27 2019	February 25 2019	December 18th 2019
Mr. Tony Anonyai	Shareholder/Chairman	✓	✓	✓
Chief James Emadoye	Shareholder	✓	✓	✓
Chief Simon Okiotorhoro	Shareholder	✓	✓	✓
Chief ADS Odigie	Director (resigned 24th April 2019)	✓	✓	
Mr. Joel Avhurhi	Director (resigned 24th April 2019)	✓	✓	
Mr. Shuaibu Idris	Director (Became a member 25th April 2019)	-	-	✓
Mrs. Adebola Odukale	Director(Became a member 25th April 2019)	-	-	✓
Mrs. Ngozi Nkem	Director	-	-	-

Shareholders Rights
The Board is continuously committed to the fair treatment of shareholders and ensures that the shareholders are given equal access to information about the Company irrespective of their shareholdings. The general meetings of the Company have always been conducted in an open manner which allows for free discussions on all issues on the agenda. The statutory and general rights of the shareholders are protected at all times.

Representatives of regulatory bodies such as the NAICOM, SEC and the NSE are always in attendance at our annual general meetings. The representatives of the shareholders association also attend the Company's general meetings and they are allowed to make full and fair participation during the meetings.

Conflict Of Interest
CHI has a policy in place that requires prompt disclosure from Directors of any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its committees. CHI policy requires any Director who has or may have a conflict of interest to abstain from discussions and voting on such matters.

Directors' Nomination And Apppointment Process

Appointment to the Board is regulated by an approved Board Appointment Policy which accords with best practice, the requirements of the applicable codes of Corporate Governance and the provisions of the Companies and Allied Matters Act Cap C20 LFN 2004.

Training And Induction Of New Directors
Training on directors needs to help them perform optimally in their responsibilities are organized on an annual basis. Board Retreat is also an avenue where the board members are trained and refreshed on their fiduciary duties to the Company and on emerging trends in the insurance industry and the general business environment.

Newly appointed directors are made to undergo induction with the Board and top executives of the company to aid seamless integration to the responsibilities of the Board. The Board Retreat also serve as an opportunity for integrating new directors into the Board.

The Company Secretary
The Company Secretary primarily assists the Board and Management in the implementation and development of good corporate governance. The Company Secretary provides guidance and advice to the Board and the Management of the Company on issues of ethics, conflict of interest and good corporate governance.

Directors' Report
For The Year Ended 31 December 2019

The Company Secretary also does the following: advice the Directors on their duties, and ensure that they comply with corporate legislation and the Articles of Association of the Company; Arranging meetings of the Directors and the shareholders. This responsibility involves the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

Remuneration
CHI has a comprehensive remuneration policy for Directors and all levels of Management staff. Our remuneration policy is adequate to attract, motivate and retain skilled, qualified and experienced individuals required to manage the Company successfully. The statement of the Directors remuneration is stated in the Audited Financial Statement.

Sustainability Reporting
The following principles and practices are part of the Company's approach towards ensuring a sustainable socio-economic environment:

a. **Corruption**
Ours is a company that abhors corruption in business practice. To ensure activities in this regard are discouraged, we have put in place an Anti- bribery policy which is included in all Service Level Agreements with vendors.

b. **Environmental Protection**
The nature of our services is not such that emit hazardous substances to the environment. We nonetheless have in place a robust Enterprise Risk Management framework. This consists of a policy and a set of procedures to identify, asses and manage environmental and other risks.

c. **HIV/AIDS**
The company does not discriminate in the employment of persons living with HIV/AIDS and any form of disability. This is explicit in the employment policy.

d. **Awareness Creation**
We are known as the foremost contributor to tertiary education in insurance through the annual Consolidated Hallmark Insurance Essay Competition. This forms part of our Corporate Social Responsibilities.

Sponsorship And Donations
In line with our Corporate Social Responsibility initiatives, sponsorship and donations were made to organisations during the year, include the following:

Ebuka Okafor Foundation	100,000
Motherless Babies Xmas Gift	200,000
Ikeja Golf Club (Captain's Day) and Mini Bunker Golf Competition	1,250,000
Nigerian Red Cross Society	250,000
Chartered Insurance Institute of Nigeria	1,895,000
The Nigerian Council Of Registered Insurance Brokers	2,500,000
Ikoyi Club 1938	300,000
Professional Insurance Ladies Association	300,000
The Nigerian Council Of Registered Insurance Brokers	100,000
Victoria Garden City Tennis Association	150,000
National Association of Insurance and Pension Correspondents	100,000

Directors' Report

For The Year Ended 31 December 2019

Employment And Employees

a) Employment of disabled persons

The Company does not discriminate in considering applications for employment from disabled persons. If a disabled person meets all recruitment requirements, the Company shall not by reason of disability deny such a person from employment opportunity but would make adequate provision for the accommodation of such person. However, as at 31st December 2019 there was no disabled person in the Company employment.

b) Employees' training and Involvement

The Company ensures that the employees are kept fully informed of the values, goals and performance plans and progress during the year. They are involved in the goal setting at the beginning of the year and meet regularly to review performances. They make recommendations on innovative ideas towards meeting customers' expectations and improving on general operations and relationships within the Company. The Company pays strong importance to the use of our core values in the discharge of duties across the company and acquisition of Technical expertise through extensive internal and external training, on the job skills enhancement and professional development.

c) Health, Safety and welfare of employees

The Company strictly observes all safety and health regulations. Successfully managing HSE issues is an essential component of our business strategy. Through observance and encouragement of this policy, we assist in protecting the environment and the overall well-being of all our stakeholders, specifically, our employees, clients, shareholders, contractors, and host communities.

We conduct regular fire training and drill exercises to sensitize all staff and stakeholders of the need to be safety conscious. The Company ensures that all safety measures are observed in all locations. During the period under consideration we did not experience any workplace accident or health hazards.

Employees are registered with Health Management Organizations of their choice for provision of medical services at the designated hospitals. We equally have arrangement with offsite hospitals to cater for emergency cases that occur during working hours.

Security Trading Policy

In compliance with the requirement of section 14 of the Nigerian Stock Exchange amended rules, the company has in place a security trading policy which is designed to prevent insider trading in the company's securities by Board Members, Executive Management and persons that are closely related to them who are privy to price sensitive information.
The policy also prevents them from releasing such price sensitive information to their privies or agent for the purpose of trading in the company's shares.

Auditors

The Auditors SIAO Professional Services have indicated their willingness to serve as the Company's External Auditors in accordance with section 357(2) of the Companies and Allied Matters Act Cap C20 LFN 2004.
A resolution will be proposed at the annual general meeting to authorize the Directors to fix their remuneration.

Compliance Statement

The Board of Directors affirm that it is in substantial compliance with the corporate governance codes and requirements of the Securities and Exchange Commission, National Insurance Commission, the Financial Reporting Council, the Nigerian Stock Exchange, the Corporate Affairs Commission and other applicable regulatory requirements of governments agencies.

By order of the Board

RUKEVWE FALANA
Company Secretary
FRC/2016/NBA/00000014035

Code Of Conduct For Directors And Employees

1. In accordance with legal requirements and agreed ethical standards, Directors and employees of the company will act honestly, in good faith and in the best interests of the Company;

2. Directors owe a fiduciary duty to the Company as a whole, and have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;

3. Directors shall undertake diligent analysis of all proposals placed before the Board and act with a level of skill expected from directors of the company;

4. Directors and employees shall keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;

5. Directors and employees shall not take improper advantage of their positions or use the position for personal gain or to compete with the company;

6. Directors and employees shall not take advantage of company property or use such property for personal gain or to compete with the company;

7. Directors and employees shall protect and ensure the efficient use of the company's assets for legitimate business purposes;

8. Directors and employees shall not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;

9. Directors shall make reasonable enquiries to ensure that the company is operating efficiently, effectively and legally, towards achieving its goals;

10. Directors shall not engage in conduct likely to bring discredit upon the company, and should encourage fair dealing by all employees with the company's customers, suppliers, competitors and other employees;

11. Directors shall encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;

12. Employees of the Company shall abide by all applicable law, rules and regulations in the discharge of their duties to the Company.

13. Directors are under obligation, at all times, to comply with the principles of the Company's Memorandum and Articles of Association, National Insurance Commission/Securities and Exchange Commission codes of Corporate Governance and The Nigerian Stock Exchange Listing Rules.

Planet Governance

INDEPENDENT CORPORATE GOVERNANCE EVALUATION REPORT TO SHAREHOLDERS OF CONSOLIDATED HALLMARK INSURANCE PLC

We have evaluated the Corporate Governance systems and practices of Consolidated Hallmark Insurance Plc.

In line with clause 34.15 of the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission and clause 10.04 (ii) of the Code of Good Corporate Governance for the Insurance Industry in Nigeria issued by the National Insurance Commission, we present a summary of our report and conclusions on the Company's compliance with the Codes for the year 2019.

We obtained all the information and explanations which we believe were sufficient and appropriate to provide the basis for our conclusion. Based on the evidence we obtained, Consolidated Hallmark Insurance Plc complied significantly with the provisions of the Corporate Governance Code for Public Companies and the Code of Good Corporate Governance for the Insurance Industry in Nigeria and attained the following compliance levels:

a. The Code of Corporate Governance for Public Companies in Nigeria - 93.4%

b. The Code of Good Corporate Governance for the Insurance Industry in Nigeria - 94.8%

Although the commencement date for reporting on the implementation of the Nigerian Code of Corporate Governance, 2018 (NCCG 2018) by the Company is 2021, we evaluated the Company's Corporate Governance system and practices as requested by the Board of the Company and as provided in Clause 28.6 of the Code. The outcome of our review and evaluation of the Company's implementation of the Code (NCCG 2018) indicated a compliance level of 90.0%.

Dr Nosike Agokei

Director

FRC/2014/ICAN/00000008525

For: Planet Governance Advisory Limited

26th June 2020

Planet Governance Advisory Limited RC 1493767
3rd & 4th Floors, St. Peter's House
3 Ajele Street, Lagos. Nigeria.
Tel: +234 1 2702296
Email: planetgovernance@planetcapitalltd.com
Website: www.planetcapitalltd.com

Directors: Dr. Nosike Agokei **(Chairman)**
Mrs. Aderonke Adedeji
Mrs. Aisha Abraham
Dr. Abdul Buhari
Mr. Chidi Agbapu
Mr. Efe Akhigbe
Dr. Tony Anonyai **(Managing)**

Statement of Directors' Responsibilities

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

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- The Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and Prudential Guidelines issued by NAICOM.
- The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Group will not continue in business.

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

- Insurance Act 2003
- International Financial Reporting Standards;
- Companies and Allied Matters Act 2004;
- Banks and Other Financial Institutions Act, 1991;
- NAICOM Prudential Guidelines; and
- Financial Reporting Council Act, 2011.

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

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

Signed on behalf of the Directors on 24 February 2020 by:

Mr. Eddie Efekoha
Managing Director/CEO
FRC/2013/CIIN/00000002189

Mr. Obinna Ekezie
Chairman, Board of Director
FRC/2017/IODN/000000017485

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 period ended December 31, 2019 that:

a. We have reviewed the report;

To the best of our knowledge, the report does not contain:

i. Any untrue statement of a material fact, or

ii. Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

c. We:

i Are responsible for establishing and maintaining internal controls.

ii have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;

iii have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;

iv have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d. We have disclosed to the auditors of the Company and Audit Committee:

i. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and

ii. Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

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

Mr. Babatunde Daramola
E.D. Finance, System & Investment
FRC/2012/ICAN/00000000564

Mr. Eddie Efekoha
Managing Director /CEO
FRC/2013/CIIN/00000002189

Internal Control & Risk Management Report

Introduction

Taking risk is inherent to the insurance business, but such risk taking needs to be made in an informed and disciplined manner, and within a pre-determined risk appetite and tolerance. This is the primary objective of Consolidated Hallmark's risk management.

Our Enterprise Risk Management Framework (ERM) supports achievement of the Company's strategic objectives and helps protect capital, liquidity, earnings and reputation.

External and internal challenges

The external and internal environment continues to present challenges, including political uncertainty, market volatility, terrorism and increasing cyber risk across all sectors. Our risk mitigation plans are primarily driven by internal efforts, relying on our staff's technical skills and capabilities, with a strong focus on cost optimization. We use our Risk Profiling process to stay on top of both external and internal risks. Our strategy, Operational and financial plan assist us in minimizing the level of our risk exposures.

With our revised Enterprise Risk Management Framework, the analysis of our risk profile with an extended risk appetite is further strengthened. Our risk analysis shows that premium and reserve risks contribute most to volatility of earnings. These risks are recognized and closely managed as part of our enterprise risk management framework. Actions, both preventative and, if necessary, reactive, are in place at the level of the company where they are most appropriate.

The risk management framework is based on a governance process that sets forth clear responsibilities for taking, managing, monitoring and reporting risks.

The CHI's Risk Policy and Framework document specifies the Company's risk tolerance, risk limits and authorities, reporting requirements, procedures to report any exceptions and procedures for referring risk issues to senior management and the Board of Directors. The Company regularly reports on its risk profile monthly to the Senior Management and quarterly to the Board of Directors through its Board Audit, Risk Management & Compliance Committee.

Risk Management Organization

The CRO leads the Risk Management function, which provides risk governance mechanisms to assess and manage risks effectively and efficiently with clear accountabilities, roles and responsibilities that enable calculated risk taking throughout the Group. The CRO is responsible for overseeing risks across the Company, regularly reporting risk matters, providing recommendation on risk mitigations to the Chief Executive Officer, Central Management Committee and the Board Audit, Risk Management and Compliance Committee.

The Risk Management function consists of teams at the group, departmental and business unit levels. Staff at Group level focus on model risk management; quantitative assessments of insurance, strategic, hazard, financial and operational risks; risk management frameworks, tools and methodologies; risk reporting; and risk governance. Risk Champions at the departmental and business unit level focus on implementing CHI's risk management framework at their locations, including early identification of risks with follow-up monitoring and mitigation actions. They report to the Head of ERM Unit, who in turn report to the Chief Risk Officer.

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities. The profitability of insurance business is also susceptible to insurance and business risk which can surface as a result of unexpected changes in expenses, technological changes, changes in government regulations, policyholders' behavior, and fluctuations in new business volumes. Exposures to various insurance risk are usually transferred to CHI through the underwriting process. CHI actively seeks to write those risks it understands and that provide a reasonable opportunity to earn an acceptable profit. CHI manages the customer risks it assumes, and minimizes unintended underwriting risks, through such means as:

- Pre-cover inspection of items to be insured
- Establishing limits for underwriting authority
- Requiring specific approvals for transactions above established limits or new products
- Using a variety of reserving and modeling methods
- Ceding insurance risk through external proportional or non-proportional reinsurance treaties and facultative single-risk placement. The Company centrally manages reinsurance treaties.

General Insurance Risk

General insurance risk comprises premium and reserve risk, and business risk. Premium and reserve risk covers uncertainties in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims. Business risk for general insurance predominantly relates to unexpected increase in the expenses relating to claims handling, underwriting, and administration.

The Company's underwriting strategy takes advantage of the diversification of general insurance risks across lines of business and geographic regions. CHI's underwriting governance is applicable throughout the Company.

Internal Control & Risk Management Report

Underwriting discipline is a fundamental part of managing insurance risk. The Company sets limits on underwriting capacity, and delegates authority to individuals based on their specific expertise. The Group sets appropriate underwriting guidelines. These guidelines generally include a technical price set in line with common standards to allow a return on risk-based capital in line with the Group's financial target.

Actual losses on claims provisions may be higher or lower than anticipated. General insurance reserves are therefore regularly estimated, reviewed and monitored. The total loss and loss adjustment expense reserves are based on work performed by qualified and experienced actuaries.

The Group monitors potential new emerging risk exposures with cross-functional expertise from core insurance functions such as underwriting, claims and reinsurance risk to identify, assess and recommend actions for such.

Risk Management and Internal Controls

The Company considers controls to be key instruments for managing operational risk. The Board has overall responsibility for the Company's risk management and internal control frameworks, for their adequacy and integrity. The Group's internal control system increases the reliability of CHI's financial reporting, makes operations more effective, and aims to ensure legal and regulatory compliance. The Internal Controls System is designed to mitigate rather than eliminate the material risk that business objectives might not be met. It provides reasonable assurance against material financial misstatements or operational losses.

The Company promotes risk awareness and understanding of controls with communication and training. Primary risk management and internal control systems are designed at Company level and implemented Company-wide.

Management, as the first line of defense, is responsible for identifying, evaluating and addressing significant risks, designing, implementing and maintaining internal controls. Key processes and controls in the organization are subject to reviews by management, Risk Management, Compliance, and Internal Audit. Significant risks and associated mitigation actions are reported regularly to the Central Management Committee and the Audit, Risk Management & Compliance Committee of the Board.

The Internal and External Auditors also regularly report conclusions, observations and recommendations that arise as a result of their independent reviews and testing of internal controls over financial reporting and operations.

Risks to the Company's reputation

Risks include acts or omissions by the Company or any of its employees that could damage the company's reputation or lead to a loss of trust among its stakeholders. Every risk type has potential consequences for CHI's reputation. Effectively managing each type of risk helps reduce threats to CHI's reputation.

The Company aims to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles of CHI Basics, code of conduct, which promotes integrity and good business practice. The Company centrally manages certain aspects of reputation risk, for example, communications, through functions with the appropriate expertise.

Conclusion

The Group will continue to foster proactive assessment and management of risks in its different business lines and areas of operations to meet its corporate and strategic objectives. Unguarded and uncalculated risk will be continuously avoided based on our commitment to upholding sound corporate governance and best-in-class risk management.

Katherine Itua (Mrs.)
Chief Risk Officer
FRC/2012/ICAN/00000000514

Complaint Policy

Prior to the directive of the Industry regulators, we have been attending to and resolving legitimate complaints from our shareholders, customers and stakeholders with speed. We are at this juncture conveying our complaints management policy to the public as directed by the National Insurance Commission and the Securities and Exchange Commission.

INTRODUCTION/OBJECTIVE

The Company acknowledges that there are situations that will warrant complaints to be made by our clients and other stakeholders and further acknowledge that the clients and other stakeholders have the right at any time using the medium stated below to make their complaint known.

The Company hereby states that it will ensure that every complaint received is resolved to the satisfaction of all parties within the timeline stated below. In doing this, the Company will ensure that its complaint resolution processes are efficient, fair and accessible to all clients and customers.

DEFINITION OF TERMS

1. Complaint means in the context of this policy any written expression of grievance by or on behalf of a complainant concerning our service delivery in general or as it relates to the actions or negligence of any member of our staff, management, board members, that has not been resolved after the initial steps to resolve the complaint have been taken informally.

2. Complainant means any natural person or legal person who files a written complaint. There are also special procedures for complaints made by employees of Consolidated Hallmark Insurance Plc.

3. Complaint Coordinator (s) - Depending on the nature of the complaint, the Chairman, Board, Managing Director or the Internal Complaint committee made up of the heads or assigned members of the following groups-Customer Service, Finance, Systems & Investment Directorate, Technical Group, Audit and Risk Management Group and the Legal, Compliance and Human Resources will critically analyse the complaint with a view to resolving any issue or complaint made by the complainant within a reasonable timeframe.

Complaint Resolution Stages: The following are the stages followed in resolving any complaint received from any of our clients or stakeholders:

a. First Stage- Notification and Acknowledgement: All complaints received will be acknowledged by the front desk officers and forwarded to the Personal Assistant of the Managing Director who shall record such complaints and forward same to the relevant groups or units for resolution. For complaints received via email and other social networks, the appropriate officer of the company will acknowledge the receipts of such complaints not later than two workings days after the receipt of such complaints while other complaints received by post shall be acknowledged in writing not later than 5 workings days of the receipt of such complaints. Efforts shall be made to resolve complaints within 5 days of the receipt of such complaints.

b. Second Stage- Complaints not resolved within 5 days shall be forwarded to the Executive Director Operations for resolution. Attempts shall be made at this stage to resolve such complaints within ten working days.

c. Third Stage- Where necessary and in cases where such complaints could not be resolved at the second stage, the Internal Complaint Committee shall convene a meeting to review such complaints with the aim of resolving them. The Complainant will at this stage be informed of the delay to the resolution of his or her complain.

d. Fourth Stage- Complaints that could not be ultimately resolved by the Company depending on the nature and peculiarities of such complaints will be forwarded to the National Insurance Commission, Securities and Exchange Commission and Nigerian Stock Exchange. The Complainant will be notified of such referrals to any of the regulators.

Modes of Filing Complaint: A complaint can be filed by either submitting a letter of complaint addressed to the Managing Director/ Chief Executive Officer of Consolidated Hallmark Insurance Plc at 266 Ikorodu Road, Obanikoro Lagos or via an email to info@chiplc.com Complaints can also be sent to these social network accounts: facebook.com/mychiplc or twitter.com/mychiplc

Condition for Resolution & Closure/Declinature: The Company shall only entertain and resolve only legitimate claims and complaints to the extent that such complaints and claims where they relate to insurance contracts are received within the tenor of an insurance policy, justifiable under the Insurance Act, Regulations and Guidelines and as required by the applicable provisions of the law in other non-insurance matters.

Complaints that are within the purview of law enforcement agencies shall be entertained by the Company.

Complaint Policy Cont'd

The company will endeavour to resolve complaints within ten working days except for situation where further documentations are required from the customer and delay in receiving such document is occasioned by the customer as in application to claims related complaints.

The complaint may be sent through any of the social network medium of the company, via email or by post (and where sent by a written letter must be signed by the complainant) and should include the following information:

a. Full name
b. Full address
c. Mobile Number
d. E-mail address
e. Signature of the complainant
f. Date
g. A description and reason for objecting to the act or issue complained about;

The company will endeavour to resolve all complaints within ten Woking days of the receipt of the complaint. If any matter or compliant could not be resolved by the company within ten working days, the appropriate regulator depending on the nature of the complaint will be notified within two working days with reason[s] for the delay and/or inability to resolve the complaint and refer such complaints to the regulators in deserving cases that requires the regulators intervention.

The company shall be guided by the twin pillars of natural justice, audi alteram partem [each party shall be given the opportunity to respond to the evidence against hem] and nemo judex in causa sua [no one should be a judge in his own cause] in the resolution of all complaints received.

Complaint register: the company shall also maintain a complaint regular which shall contain the following information:

a. Name of the complainant
b. Date of the complaint
c. Nature of the complaint
d. Complaints details in brief
e. Resolution date
f. Remarks/comment.

Record keeping: record of all complains received and acting taken together with records of the resolved complaints shall be kept by the heard of customer service and subject of review on a monthly basis by the divisional heard of the technical group and by the executive management team. the internal complaint received at its meeting and at any event on a quarterly basis.

Report of the Audit Committee

To the members of Consolidated Hallmark Insurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap C20 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit Committee of Consolidated Hallmark Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended December 31, 2019 and we confirm that they were adequate.
- The Group's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the management responses to the External Auditors' findings on management matters for the year ended December 31, 2019.

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

Dr. Tony Anonyai
Chairman of the Audit Committee
FRC/2013/ICAN/00000002579

Date; February 24, 2020

Members of the Audit Committee			
Dr. Tony Anonyai	-	(Shareholders' Representative)-	Chairman
Mr. James Emadoye		- " "	Member
Mr. Simon Okiotorhoto	-	" "	Member
Mrs. Ngozi Nkem	-	(Non-Executive Director)	Member
Mrs. Adebola Odukale	-	,, ,,	Member
Mr. Shuaibu Abubakar Idris	-	(Non-Executive Director)	Member

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

Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Consolidated Hallmark Insurance Plc

Report on the Audit of the Consolidated Financial Statements for the year ended 31st December, 2019

Opinion

We have audited the consolidated financial statements of Consolidated Hallmark Insurance Plc **(the Company)** and its subsidiaries **(altogether, the Group)**, which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of **Consolidated Hallmark Insurance Plc and its subsidiaries** as at December 31, 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) applicable and in the manner required by the Financial Reporting Council Act 2011, Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and the relevant NAICOM circulars.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters

Valuation of Insurance Contract Liabilities	How our audit addressed the key Audit Matters
Refer to note 15 in the Group financial statements	Our procedures in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:

SIAO

Management has estimated the value of insurance

contract liabilities in the Group financial statements to be ₦4.105 billion as at year ended 31st December, 2019 based on a liability adequacy test carried out by an external firm of actuaries. The valuation depended on a set of key assumptions, and significant judgements including supposition that:

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

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

We assessed the disclosures on note 15 and found them to be appropriate based on the assumptions and test result.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the Consolidated Hallmark Insurance Plc 2019 annual report other than the Group financial statements and our auditors' report thereon ("the Other Information").

Our opinion on the Group financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

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

Based on the work we have performed on the Other information obtained prior to the date of this auditors' report, if we conclude that there is a material misstatement of the Other Information; we are required to report that fact.

We performed our responsibility on the Other information and have nothing to report in this regard.

Responsibilities of the Directors for the Group Financial Statements

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Contravention of Regulatory Guidelines

Company did not contravene any regulatory infraction during the year.

Compliance with the requirements of the Companies and Allied Matters Act, 2004 and Nigerian Insurance Act 2003

The Companies and Allied Matters Act, CAP C20 and Nigerian Insurance Act require that in carrying out our audit we consider and report to you on the following matters. We confirm :

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

ii) In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books;

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

For: SIAO
(Chartered Accountants)
Ikoyi, Lagos

Engagement Partner: Joshua Ansa, FCA
FRC/2013/ICAN/00000001728

Date: 24th February, 2020

Statement of Significant Accounting Policies

For The Year Ended 31 December 2019

General Information;

The Group

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiaries - CHI Capital Limited, Hallmark Health Services Limited, CHI Microinsurance Limited and Grand Treasurers Limited. CHI Capital Limited has one wholly owned subsidiary 'CHI Support Services Limited'.

Company Information:

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991 and domiciled in Nigeria. The address of the company registered office is 266 Ikorodu road Lagos (formerly plot 33d Bishop Aboyade Cole Street, Victoria Island, Lagos).

The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of the National Insurance Commission (NAICOM) announced in 2005. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

These consolidated and separate financial statements have been authorized for issue by the Board of Directors on 24 February 2020.

Principal Activities

Consolidated Hallmark Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body - National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non - life insurance underwriting including Motor, Fire and Special Perils, Goods-in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and have its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos.

Going concern assessment

These consolidated financial statements have been prepared on a going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

Subsidiaries;

CHI Microinsurance

CHI Microinsurance Limited

CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc, incorporated in 2016 and now has an approval in principle from NAICOM to provide Life Microinsurance services. Microinsurance is a financial arrangement to protect low income people against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of risk involved.

CHI Capital Limited

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

Grand Treasurers Limited

Grand Treasurers Limited was an indirect subsidiary of Consolidated Hallmark Insurance up to November 2019 before the Board of CHI Capital limited transferred Her holding 100% to the Parent (Consolidated Hallmark Insurance Plc).

Grand Treasurers Limited is now a direct subsidiary of the Consolidated Hallmark Insurance Plc. The business of the company is consumer lending, lease financing and other finance company business.

CHI Support Services Limited

CHI Support Services Limited is a company incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company in 2014 and authorised by the Nigerian Communication Commission to provide the service of tracking vehicles. CHI Support Services was incorporated in Nigeria.

Hallmark Health Services Ltd

Hallmark Health Services Ltd is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. Incorporated in 2017. It is envisioned to be a leading health insurance company to meet the need for quality health maintenance services providing affordable and lasting health care plan for all Nigerians

Statement of Significant Accounting Policies (Cont'd)

For The Year Ended 31 December 2019

Statement of Significant Accounting Policies

The following are the significant accounting policies adopted by the Group in the preparation of its consolidated financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

1. Basis of presentation:

1.1 Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group's financial statements for the year 2019 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by IFRS's interpretation committee (IFRIC) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

These are the Group's financial statements for the year ended 31 December 2019, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 Application of new and amended standards

The accounting policies adopted are consistent with those of the previous financial year despite the adoption of IFRS. For the preparation of these Financial Statements, the following new, revised or amended requirements are mandatory for the first time for the financial year beginning 1 January 2019.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.
Effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

IFRS 16 - Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

Effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted, if IFRS 15, Revenue from Contracts with Customers, has also been applied.

IFRS 9 - Financial instruments

IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by collecting both contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases. IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

The hedge accounting requirements in IFRS 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments

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For The Year Ended 31 December 2019

with losses or gains. The amendments had no material effect on the Group's Financial Statements.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss.

IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. Reporting entities will be required to develop the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight needs to be established around the process.

An assessment of the ECL in the Group's balance sheet reflects an increase in the provisions for credit losses. However, this increase does not have a significant impact on regulatory capital and invariably the Capital adequacy due to the Group's strong earnings and retention capacity over the years.

The Group conducted an initial predominance assessment and having met the criteria for exemption, the Board opted for temporary exemption option (deferral approach). The result of the predominance assessment using 2015 financial report as stated in IFRS 4 amended 2016 section 20D of the standard is stated below;

The carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to N4.16billion as at 31 Dec 2018 (31 Dec 2017 : N3.85billion), Company N4.10billion (31 Dec 2017: 3.85billion) which is greater than 80 per cent of the total carrying amount of all its liabilities as at 31 Dec 2018 and 31 Dec 2017 respectively;

The Company is registered with CAC to carryout insurance activities and its activities are predominantly connected with insurance contracts.

Predominance Assessment

Using 2015 Financial Report	Group		Company	
Insurance Liabilities	Carrying amount	Insurance Liabilities	Carrying amount	Insurance Liabilities
Insurance Contract Liabilities	2,218,670,079	2,218,670,079	2,218,670,079	2,218,670,079
Trade Payables	112,060,913	112,060,913	112,060,913	112,060,913
Other Payables and Provision	163,568,360	-	171,540,123	-
Retirement Benefit Obligations	184,444	-	4,430	-
Income Tax Liabilities	120,730,104	93,162,912	93,162,912	93,162,912
Deferred tax liabilities	140,289,268		139,693,165	
	2,755,503,168	2,423,893,904	2,735,131,622	2,423,893,904
Predominance ratio		88%		89%

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The impact assessment of IFRS 9 on the Group's financial assets as December 31, 2017 which is the reporting date that immediately precedes January 1, 2018, i.e. the effective implementation date of the standard and that of the year 2018 & 2019, after the deferral of IFRS 9, are stated below:

Group

2017 Impact analysis on Financial Assets	**2017 GROUP**		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	170,256,830	170,256,830	-
-Loans and receivables(Amortised Cost)	408,385,061	402,769,036	5,616,025
-Available for sale assets(FVOCI)	60,950,000	74,189,168	(13,239,168)
-Held to maturity(Amortised Cost)	2,260,597,511	2,223,744,982	36,852,529
Trade receivables	234,852,324	233,208,358	1,643,966.27
	3,135,041,727	**3,104,168,375**	**30,873,352**

Company

	2017 COMPANY		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	161,850,795	161,850,795	-
-Loans and receivables(Amortised Cost)	248,623,854	224,426,679	24,197,175
-Available for sale assets(FVOCI)	60,950,000	74,189,168	(13,239,168)
-Held to maturity(Amortised Cost)	2,260,597,511	2,243,156,862	17,440,649
Trade receivables	150,356,282	149,905,213	451,069
	2,882,378,442	**2,853,528,717**	**28,849,725**

2018 Impact analysis on Financial Assets	**2018 GROUP**		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	301,916,504	301,916,504	-
-Loans and receivables(Amortised Cost)	1,187,669,655	1,171,337,073	16,332,582
-Available for sale assets(FVOCI)	60,950,000	64,990,717	(4,040,717)
-Held to maturity(Amortised Cost)	1,075,587,381	1,058,053,028	17,534,353
Trade receivables	484,847,132	481,453,202	3,393,930
	3,110,970,672	**3,077,750,523**	**33,220,148**

	2018 COMPANY		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	291,091,429	291,091,429	-
-Loans and receivables(Amortised Cost)	479,876,252	473,277,095	6,599,157
-Available for sale assets(FVOCI)	60,950,000	64,990,717	(4,040,717)
-Held to maturity(Amortised Cost)	1,075,587,381	1,058,053,028	17,534,353
Trade receivables	199,248,468	197,853,729	1,394,739
	2,106,753,530	**2,085,265,998**	**21,487,533**

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2019 Impact analysis on Financial Assets	2019 GROUP		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	342,463,380	342,463,380	-
-Loans and receivables(Amortised Cost)	595,806,033	587,612,634	8,193,399
-Available for sale assets(FVOCI)	70,148,451	74,189,168	(4,040,717)
-Held to maturity(Amortised Cost)	3,189,220,145	3,137,229,100	51,991,046
Trade receivables	403,746,494	400,920,269	2,826,225
	4,601,384,503	4,542,414,551	58,969,953

	2019 COMPANY		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	332,544,560	332,544,560	-
-Loans and receivables(Amortised Cost)	280,298,398	253,018,516	27,279,882
-Available for sale assets(FVOCI)	70,148,451	74,189,168	(4,040,717)
-Held to maturity(Amortised Cost)	2,949,948,726	2,929,299,085	20,649,641
Trade receivables	199,899,308	198,500,013	1,399,295
	3,832,839,443	3,787,551,342	45,288,102

Fair value disclosures

Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest:

The group financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest

These are financial assets that meets the definition of held for trading in line with IFRS 9; or that is managed and whose performance is evaluated on a fair value basis.
The Central Bank of Nigeria that regulate a member of the Group, Grand Treasurers Limited, issued a Guidance Note dated November 30, 2018 to all Other Financial

Institutions (OFI) on the implementation of IFRS 9 financial instruments. See OFISD/DIR/GEN/IFR/020/101.

1.1.3 Standards and Interpretations Issued but not yet Effective

IAS 1 - Presentation of Financial Statements
IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.
IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1.
The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information.
Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.
The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

IFRS 17 - Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant

Statement of Significant Accounting Policies (Cont'd)
For The Year Ended 31 December 2019

information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.
The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. The IASB also tentatively decided to defer the fixed expiry date for the temporary exemption to IFRS 9 in IFRS 4 by one year so that all insurance entities must apply IFRS 9 for annual periods on or after January 1, 2022.

The Group is assessing the potential impact of the new standard which will be effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 3 - Business Combinations
IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

1.2 Basis of measurement
These financial statements are prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Assets held for trading are measured at fair value

1.3 Functional and presentation currency

The financial statements are presented in the functional currency, Nigeria naira which is the Group's functional currency.

1.4 Consolidation
The Group financial statements comprise the financial statements of the company and its subsidiaries, CHI Capital Limited, Hallmark Health Services Limited and CHI Microinsurance Limited, all made up to 30 September, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control seizes.

Subsidiaries are all entities (including structured entities) over which the Group exercise control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

(1) Power over the investee
(2) Exposure, or rights, to variable returns from its involvement with the investee, and
(3) The ability to use its power over the investee to affect the amount of the investor's returns.

The subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement.

1.5 Use of estimates and judgments
The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change
affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below:

(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 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 company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken

Statement of Significant Accounting Policies (Cont'd)

For The Year Ended 31 December 2019

place and may not take place for some time. Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

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

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values 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, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets whenever observable market data exist for this asset.

(c) Impairment of trade receivables

The Group adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30days that are due from brokers. The trade receivable was further subjected to impairment based on management judgement. Internal models were developed based on company's specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(d) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset under Deferred Acquisition Costs (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

(e) Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

2. Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with

Statement of Significant Accounting Policies (Cont'd)
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the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

3. Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances, fixed deposits and treasury bills within 90days.

3.1 Financial assets
The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale.

The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. At initial recognition, the Group classifies its financial assets in the following categories:

3.1.1 Financial assets at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term. Assets where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day, are trading assets. Assets do not fall under this category merely because there is a market for the asset - the entity must have acquired the asset for short term trading intent.

3.1.2 Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The Group's loans and receivables comprise loans issued to corporate entities, individual and/or staff of the Group. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

3.1.3 Available-for-sale investments

These are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Group's available-for-sale assets comprise investments in equity securities (other than those qualifying as cash equivalents).

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Gains or losses arising from remeasurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Group's right to receive payment is established.

3.1.4 Held-to-maturity financial assets
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:
- those that the Group upon initial recognition designates as at fair value through profit or loss;

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- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognized at cost and subsequently measured at amortized cost. Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income. In the event of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/ (losses) on investment securities'

3.2 Reclassifications
Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.3 Impairment of assets

3.3.1 Financial assets carried at amortized cost
The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor; A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit

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risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

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

3.3.2 Assets classified as available for sale
The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

3.3.3 Impairment of non-financial assets
The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

3.3.4 Impairment of other non-financial assets
Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. Leases
This is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

- Company as lessee: Lessees are required to recognize a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.

- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for

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on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications. Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases. Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease.

- In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:
In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.

If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The buyer-lessor recognizes a financial asset equal to the transfer proceeds. The effective date of the standard is for years beginning on or after January 1, 2019. The company is adopting the standard for the first time in the 2019 annual report and financial statements. The impact of this standard is not material on the financial statements.

Statement of Significant Accounting Policies (Cont'd)

For The Year Ended 31 December 2019

5. Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

6. Reinsurance assets and liabilities

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.
In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts.

Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortized over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

7. Deferred acquisition costs

Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

8. Other receivables and prepayments

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

9. Deposit for shares (assets)

Where the company invested in the equities of other entities and the necessary allotment of shares or share certificates have not been received by the company, such investment shall be treated as deposit for shares. At initial recognition, it

would be treated at cost and at subsequent recognition, it would be recognized at cost less impairment (if any).

10. Investment in subsidiaries

Subsidiaries are entities controlled by the parent. In accordance with IAS 10, control exists when the parent has:

I. Power over the investee
II. Exposure, or rights, to variable returns from its involvement with the investee; and
III. The ability to use its power over the investee to affect the amount of investor's returns.

Investments in subsidiaries are reported at cost less impairment (if any).

11. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial

Statement of Significant Accounting Policies (Cont'd)

For The Year Ended 31 December 2019

position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

12. Intangible assets

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses. Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.
The class of the intangible assets recognised by the company and its amortisation rates are as follows:

	Rate
Computer software	15%

13. Property and equipment

13.1 Recognition and Measurement

All property and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	-	2%
Furniture & fittings	-	15%
Computers	-	15%
Motor vehicles	-	20%
Office equipment	-	15%

When 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. The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. 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 value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period.

13.2 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity.
Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

14. Statutory Deposit

Statutory deposit represents 10% of the paid-up capital of the Company deposited with the Central Bank of Nigeria CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

15. Insurance Contracts Liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (note15.4).Balances arising from insurance contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding

Statement of Significant Accounting Policies (Cont'd)
For The Year Ended 31 December 2019

claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

15.1 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.

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

15.3 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)".

15.4 Liability adequacy test
At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

16. Retirement benefits obligations

16.1 Defined contribution plan
The Group runs a defined contribution plan in line with the Pension Reform Act Amended 2014. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The rate of contribution by the Group and its employee is 10% and 8% respectively of basic salary, housing and transport allowance. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

17. Deposit for shares (liability)
Where the shareholders deposited for the equity of the entity and the necessary allotment of shares or share certificates have not been issued by the company due to authorization and approval from regulatory bodies, such deposit shall remain a liability until the allotment is done, when the obligation is converted into equity.

18. Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

19. Share premium
Share premium is the excess amount over the par value of the shares. This is classified as equity when there is no obligation to transfer cash or other assets. The proceeds received are recorded as net of costs. This reserve is not ordinarily available for distribution.

20. Contingency reserve
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.

21. Statutory reserve
In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited, a subsidiary within the group.

22. Dividend distribution
Dividend distribution to the Group's shareholders is recognized as a deduction in the revenue reserve in

Statement of Significant Accounting Policies (Cont'd)

For The Year Ended 31 December 2019

the year in which the dividend is approved by the Company's shareholders.

23. Revenue recognition

23.1 Premium

Written premium for non-life (general insurance) business comprises the premiums on contract incepting in the financial year. Written premium are stated at gross of commissions payable to intermediaries. Unearned premiums are those portions of the premium, which relates to periods of risks after the balance sheet date. Unearned premiums are prorated evenly over the term of the insurance policy. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in the unearned premium.

a) Gross premium

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance.

b) Gross premium earned

Gross premium earned is the written premium recognized after adjusting for the unearned portion of the premium.

c) Unearned premium

This is the portion of the gross premium on the insurance contract, determined on a contract by contract basis, which is deemed to be relating to the risk for period not falling within the current accounting year. This is carried forward to the next accounting period as unearned premium.

d) Net premium

Net premium represents gross premium earned less reinsurance costs.

e) Reinsurance premium

Reinsurance premium is the ceding to a reinsurance part of a risk or liability accepted in order to ensure greater and reduced liability on the part of the company. The outward reinsurance premium relating to earned premiums are recognized as outflow in accordance with the reinsurance services received.

23.2 Reinsurer's share of unearned premium

Reinsurer's share of unearned premium is recognized as an asset using principles consistent with the company's method for determining the unearned premium liability.

24. Expenses

a) Reinsurance cost

This represents the outward reinsurance premium paid to reinsurance companies less the unexpired portion as at the end of the current accounting year. The reinsurance cost is charged to the underwriting revenue account while the unexpired portion is shown as prepaid reinsurance costs, on asset, on the balance sheet.

b) Reinsurance recoveries

Reinsurance recoveries represents that portion of claims paid or payable on risks ceded out to reinsurance companies on which recoveries are received or receivable from the reinsurer.
The recoveries are applied to reduce the gross claims incurred on the underwriting revenue account.

c) Prepaid reinsurance cost

This is the unexpired reinsurance cost determined on a time apportionment basis and is reported under other asset on the balance sheet.

d) Gross claims paid

This is the direct claims payments during the year plus reinsurance claims paid, if any.

e) Gross claims incurred

The is made up of claims and claims handling expenses paid during the financial year after adjusting for the movement it the prevision for outstanding claims and claims incurred but not reported (IBNR).

f) Net claims incurred

This is gross claims incurred after adjusting for reinsurance claims recoveries.
All claims paid and incurred are charged against the underwriting revenue account as expense when Incurred. Reinsurance recoveries are recognized when the company records the liability for the claims.
Anticipated reinsurance recoveries on claims are disclosed separately as assets.

g) Management expenses

Management expenses are expenses other than claims, investments and underwriting expenses. They include salaries, depreciation charges and other administrative but non-operating expenses. They are accounted for on or accrual basis and are charged to the profit and loss account in the year in which they were incurred.

Statement of Significant Accounting Policies (Cont'd)
For The Year Ended 31 December 2019

h) Provision for unpaid claims and adjustment expenses.
Individual loss estimates are provided on each claims reported. In addition, provisions are made for adjustment expenses, changes in reported claims, and for claims incurred but not reported, based on past experience and business in force.
The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

25. Salvage and subrogation recoverable
In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value. Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

26. Fees and commission income
Fees and commissions consist primarily of reinsurance commission and other contract fees. All other fee and commission income is recognized as services are provided.

27. Investment income
Investment income consists of dividend, interest income. Dividends are recognized only when the group's right to payments is established.

27.1 Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

27.2 Other operating income
Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

27.3 Realized gains and losses
The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortized costs as appropriate.

28. Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Statement of Significant Accounting Policies (Cont'd)

For The Year Ended 31 December 2019

29. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

30. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, unsettled monetary assets and liabilities are translated into the Group's functional currency by using the exchange rate in effect at the year-end date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

31. Unclaimed dividend

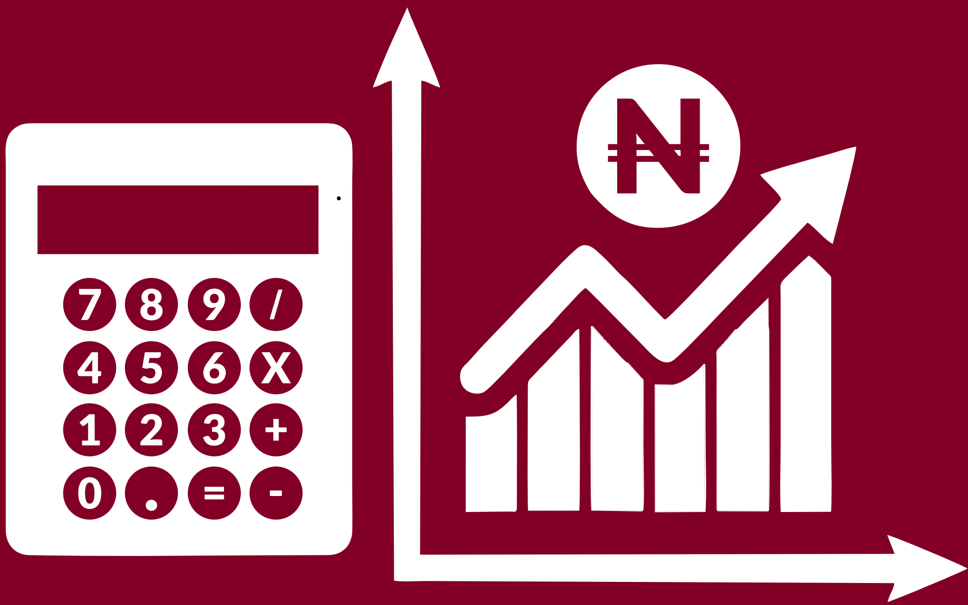
Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.

32. Earnings per share

The Group presents basic earnings per share (EPS) 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 shares outstanding during the year.

33. Borrowings

These are financial liabilities that mature within 12months of the balance sheet date. Borrowings inclusive of transaction cost are recognize initially at fair value. Borrowings are subsequently stated at amortized cost using the effective interest rate method; any difference between proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.



Financial Statements

Consolidated Statement Of Financial Position

For The Year Ended 31 December 2019

	Notes	Group		Company	
		31 December 2019 N	31 December 2018 N	**31 December 2019 N**	31 December 2018 N
Assets					
Cash and cash equivalents	2.0	**1,717,868,438**	2,948,826,686	**1,062,065,613**	2,696,356,810
Financial assets:	3.0				
-At fair value through profit or loss	3.1	**342,463,380**	301,916,504	**332,544,560**	291,091,429
-Loans and receivables	3.2	**595,806,033**	1,187,669,655	**280,298,398**	479,876,252
-Available for sale assets	3.3	**70,148,451**	60,950,000	**70,148,451**	60,950,000
-Assets held to maturity	3.4	**3,189,220,145**	1,075,587,381	**2,949,948,726**	1,075,587,381
Finance lease receivables	5	**109,998,499**	249,994,807	**-**	-
Trade receivables	6	**293,747,996**	234,852,324	**199,899,308**	199,248,468
Reinsurance assets	7	**2,688,545,807**	2,031,727,218	**2,688,545,807**	2,031,727,218
Deferred acquisition cost	8	**360,563,251**	307,344,920	**349,815,691**	302,966,178
Other receivables & prepayments	9	**209,056,966**	195,161,111	**313,691,585**	210,813,535
Investment in subsidiaries	10	**-**	-	**1,030,000,000**	1,030,000,000
Intangible Assets	11	**26,087,026**	22,362,991	**24,620,360**	22,192,991
Investment properties	12	**843,766,470**	899,211,000	**750,105,470**	805,550,000
Property and equipment	13	**994,550,828**	1,006,001,531	**939,322,976**	957,103,968
Statutory deposits	14	**300,000,000**	300,000,000	**300,000,000**	300,000,000
Total assets		**11,741,823,290**	10,821,606,128	**11,291,006,944**	10,463,464,230
Liabilities					
Insurance contract liabilities	15	**4,105,083,759**	3,803,576,977	**3,923,826,888**	3,741,068,043
Trade payables	16	**54,241,112**	10,777,564	**54,241,112**	10,777,564
Borrowing	17	**10,448,536**	67,530,064	**-**	-
Other payables and provision	18	**384,049,650**	217,647,746	**343,406,713**	180,817,178
Retirement benefit obligations	19	**7,290,620**	6,403,628	**6,690,086**	5,833,280
Current Income tax liabilities	21.2	**436,426,812**	368,204,246	**355,578,462**	298,742,725
Deferred tax liabilities	22	**130,587,188**	171,484,879	**125,749,035**	168,184,745
Total liabilities		**5,128,127,677**	4,645,625,104	**4,809,492,296**	4,405,423,535
Equity and reserves					
Issued and fully paid up share capital	23.1	**4,065,000,000**	4,065,000,000	**4,065,000,000**	4,065,000,000
Share Premium	24	**155,264,167**	155,264,167	**155,264,167**	155,264,167
Contingency reserve	25.1	**1,855,299,252**	1,603,720,833	**1,855,299,252**	1,603,720,833
Statutory reserve	25.2	**36,863,982**	27,726,056	**-**	-
Retained earnings	26	**501,268,212**	324,269,968	**405,951,229**	234,055,695
Total equity and reserves		**6,613,695,613**	6,175,981,024	**6,481,514,648**	6,058,040,695
Total liabilities and equity and reserves		**11,741,823,290**	10,821,606,128	**11,291,006,944**	10,463,464,230

The consolidated financial statements were approved by the Board of Directors on 24 February, 2020

Obinna Ekezie
Chairman
FRC/2017/IODN/00000017485

Eddie Efekoha
Managing Director
FRC/2013/CIIN/00000002189

Babatunde Daramola
Chief Financial Officer
FRC/2012/ICAN/00000000564

The accompanying notes form an integral part of this financial statements

Consolidated Statement Of Comprehensive Income

For The Year Ended 31 December 2019

	Notes	Group 31 December 2019 ₦	Group 31 December 2018 ₦	Company 31 December 2019 N	Company 31 December 2018 N
Gross premium written		8,691,234,590	6,864,879,525	8,385,947,285	6,775,797,496
Gross premium income	27	8,302,808,423	6,512,335,014	8,077,895,958	6,481,636,218
Reinsurance premium expenses	28	(3,357,536,001)	(2,239,421,340)	(3,357,536,001)	(2,239,421,340)
Net premium income		4,945,272,421	4,272,913,674	4,720,359,957	4,242,214,878
Fee and commission income	29	519,638,029	356,385,052	519,638,029	356,385,052
Net underwriting income		5,464,910,450	4,629,298,726	5,239,997,986	4,598,599,930
Claims expenses	30a	(3,448,090,659)	(4,787,135,023)	(3,316,118,494)	(4,770,447,651)
Claims recoveries from reinsurers	30b	1,768,819,617	2,987,313,881	1,768,819,617	2,987,313,881
Claims incurred		(1,679,271,042)	(1,799,821,142)	(1,547,298,877)	(1,783,133,770)
Underwriting expenses	31	(1,957,228,763)	(1,622,040,692)	(1,939,548,370)	(1,620,609,007)
Underwriting profit		1,828,410,645	1,207,436,892	1,753,150,739	1,194,857,153
Investment income	32	1,080,354,125	939,953,832	696,105,599	617,407,797
		-	-		
Other operating income	33	29,560,781	25,923,716	18,176,973	25,487,990
Impairment (charge)/write back	34	(147,122,129)	(11,745,127)	(72,636,175)	-
Net fair value (loss)/gain at fair value through profit or loss	35	(11,848,771)	151,362,024	(10,942,516)	151,362,024
Operating & Administrative expenses	36	(2,067,880,188)	(1,778,493,631)	(1,716,472,889)	(1,529,426,707)
Profit before taxation		711,474,463	534,437,706	667,381,731	459,688,258
Income tax expense	21.1	(111,159,875)	(127,726,964)	(81,307,778)	(83,663,738)
Profit after taxation		600,314,588	406,710,742	586,073,953	376,024,520
Other comprehensive income/(loss) net of tax					
Items that will be reclassified subsiquently to profit or loss		-	-	-	-
Items that will not be reclassified subsiquently to profit or loss		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		600,314,588	406,710,742	586,073,953	376,024,520
Profit attributable to:					
Equity holders of the parents'		600,314,588	406,710,742	586,073,953	376,024,520
Non-controlling interest interest		-	-	-	-
		600,314,588	406,710,742	586,073,953	376,024,520
Basic & diluted earnings per share (Kobo)	37	7.38	5.79	7.21	5.36

The accompanying notes form an integral part of this financial statements

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2019

The Group	Issued share capital N	Share Premium N	Contingency reserves N	Statutory reserve N	Retained earnings N	Total equity N
At 1 January 2018	3,000,000,000	-	1,400,446,908	16,304,970	272,254,237	4,689,006,115
Changes in equity for 2018:						
Profit for the year						
Other comprehensive income for the year	-		-	-	406,710,742	406,710,742
Total comprehensive income for the year	-	-	-	-	406,710,742	406,710,742
Transactions with owners:						
Transfer to contigency / statutory reserves	-		203,273,925	11,421,086	(214,695,011)	-
Addition	1,065,000,000	155,264,167				1,220,264,167
Dividends declared during the year	-		-	-	(140,000,000)	(140,000,000)
Non-controlling interest arising on business						-
combination	-		-	-	-	-
Contribution by and to owners of the business	1,065,000,000	155,264,167	203,273,925	11,421,086	(354,695,011)	1,080,264,167
At 31 December 2018	4,065,000,000	155,264,167	1,603,720,833	27,726,056	324,269,968	6,175,981,024
At 1 January 2019	**4,065,000,000**	**155,264,167**	**1,603,720,833**	**27,726,056**	**324,269,968**	**6,175,981,024**
Changes in equity for 2019:						
Profit for the year	-		-	-	600,314,588	600,314,588
Other comprehensive income for the year	-		-	-	-	-
Total comprehensive loss for the year	-	-	-	-	600,314,588	600,314,588
Transactions with owners:						
Transfer within reserves	-		251,578,419	9,137,925	(260,716,344)	-
Addition	-	-				-
Dividends relating to prior periods paid during the year	-		-	-	(162,600,000)	(162,600,000)
Non-controlling interest arising on business combination						-
	-		-	-	-	-
Contribution by and to owners of the business	-	-	251,578,419	9,137,925	(423,316,344)	(162,600,000)
At December 2019	4,065,000,000	155,264,167	1,855,299,252	36,863,982	501,268,212	6,613,695,613

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2019

The Company	Issued share capital ₦	Share Premium ₦	Contigency reserves ₦	Retained earnings ₦	Total equity ₦
At 1 January 2018	3,000,000,000	-	1,400,446,908	201,305,100	4,601,752,008
Changes in equity for 2018:					
Profit for the year	-	-	-	376,024,520	376,024,520
Other comprehensive income for the year	-		-	-	-
Total comprehensive income for the year	-	-	-	376,024,520	376,024,520
Transactions with owners:					
Transfer within reserves	-		203,273,925	(203,273,925)	-
Addition	1,065,000,000	155,264,167			1,220,264,167
Dividends relating to prior periods paid during the year				(140,000,000)	(140,000,000)
Contribution by and to owners of the business	1,065,000,000	155,264,167	203,273,925	(343,273,925)	1,080,264,167
At 31 December 2018	4,065,000,000	155,264,167	1,603,720,833	234,055,695	6,058,040,695
At 1 January 2019	4,065,000,000	155,264,167	1,603,720,833	234,055,695	6,058,040,695
Changes in equity for 2019:					
Profit for the year	-	-	-	586,073,953	586,073,953
Other comprehensive income for the year	-		-	-	-
Total comprehensive income for the year	-	-	-	586,073,953	586,073,953
Transactions with owners:					
Transfer within reserves	-		251,578,419	(251,578,419)	-
Addition	-	-			-
Dividends relating to prior periods paid during the year				(162,600,000)	(162,600,000)
Contribution by and to owners of the business	-	-	251,578,419	(414,178,419)	(162,600,000)
At December 2019	4,065,000,000	155,264,167	1,855,299,252	405,951,229	6,481,514,648

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2019

	Notes	Group 31 December 2019 ₦	Group 31 DECEMBER 2018 ₦	Company 31 December 2019 ₦	Company 31 DECEMBER 2018 ₦
Cash flows from operating activities					
Premium received from policy holders	6.1	8,632,338,918	6,780,383,482	8,385,296,446	6,726,905,310
Reinsurance receipts in respect of claims		1,618,530,538	2,787,704,737	1,618,530,538	2,787,704,737
Commission received	29	587,202,514	369,621,536	587,202,514	369,621,536
Other operating receipts	33	29,560,781	25,923,716	18,176,973	25,487,990
Cash paid to and on behalf of employees	36b	(793,681,066)	(696,317,651)	(629,022,125)	(541,995,811)
Reinsurance premium paid	16	(3,820,601,964)	(2,431,354,711)	(3,820,601,964)	(2,431,354,711)
Claims paid	30a	(3,573,383,142)	(4,872,635,876)	(3,441,410,976)	(4,855,948,503)
Underwriting expenses	31	(2,014,825,836)	(1,671,721,227)	(1,986,397,882)	(1,665,910,801)
Other operating cash payments		(944,269,205)	(659,457,657)	(989,036,254)	(712,754,728)
Company income tax paid	21.2	(83,835,000)	(116,915,189)	(66,907,751)	(99,091,165)
Net cash (used in)/ from operating activities	38	(362,963,462)	(484,768,841)	(324,170,481)	(397,336,145)
Cash flows from investing activities					
Purchase of property and equipment	13	(99,632,721)	(131,592,105)	(88,432,721)	(122,522,325)
Purchase of intangible asset	11	(11,480,127)	(9,133,293)	(8,985,773)	(8,946,293)
Additions to investment properties	12	(1,105,470)	(3,550,000)	(1,105,470)	(3,550,000)
Proceeds from sale of Investment properties		95,000,000	-	95,000,000	-
Increase in investment in subsidiaries	10.	-	-	-	(500,000,000)
Proceeds from sale of property and equipment	13	7,361,415	7,954,350	7,361,415	7,954,350
Purchase of financial assets	3.	(3,205,476,970)	(2,355,921,314)	(2,106,465,174)	(970,601,355)
Proceeds from sale of financial assets	3.	1,752,585,048	2,925,553,362	566,869,925	2,090,684,638
Dividend received	32	16,088,305	8,764,597	38,088,305	8,764,597
Rental Income received	32	3,695,333	3,997,000	3,695,333	3,997,000
Interest received	32	887,374,522	418,913,900	439,176,036	157,717,992
Net cash from investing activities		(555,590,665)	864,986,499	(1,054,798,124)	663,498,604
Cash flows from financing activities					
Proceeds on private placemant	20.1 & 24	-	720,264,167	-	720,264,167
Proceeds from borrowing	17	104,168,381	99,000,000	-	-
Payment on borrowing (principal & Interest)	17	(161,249,909)	(31,469,936)	-	-
Refund of excess on right issue	20.1	-	(456,779)	-	(456,779)
Dividend paid	26	(162,600,000)	(140,000,000)	(162,600,000)	(140,000,000)
Net cash used in financing activities		(219,681,528)	647,337,452	(162,600,000)	579,807,388
Increase in cash and cash equivalents		(1,138,235,655)	1,027,555,108	(1,541,568,604)	845,969,847
Cash and cash equivalents at Beginning		2,948,826,686	1,921,271,578	2,696,356,810	1,850,386,963
Gross Cash and cash equivalent at End	2	1,810,591,031	2,948,826,686	1,154,788,206	2,696,356,810

The accompanying notes form an integral part of this statement of cash flows.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

1. **Corporate information**

1.1 **The Group**

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiaries - CHI Capital Ltd, CHI Micro-Insurance Ltd, Grand Treasurers Limited and Hallmark Health Services Ltd. CHI Capital Ltd also has a wholly owned subsidiary,CHI Support Services Ltd.

1.2 **The Company**

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

1.3 **Principal activities**

During the year under review, the Group engaged in general insurance business and maintained offices in major cities in Nigeria with Corporate headquarters at 266 Moshood Abiola way (formerly Ikorodu Road), Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing and provision of Health management services.

	Group		Company	
	31 December 2019	December 2018	31 December 2019	December 2018
	₦	₦	₦	₦
2. Cash and cash equivalents				
Cash in hand	1,649,776	2,203,250	1,649,776	2,203,250
Balance with banks	553,735,537	1,579,423,388	125,032,039	979,126,973
Call deposits	37,229,013	36,450,464	37,229,013	36,450,464
Fixed deposits (Note 2.1)	1,217,976,705	1,330,749,584	990,877,377	1,678,576,123
	1,810,591,031	1,921,271,578	1,154,788,206	2,696,356,810
Impairment charge (Note 2.2)	(92,722,593)	-	(92,722,593)	-
	1,717,868,438	2,948,826,686	1,062,065,613	2,696,356,810

2.1 The Fixed deposits have a short term maturity of 30-90 days and the effect of discounting is immaterial.

2.2 **Impairment charge**

At 1 January	-	-	-	-
Addition during the year	92,722,593	-	92,722,593	-
Provision no longer required (Note 29)	-	-	-	-
At December 2019	92,722,593	-	92,722,593	-

The impairment charge of N92,722,593 resulted from a fixed deposit of N100million with a mortgage bank in 2018 that went into a default in 2019 and had to be impaired in line with standard accounting practice and regulatory requirement. The company has taken necessary steps to recover the fund, including an ongoing court process and there is a positive indication that the fund will be recovered.

3. **Financial assets**

At fair value through profit or loss (Note 3.1)	342,463,380	301,916,504	332,544,560	291,091,429
Loans and receivables measured at amortised cost (Note 3.2)	595,806,032	1,187,669,655	280,298,398	479,876,252
Available for sale (Note 3.3)	70,148,451	60,950,000	70,148,451	60,950,000
Held to maturity (Note 3.4)	3,189,220,145	1,075,587,381	2,949,948,726	1,075,587,381
	4,197,638,009	2,626,123,540	3,632,940,135	1,907,505,062
Movement in Financial Assets				
Opening	2,626,123,540	2,900,189,402	1,907,505,062	2,732,022,160
Addition	3,205,476,970	2,355,921,315	2,106,465,174	970,601,355
Disposal	(1,752,585,048)	(2,925,553,362)	(566,869,925)	(2,090,684,638)
Interest Capitalised	292,956,177	163,700,149	267,551,183	204,695,210
Impairment (loss)/gain	(161,119,004)	114,910,115	(69,402,989)	89,505,121
Fair value gains/(loss)	(13,214,626)	16,955,920	(12,308,371)	1,365,855
Closing	4,197,638,009	2,626,123,540	3,632,940,135	1,907,505,062

3.1 **At fair value through profit or loss**

At 1 January	303,282,359	321,984,709	292,457,284	313,578,674
Additions	61,581,598	85,393,418	61,581,598	82,344,057
Disposals	(9,185,951)	(104,095,768)	(9,185,951)	(103,465,447)
	355,678,006	303,282,359	344,852,931	292,457,284
Fair value gains/(loss) (Note 35a)	(13,214,626)	(1,365,855)	(12,308,371)	(1,365,855)
At December 2019	342,463,380	301,916,504	332,544,560	291,091,429
Current	342,463,380	301,916,504	332,544,560	291,091,429
Non Current	-	-	-	-

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

Financial assets at fair value through profit or loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired by management with the intent of short term trading.

		Group		Company	
		31 December 2019 ₦	December 2018 ₦	**31 December 2019 ₦**	December 2018 ₦
3.2	**Loans and receivables**				
	Staff loans (Note 3.2.1a)	**253,829,118**	207,800,136	**253,829,118**	207,800,136
	Loan issued to corporate individuals (Note 3.2.1b)	**341,976,915**	979,869,519	**26,469,280**	272,076,116
		595,806,033	1,187,669,655	**280,298,398**	479,876,252
	Current	**551,667,014**	997,219,614	**194,683,563**	314,261,417
	Non Current	**44,139,019**	190,450,041	**85,614,835**	165,614,835
3.2.1a	**Staff loans**				
	At 1 January	**207,800,136**	186,244,874	**207,800,136**	186,244,874
	Addition	**63,930,073**	56,850,000	**63,930,073**	56,850,000
	Repayment	**(17,901,091)**	(35,294,738)	**(17,901,091)**	(35,294,738)
		253,829,118	207,800,136	**253,829,118**	207,800,136
3.2.1b	**Loan issued to corporate / individuals**				
	At 1 January	**1,094,779,635**	321,460,237	**361,581,237**	151,884,101
	Addition	**986,541,757**	1,660,266,146	**126,801,381**	262,405,482
	Repayment	**(1,578,209,757)**	(886,946,749)	**(392,510,349)**	(52,708,345)
		503,111,635	1,094,779,635	**95,872,269**	361,581,237
	Impairment on loans issued to corporate and individuals (Note 3.2.4)	**(161,134,718)**	(114,910,115)	**(69,402,989)**	(89,505,121)
	At the end	**341,976,915**	979,869,519	**26,469,280**	272,076,116
3.2.2	**Analysis by performance:**				
	Performing (Note 3.2)	**595,806,033**	1,187,669,655	**280,298,398**	479,876,252
	Non-performing (Note 3.2.4)	**161,134,718**	114,910,115	**69,402,989**	89,505,121
		756,940,751	1,302,579,770	**349,701,387**	569,381,373
3.2.3	**Analysis by maturity:**				
	Due within one year	**551,667,014**	997,219,614	**194,683,563**	314,261,417
	Due within one - five years	**135,855,035**	215,855,035	**85,614,835**	165,614,835
	Due after five years	**69,402,989**	89,505,121	**69,402,989**	89,505,121
		756,925,037	1,302,579,770	**349,701,387**	569,381,373
3.2.4	**Movement in impairment - loans and receivables :**				
	At 1 January	**114,910,115**	99,320,050	**89,505,121**	89,505,121
	Addition (Note 34)	**66,326,736**	15,590,065	**-**	-
	Provision no longer required (Note 34)	**(20,102,133)**	-	**(20,102,133)**	-
	At the end	**161,134,718**	114,910,115	**69,402,989**	89,505,121
3.3	**Available for sale assets**				
	At 1 January	**60,950,000**	60,950,000	**60,950,000**	60,950,000
	Addition	**9,198,451**	-	**9,198,451**	-
	Exchange gains	**-**	-	**-**	-
	Impairment on available for sale	**-**	-	**-**	-
	At the end	**70,148,451**	60,950,000	**70,148,451**	60,950,000
	Current	**-**	-	**-**	-
	Non Current	**70,148,451**	60,950,000	**70,148,451**	60,950,000

Available for sale assets are the unquoted equity securities of the group and are measured at cost because their fair value could not be reliably measured. At period end there is no indication of impairment.

Available for sale equities is analysed as follows:

	No. of shares	Cost per unit	Total Cost
Planet Capital Limited (Formerly Strategy and Arbitrage Limited)	2,000,000	N1	2,000,000
Energy & Allied Insurance Pool Nigeria limited			58,950,000
25,000 UNITS OF IPWA STOCKS	25,000	0.50	12,500
MTECK Communication Ltd	10,094,452		9,185,951
	12,119,452		70,148,451

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

The Company is exposed to financial risk through its financial assets (investments and loans). The key focus of financial risk management for the Company is to ensure that the proceeds from financial assets are sufficient to fund its obligations arising from its insurance operations. The most important components of financial risk (market risk) arises from open positions in interest rate, fluctuations in stock prices, inflation, all of which are exposed to general and specific market movement and/or conditions.Investments above ninety-one (91) days are classified as part of financial assets of the Company. All financial instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are measured at fair values that are quoted in an active market. When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exist.

	Group		Company	
	31 December 2019 N	December 2018 N	31 December 2019 N	December 2018 N
3.4 Held to maturity assets				
At 1 January	1,075,587,381	2,260,597,511	1,075,587,381	2,260,597,511
At initial recognition - additions	2,084,225,091	569,001,816	1,844,953,672	569,001,816
	3,159,812,472	2,829,599,328	2,920,541,053	2,829,599,328
Disposal	(147,272,534)	(1,899,216,108)	(147,272,534)	(1,899,216,108)
Interest received	(116,275,969)		(90,870,976)	
Amortised interest	292,956,177	145,204,161	267,551,183	145,204,161
At the end	3,189,220,145	1,075,587,381	2,949,948,726	1,075,587,381
a) Held to maturity assets are analysed as follows:				
Debts securities				-
Listed	3,189,220,145	1,075,587,381	2,949,948,726	1,075,587,381
Unlisted	-	-	-	-
At the end	3,189,220,145	1,075,587,381	2,949,948,726	1,075,587,381
Current	859,849,218	183,018,082	859,849,218	183,018,082
Non-current	2,329,370,927	892,569,299	2,090,099,508	892,569,299
	3,189,220,145	1,075,587,381	2,949,948,726	1,075,587,381
b) At the reporting date, no held to maturity assets were past due or impaired				
15.25% NAHCO Bond series 2 2013/2020	3,816,104	5,444,765	3,816,104	5,444,765
FCMB NGN SERIES 2 BOND 2015/2020	54,828,767	54,828,767	54,828,767	54,828,767
FCMB NGN SERIES 2 BOND 2016/2023	54,535,840	50,496,233	54,535,840	50,496,233
C&I LEASING SERIES 1 BOND 2018/2023	36,095,811	42,910,678	36,095,811	42,910,678
13.5% Lagos State Government Bond series 2 2013/2020	18,091,831	24,682,879	18,091,831	24,682,879
LAGOS STATE PROGRAMME 2 SERIES 2 FIXED RATE BOND ISSUANCE (2013/2020)	-	-	-	-
COMMERCIAL PAPER (Note 4)	859,849,218	183,018,082	859,849,218	183,018,082
ACCESS BANK COMMERCIAL PAPER	-	-	-	-
TREASURY BILLS 13.30% OCT 08 2019 CAPITAL EXPRESS- 364 DAYS	-	92,900,340	-	92,900,340
TREASURY BILLS 13.30% SEPT 27 2019 CAPITAL EXPRESS- 344 DAYS	-	57,181,976	-	57,181,976
TREASURY BILLS 13.30% SEPT 17 2019 CAPITAL EXPRESS- 344 DAYS	-	108,727,642	-	108,727,642
TREASURY BILLS 14% OCT 21 2019 CAPITAL EXPRESS- 350 DAYS	-	178,724,847	-	178,724,847
TREASURY BILLS 14.05% NOV 02 2019 CAPITAL EXPRESS- 356 DAYS	-	50,929,451	-	50,929,451
TREASURY BILLS 14.05% NOV 13 2019 CAPITAL EXPRESS- 364 DAYS	-	35,555,631	-	35,555,631
TREASURY BILLS 13.90% NOV 3 2019 AIICO CAPITAL LTD- 346 DAYS	-	174,733,925	-	174,733,925
TREASURY BILLS 14.05% OCT 28 2019 CAPITAL EXPRESS LTD- 316 DAYS.	-	15,452,164	-	15,452,164
TREASURY BILLS 14.90% JAN 25 2019-JAN 02 2020 FSDH MERCHANT BANK LTD 342 DAYS.	39,967,394	-	39,967,394	-

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

TREASURY BILLS 14.90% JAN 25 2019-JAN 02 2020 FSDH MERCHANT BANK LTD 342 DAYS.	289,763,609	-	289,763,609	-
TREASURY BILLS 14.90% JAN 25 2019-JAN 02 2020 FSDH MERCHANT BANK LTD 342 DAYS.	100,551,000	-	100,551,000	
TREASURY BILLS 14.90% JAN 25 2019-JAN 16 2020 FSDH MERCHANT BANK LTD 356 DAYS.	6,487,476	-	6,487,476	
TREASURY BILLS 14.90% JAN 25 2019-JAN 16 2020 FSDH MERCHANT BANK LTD 356 DAYS.	71,403,965	-	71,403,965	
TREASURY BILLS 14.90% FEB 04 2019-JAN 30 2020 CAPITAL EXPRESS LTD 360 DAYS.	144,084,116		144,084,116	
TREASURY BILLS 14.90% FEB 14 2019-FEB 13 2020 CHAPEL HILL DENHAM LTD 364 DAYS.	86,506,542		86,506,542	
TREASURY BILLS 13.00% MAR 05 2019-JAN 9 2020 CAPITAL EXPRESS LTD 310 DAYS.	149,414,549		149,414,549	
TREASURY BILLS 12.25% APRIL 18, 2019 -02 APRIL 2020 PLANET CAPITAL 350 DAYS.	41,917,560		41,917,560	
TREASURY BILLS 12.25% APRIL 18, 2019 -02 APRIL 2020 PLANET CAPITAL 350 DAYS.	47,698,470		47,698,470	
TREASURY BILLS 11.75 JUNE 27, 2019 -02 APRIL 2020 PLANET CAPITAL 280 DAYS.	1,067,684		1,067,684	
TREASURY BILLS 11.75 JUNE 27, 2019 -02 APRIL 2020 PLANET CAPITAL 280 DAYS.	406,716		406,716	
TREASURY BILLS 12.00% AUGUST 14, 2019 - JULY 30, 2020 PLANET CAPITAL 351 DAYS.	11,782,339		11,782,339	
TREASURY BILLS 12.00% AUGUST 15, 2019 - AUGUST 13, 2020 PLANET CAPITAL 346 DAYS.	66,032,271		66,032,271	
TREASURY BILLS 13.20% SEPTEMBER 9, 2019 - AUGUST 20, 2020 PLANET CAPITAL 346 DAYS.	69,702,236		69,702,236	
TREASURY BILLS 13.05% SEPTEMBER 17, 2019 - SEPTEMBER 10, 2020 PLANET CAPITAL 359 DAYS.	98,526,127		98,526,127	
TREASURY BILLS 13.10% SEPTEMBER 24, 2019 - SEPTEMBER 10, 2020 ACCESS BANK- 352 DAYS	125,226,696		125,226,696	
TREASURY BILLS 13.15% SEPTEMBER 27, 2019 - SEPTEMBER 24, 2020 CAPITAL EXPRESS- 363 DAYS	65,592,132		65,592,132	
TREASURY BILLS 13.00% SEPTEMBER 27, 2019 - SEPTEMBER 3, 2020 PLANET CAPITAL 342 DAYS.	35,526,593		35,526,593	
TREASURY BILLS 13.1170%OCTOBER 03, 2019 - SEPTEMBER 17, 2020 CAPITAL EXPRESS 350 DAYS.	106,571,241		106,571,241	
TREASURY BILLS 12.90% OCTOBER 17, 2019 - OCTOBER 15, 2020 CAPITAL EXPRESS - 364 DAYS	30,203,911		30,203,911	
TREASURY BILLS 12.80% OCTOBER 18, 2019 - OCTOBER 15, 2020 CAPITAL EXPRESS- 363 DAYS	56,037,232		56,037,232	
TREASURY BILLS 12.90% OCTOBER 23, 2019 - OCTOBER 8, 2020 FIDELITY BANK 358 DAYS.	201,911,294		201,911,294	
TREASURY BILLS 10.90% NOVEMBER 1, 2019 - OCTOBER 29, 2020 CAPITAL EXPRESS- 363 DAYS	58,577,580		58,577,580	
TREASURY BILLS 10.90% NOVEMBER 1, 2019 - OCTOBER 29, 2020 CAPITAL EXPRESS- 363 DAYS	17,772,423		17,772,423	
Subsidiary treasury bills	239,271,419			
At the end	**3,189,220,145**	1,075,587,381	**2,949,948,726**	1,075,587,381

4 Commercial Paper
These are commercial papers issued by either institutions listed on the floor of the Nigerian Stock Exchange (NSE) or instruments quoted on the NSE or FMDQ.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

		Group		Company	
		31 December 2019 ₦	31 December 2018 ₦	31 December 2019 ₦	31 December 2018 ₦
5.	**Finance lease receivables**				
	At 1 January	255,788,896	239,079,333	-	-
	Addition	120,210,959	319,626,148	-	-
	Repayment	(237,870,353)	(231,317,481)	-	-
	Gross investment	138,129,502	327,388,000	-	-
	Unearned income	(14,161,982)	(71,599,104)	-	-
	Net investment (Note 5.1)	123,967,520	255,788,896	-	-
	Impairment on finance lease receivables (Note 5.2)	(13,969,021)	(5,794,089)	-	-
	At the end	109,998,499	249,994,807	-	-
5.1	Current	116,785,357	88,308,668	-	-
	Non-current	7,182,163	167,480,228	-	-
	Analysis by performance				
	Performing	109,998,499	249,994,807	-	-
	Non-performing	13,969,021	5,794,089	-	-
		123,967,520	255,788,896	-	-
	Analysis by maturity				
	Due within one year	116,785,357	88,308,668		
	Due between one - five years	7,182,162	167,480,228	-	-
		123,967,520	255,788,896	-	-
5.2	**Movement in impairment - finance lease receivables:**				
	At 1 January	5,794,089	9,639,027	-	-
	Charge for the year	8,174,932	(3,844,938)	-	-
	At the end	13,969,021	5,794,089	-	-
6.	**Trade receivables**				
	Due from insurance companies	129,468,880	31,477,939	129,468,880	31,477,939
	Due from insurance brokers and agents	70,430,428	167,770,529	70,430,428	167,770,529
		199,899,308	199,248,468	199,899,308	199,248,468
	Hmo receivable	93,848,688	35,603,856	-	-
		293,747,996	234,852,324	199,899,308	199,248,468
	Current	293,747,996	234,852,324	199,899,308	199,248,468
	Non-current	-	-	-	-
6.1	**Movement in Trade receivables**				
	Opening	234,852,324	150,356,282	199,248,468	150,356,282
	Gross Premium written	8,691,234,590	6,864,879,525	8,385,947,286	6,775,797,496
	Premium received	(8,632,338,918)	(6,780,383,482)	(8,385,296,446)	(6,726,905,310)
	Closing receivables	293,747,996	234,852,324	199,899,308	199,248,468
	Age Analysis of Trade receivable				
	> =1Day <= 30 Days	285,875,291	224,437,356	192,026,603	188,833,500
	> =31Days <= 90 Days	3,504,700	775,620	3,504,700	775,620
	Above 90 Days	4,368,005	9,639,349	4,368,005	9,639,348
		293,747,996	234,852,324	199,899,308	199,248,468

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

		Group		Company	
		31 December 2019 ₦	December 2018 ₦	31 December 2019 ₦	December 2018 ₦
7	**Reinsurance Assets**				
	Prepaid reinsurance (Note 7.1a & 7.1b)	1,025,729,471	519,199,961	1,025,729,471	519,199,961
	Reinsurers share of claims (Note 7.3)	1,662,816,336	1,512,527,257	1,662,816,336	1,512,527,257
	At the end	2,688,545,807	2,031,727,218	2,688,545,807	2,031,727,218
	Current	2,688,545,807	2,031,727,218	2,688,545,807	2,031,727,218
	Non-current	-	-	-	-
	Prepaid reinsurance	1,008,022,471	506,899,911	1,008,022,471	506,899,911
	Prepaid minimum and deposit	17,707,000	12,300,050	17,707,000	12,300,050
	Reinsurance share of outstanding claims (Note 7.2a)	241,986,785	814,231,399	241,986,785	814,231,399
	Reinsurance share of IBNR (Note 7.2a)	594,115,652	270,387,865	594,115,652	270,387,865
	Reinsurance receivable on claims paid (Note 7.2b)	826,713,898	427,907,993	826,713,898	427,907,993
	Total	2,688,545,807	2,031,727,218	2,688,545,806	2,031,727,218

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in the income statement. The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc. Based on the financial position and performance during the period under review, they are solvent and had never defaulted on their obligations. Consequently, there are no indications of impairment as at the reporting date.

		31 December 2019 ₦	December 2018 ₦	31 December 2019 ₦	December 2018 ₦
7.1a	**Prepaid Reinsurance**				
	Fire	192,409,701	47,809,668	192,409,701	47,809,668
	General accident	190,444,010	67,492,514	190,444,010	67,492,514
	Motor	6,457,715	25,195,241	6,457,715	25,195,241
	Marine	63,959,301	39,776,886	63,959,301	39,776,886
	Bond	9,146,754	5,109,205	9,146,754	5,109,205
	Engineering	49,966,482	24,124,859	49,966,482	24,124,859
	Aviation	124,075,747	28,353,533	124,075,747	28,353,533
	Oil & gas	371,562,761	269,038,005	371,562,761	269,038,005
		1,008,022,471	506,899,911	1,008,022,471	506,899,911
7.1b	**Prepaid Minimum Deposit**				
	Fire	6,595,000	4,675,000	6,595,000	4,675,000
	General accident	1,250,000	1,125,050	1,250,000	1,125,050
	Motor	2,600,000	1,400,000	2,600,000	1,400,000
	Marine	1,700,000	1,200,000	1,700,000	1,200,000
	Engineering	5,562,000	3,900,000	5,562,000	3,900,000
		17,707,000	12,300,050	17,707,000	12,300,050
	Prepaid reinsurance	1,025,729,471	519,199,961	1,025,729,471	519,199,961
7.2 a	**Reinsurers Share of Claims**				
	Fire	232,032,721	317,337,435	232,032,721	317,337,435
	General accident	308,287,908	164,918,035	308,287,908	164,918,035
	Motor	12,886,029	7,562,947	12,886,029	7,562,947
	Marine	55,937,856	31,617,612	55,937,856	31,617,612
	Bond	12,798,668	2,962,986	12,798,668	2,962,986
	Engineering	42,449,070	22,988,230	42,449,070	22,988,230
	Aviation	10,748,715	204,808,533	10,748,715	204,808,533
	Oil & gas	160,961,471	332,423,486	160,961,471	332,423,486
		836,102,438	1,084,619,264	836,102,438	1,084,619,264

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

		Group		Company	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		₦	₦	₦	₦
7.2b	**Reinsurers share of paid claims**				
	Fire	133,405,382	236,064,318	133,405,382	236,064,318
	General accident	265,366,586	57,788,579	265,366,586	57,788,579
	Motor	35,275,038		35,275,038	
	Marine	8,630,063	123,880,075	8,630,063	123,880,075
	Engineering	30,760,826	10,175,021	30,760,826	10,175,021
	Aviation	253,241,174		253,241,174	
	Oil & gas	100,034,829		100,034,829	
		826,713,898	427,907,993	826,713,898	427,907,993
7.3	**Reinsurance Assets:**				
	Movement in prepaid reinsurance:				
	At 1 January	519,199,961	342,971,971	519,199,961	342,971,971
	Additions during the year (Note 28)	3,864,065,511	2,415,649,330	3,864,065,511	2,415,649,330
		4,383,265,472	2,758,621,301	4,383,265,472	2,758,621,301
	Amortization during the year (Note 28)	(3,357,536,002)	(2,239,421,340)	(3,357,536,002)	(2,239,421,340)
	At the end	1,025,729,471	519,199,961	1,025,729,471	519,199,961
	Movement in claims recoverable:				
	At 1 January	1,512,527,257	1,312,918,114	1,512,527,257	1,312,918,114
	Additions during the period	1,768,819,617	2,987,313,881	1,768,819,617	2,987,313,881
		3,281,346,874	4,300,231,995	3,281,346,874	4,300,231,995
	Amortization during the period	(1,618,530,538)	(2,787,704,737)	(1,618,530,538)	(2,787,704,737)
	At the end	1,662,816,336	1,512,527,257	1,662,816,336	1,512,527,257
8.	**Deferred Acquisition Cost**				
	At 1 January	302,966,178	257,664,385	302,966,178	257,664,385
	Acquistion cost during the period	1,363,301,970	1,150,125,440	1,352,554,409	1,145,746,698
	Less: Amortisation during the period (Note 31)	(1,305,704,897)	(1,100,444,905)	(1,305,704,897)	(1,100,444,905)
	At the end	360,563,251	307,344,920	349,815,690	302,966,178
	Current	360,563,251	307,344,920	349,815,690	302,966,178
	Non-current	-	-	-	-

Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is as shown above.

		Group		Company	
8.1	**Deferred Acquisition Cost Analysis**				
	Fire	40,124,646	52,246,070	40,124,646	52,246,070
	General accident	54,345,288	39,350,930	54,345,288	39,350,930
	Motor	74,184,071	72,111,208	74,184,071	72,111,208
	Marine	19,811,861	14,126,722	19,811,861	14,126,722
	Bond	17,049,953	7,952,703	17,049,953	7,952,703
	Engineering	45,940,607	29,726,109	45,940,607	29,726,109
	Aviation	18,474,294	10,016,078	18,474,294	10,016,078
	Oil & gas	79,884,970	77,436,358	79,884,970	77,436,358
	Company Total	349,815,690	302,966,178	349,815,690	302,966,178
	HMO Deferred acquisition	10,747,561	4,378,742		
	Group Total	360,563,251	307,344,920	349,815,690	302,966,178

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For The Year Ended 31 December 2019

		31 December 2019 ₦	31 December 2018 ₦	31 December 2019 ₦	31 December 2018 ₦
9.	**Other Receivables and Prepayments**				
	Staff advances & prepayment	44,638,224	41,403,806	44,638,224	41,403,806
	Account receivables **	42,001,349	46,773,326	20,816,526	44,934,284
	Intercompany Receivables	-	-	148,602,859	35,027,414
	Witholding tax credit	32,883,432	43,296,312	32,883,432	43,296,312
	Prepayments (Note 9.1)	89,533,961	63,687,667	66,750,544	46,151,719
		209,056,966	195,161,111	313,691,585	210,813,535
	Impairment allowance (Note 34)	-	-	-	-
		209,056,966	195,161,111	313,691,585	210,813,535
	Current	209,056,966	195,161,111	313,691,585	210,813,535
	Non-current	-	-	-	-
9.1	**Prepayments**				
	Prepaid rent	74,419,338	57,874,074	51,635,921	40,338,127
	Other prepayments	15,114,623	5,813,592	15,114,623	5,813,592
		89,533,961	63,687,667	66,750,544	46,151,719
	Current	89,533,961	63,687,667	66,750,544	46,151,719
	Non-current	-	-	-	-
10.	**Investment in Subsidiaries**				
	CHI Capital (Note 10.1a)	-	-	130,000,000	430,000,000
	Chi Microinsurance Limited (10.1b)			200,000,000	200,000,000
	Grand Treasurers Limited			300,000,000	-
	Hallmark Health Services Limited (10.1c)			400,000,000	400,000,000
		-	-	1,030,000,000	1,030,000,000

Movement in Investment in subsidiaries	Grand Treasurers Limited	CHI Capital Limited	Hallmark Health Services Limited	Chi Microinsurance Limited
Opening	-	430,000,000	400,000,000	200,000,000
Addition	300,000,000	-	-	-
Disposal		(300,000,000)	-	-
Closing	300,000,000	130,000,000	400,000,000	200,000,000

During the year 2019, the Board of CHI Capital transferred its holding in Grand Treasurers Limited to the parent (Consolidated Hallmark Insurance Plc). .

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. In 2019, CHI Capital Limited transferred its 100% interest in Grand Treasurers Limited to Consolidated Hallmark Insurance Plc .Grand Treasurers Ltd is a CBN licensed finance company, acquired by CHI Capital Ltd in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited which is into the business of vehicle tracking.

CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated CHI Microinsurance Limited in the year 2016 and is still in the process of getting NAICOM licence to further deepen its market share on general insurance business.

Hallmark Health Services Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated Hallmark Health Services Limited towards the end of the year 2017 and is in the process of obtaining National Health Insurance Scheme licence to operate in health Insurance sector.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

10.2 Condensed result of consolidated entities - 2019

	CHI PLC ₦	CHI Capital Limited ₦	CHI Microinsurance ₦	Hallmark Health Ltd ₦	Grand Treasurers Ltd	Elimination ₦	Total ₦
Condensed Financial Position							
Assets							
Cash and cash equivalents	1,062,065,613	12,238,383	14,087,703	407,490,645	221,986,096	-	1,717,868,439
Financial assets	3,632,940,135	9,418,820	239,271,420	-	515,481,972	(199,474,338)	4,197,638,009
Deposit for shares	-	-				-	-
Finance lease receivables	-	-		-	123,800,587	(13,802,089)	109,998,499
Trade receivables	199,899,308	-		93,848,688		-	293,747,996
Reinsurance assets	2,688,545,807	-				-	2,688,545,807
Deferred acquisition cost	349,815,691	-		10,747,561		-	360,563,251
Other receivables and prepayment	313,691,585	26,752,230	-	22,783,416	17,842,105	(172,012,370)	209,056,966
Investment in subsidiaries	1,030,000,000	-			-	(1,030,000,000)	-
Investment properties	750,105,470	93,661,000		-		-	843,766,470
Inventories	-	-				-	-
Intangible Assets	24,620,360	-		1,466,667	-		26,087,027
Property and equipment	939,322,976	-		29,754,346	25,473,505	-	994,550,828
Statutory deposits	300,000,000	-				-	300,000,000
Total assets	11,291,006,944	142,070,433	253,359,123	566,091,322	904,584,265	(1,415,288,797)	11,741,823,290
Liabilities							
Insurance contract liabilities	3,923,826,888	-		181,256,871		-	4,105,083,759
Trade payables	54,241,112	-				-	54,241,112
Borrowing	-	-			209,922,874	(199,474,338)	10,448,536
Provision and other payables	343,406,713	4,556,385	25,000,000	72,643,021	124,257,991	(185,814,459)	384,049,650
Staff retirement benefit	6,690,086	-			600,533	-	7,290,620
Tax liabilities	355,578,462	7,829,347		-	73,019,003	-	436,426,812
Deffered tax	125,749,035	-			4,838,154		130,587,188
Share capital	4,065,000,000	130,000,000	200,000,000	400,000,000	300,000,000	(1,030,000,000)	4,065,000,000
Share Premium	155,264,167	-	-			-	155,264,167
Statutory reserve	1,855,299,252	-			36,863,982	-	1,892,163,234
Retained earnings	405,951,229	(315,299)	28,359,123	(87,808,570)	155,081,729		501,268,212
Total liabilities and equity	11,291,006,943	142,070,433	253,359,123	566,091,322	904,584,266	(1,415,288,797)	11,741,823,290

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

Condensed result of consolidated entities - 2019

	CHI PLC N	CHI Capital Limited N	CHI Micro insurance Limited N	Hallmark Health Services LTD N	Grand Treasurers Limited	Elimination N	Total N
Condensed profit and loss							
Underwriting profit	1,753,150,739	-		75,259,906		-	1,828,410,645
Investment income	696,105,599	-	36,459,104	53,688,573	316,100,849	(22,000,000)	1,080,354,125
Other operating income	18,176,973	343,799	-	10,500	11,029,509	-	29,560,781
Total operating income	2,467,433,311	343,799	36,459,104	128,958,979	327,130,357	(22,000,000)	2,938,325,551
Impairment charge	(72,636,175)	-			(74,485,953)	-	(147,122,128)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	(10,942,516)	(806,255)			(100,000)	-	(11,848,771)
Management expenses	(1,716,472,888)	(1,657,315)	(25,000,000)	(162,977,188)	(161,772,796)	-	(2,067,880,187)
Profit before taxation	667,381,732	(2,119,771)	11,459,104	(34,018,209)	90,771,608	(22,000,000)	711,474,464
Taxation	(81,307,778)	-		-	(29,852,097)	-	(111,159,875)
Profit after taxation	586,073,954	(2,119,770)	11,459,104	(34,018,209)	60,919,512	(22,000,000)	600,314,589

Notes To The Consolidated Financial Statements
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10.2 Condensed result of consolidated entities - 2018	CHI PLC	CHI Capital Limited	CHI Micro insurance Limited	Hallmark Health Services Ltd	Elimination	Total
	N	N	N	N	N	N
Condensed financial position						
Assets						
Cash and cash equivalents	2,696,356,810	24,954,898	219,028,691	361,294,616	(352,808,330)	2,948,826,686
Financial assets	1,907,505,062	718,618,478				2,626,123,540
Deposit for shares	-	-			-	-
Finance lease receivables	-	268,068,224		-	(18,073,417)	249,994,807
Trade receivables	199,248,468	-		35,603,856	-	234,852,324
Reinsurance assets	2,031,727,218	-			-	2,031,727,218
Deferred acquisition cost	302,966,178	-		4,378,742	-	307,344,920
Other receivables and prepayment	210,813,535	21,979,042	-	17,535,948	(55,167,413)	195,161,111
Investment in subsidiaries	1,030,000,000	-			(1,030,000,000)	-
Investment properties	805,550,000	93,661,000		-	-	899,211,000
Inventories	-	-			-	-
Intangible Assets	22,192,991	-		170,000		22,362,991
Property and equipment	957,103,968	16,715,968		32,181,595	-	1,006,001,531
Statutory deposits	300,000,000	-			-	300,000,000
Total assets	10,463,464,230	1,143,997,610	219,028,691	451,164,757	(1,456,049,160)	10,821,606,128
Liabilities						
Insurance contract liabilities	3,741,068,043	-		62,508,934	-	3,803,576,977
Trade payables	10,777,564	-			-	10,777,564
Borrowing	-	420,338,393			(352,808,329)	67,530,064
Provision and other payables	180,817,178	65,496,543	2,128,671	42,446,184	(73,240,831)	217,647,746
Staff retirement benefit	5,833,280	570,348			-	6,403,628
Tax liabilities	298,742,725	69,461,521			-	368,204,246
Deffered tax	168,184,745	3,300,134				171,484,879
Share capital	4,065,000,000	430,000,000	200,000,000	400,000,000	(1,030,000,000)	4,065,000,000
Deposit for shares	155,264,167	-	-		-	155,264,167
Statutory reserve	1,603,720,833	27,726,056			-	1,631,446,889
Retained earnings	234,055,695	127,104,615	16,900,020	(53,790,361)		324,269,969
Total liabilities and equity	10,463,464,230	1,143,997,610	219,028,691	451,164,757	(1,456,049,160)	10,821,606,128

Condensed result of consolidated entities - 2018

Condensed profit and loss	CHI PLC	CHI Capital Limited	CHI Micro insurance Limited	Hallmark Health Services Ltd	Elimination	Total
Underwriting profit	1,194,857,153	-		12,579,739		1,207,436,892
Investment income	617,407,797	274,518,037	25,042,776	45,662,670	(34,422,575)	928,208,706
Other operating income	25,487,990	435,225	-	500	-	25,923,715
Total operating income	1,837,752,940	274,953,262	25,042,776	58,242,909	(34,422,575)	2,161,569,313
Impairment charge	-	-			-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	151,362,024	-			-	151,362,024
Management expenses	(1,529,426,707)	(157,325,012)	(17,500,000)	(108,664,487)	34,422,575	(1,778,493,631)
Profit before taxation	459,688,258	117,628,250	7,542,776	(50,421,578)	-	534,437,706
Taxation	(83,663,738)	(44,063,226)		-	-	(127,726,964)
Profit after taxation	376,024,520	73,565,024	7,542,776	(50,421,578)	-	406,710,742

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

		31 December 2019 ₦	31 December 2018 ₦	31 December 2019 ₦	31 December 2018 ₦
11.0	**Intangible assets**				
	Cost				
	At 1 January	41,189,748	38,236,390	39,915,834	30,969,541
	Addition	11,480,127	9,133,293	8,985,773	8,946,293
	Reclassification	-	(6,179,935)		
	31 December	52,669,875	41,189,748	48,901,607	39,915,834
	Accumulated amortization				
	At 1 January	18,826,757	13,615,260	17,722,843	12,511,346
	Addition	7,756,092	5,211,497	6,558,405	5,211,497
	31 December	26,582,849	18,826,757	24,281,248	17,722,843
	Carrying amount				
	31 December	26,087,026	22,362,991	24,620,360	22,192,991
12	**Investment Properties**				
	At 1 January	899,211,000	899,661,000	805,550,000	806,000,000
	Addition	1,105,470	3,550,000	1,105,470	3,550,000
	Disposal/transfer (Note 12.1b)	(56,550,000)	(5,000,000)	(56,550,000)	(5,000,000)
	Fair value change	-	1,000,000	-	1,000,000
	31 December	843,766,470	899,211,000	750,105,470	805,550,000

12.1 Investment Properties

Investment properties are made up of buildings and properties held by the company to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. Some of these properties retained the title of one of the legacy companies making up Consolidated Hallmark Insurance Plc. There is no dispute as to the title of Consolidated Hallmark Insurance Plc to these properties. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc. The company property at Plot 3 Sea Gate Estate valued for =N=56,550,000 as at July 2019 was disposed off during the year for =N=95,000,000 net of commission and fees.

In the year ended 31 December 2019, the Group investment properties were professionally re-valued by Messrs Adegboyega Sanusi & Co. Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The valuation was done by Mr. Adegboyega Sanusi (FRC/2013/NIESV/00000001757)

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
	Company				
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	140,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	-	Sold in 2019	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company had paid all required fees to the Federal Housing Authority since 2017 and is awaiting final approval from them.
			750,105,470		
	CHI Capital Limited				
		Land	93,661,000	CHI Capital Limited	Already exist in the name of CHI Capital Limited
		Total	843,766,470		

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

12.1b Movement on Investment Properties

S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
	Company						
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	-	-	-	206,000,000
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	-	-	-	229,000,000
3**	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	103,000,000	1,105,470	-	-	104,105,470
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	140,000,000	-	-	-	140,000,000
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	56,550,000	-	(56,550,000)	-	-
6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	-	-	-	48,000,000
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	-	-	-	23,000,000
8	Shops	Trade Fair Shopping Complex	-	-	-	-	-
			805,550,000	**1,105,470**	**(56,550,000)**	**-**	**750,105,470**
	CHI Capital Limited						
		Thomas estate Ajah Lagos	**93,661,000**				**93,661,000**
	Total		**899,211,000**	**1,105,470**	**(56,550,000)**	**-**	**843,766,470**

****Addition to item no 3 as stated on the table above, represent amount paid for interlocking of the building premises.**

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

13.0 Property and Equipment
2019
13.1a The group

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At 1 January	286,099,948	541,339,722	101,734,595	130,324,607	558,678,736	234,949,595	1,853,127,203
Additions in the year	-	-	9,367,023	18,747,389	62,765,000	8,753,309	99,632,721
Transfer from Investment Property		-					-
Disposals in the year	-	-	(2,273,443)	-	(87,602,000)	(13,023,416)	(102,898,859)
31 December	286,099,948	541,339,722	108,828,175	149,071,996	533,841,736	230,679,488	1,849,861,064
Accumulated depreciation							
At 1 January 2019	-	128,863,871	79,310,294	111,008,358	319,892,684	208,050,466	847,125,673
Depreciation charge for the period	-	10,826,794	5,942,534	6,362,731	71,088,773	7,083,402	101,304,233
Disposals in the period	-	-	(2,273,443)	-	(77,845,440)	(13,000,786)	(93,119,669)
31 December	-	139,690,665	82,979,385	117,371,089	313,136,016	202,133,082	855,310,237
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
31 December	286,099,948	401,649,057	25,848,790	31,700,907	220,705,719	28,546,407	994,550,828
At 1 January 2019	286,099,948	412,475,851	22,424,301	19,316,250	238,786,052	26,899,128	1,006,001,531

Some fixed assets were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co.(FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as fixed assets revaluation reserve. However, in compliance with IFRS (i.e. IAS 16) the revalued amount was taken as deemed cost at transition date and the revaluation reserve was transferred to revenue reserve.

In the year ended 31 December 2019, the landed property of CHI Capital Limited were professionally re-valued at N84 million by Messrs Adegboyega Sanusi & Co. Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of N65,495,775 was then recognised as revaluation reserve in the financial statements.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

13.1b Property and Equipment

The group

2018

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
At 1 January	286,099,948	536,339,722	104,132,698	126,996,514	482,355,636	225,378,145	1,761,302,663
Additions in the year	-	-	6,478,640	3,363,558	112,178,457	9,571,450	131,592,105
Transfer from Investment Property		5,000,000					5,000,000
Disposals in the year	-	-	(8,876,743)	(35,465)	(35,855,356)	-	(44,767,564)
December	286,099,948	541,339,722	101,734,595	130,324,607	558,678,736	234,949,595	1,853,127,203
Accumulated depreciation							
At 1 January 2018	-	118,053,515	79,957,283	104,353,012	282,018,451	200,329,035	784,711,296
Depreciation charge for the period	-	10,810,356	7,239,949	6,690,811	72,144,641	7,721,431	104,607,188
Disposals in the period	-	-	(7,886,938)	(35,465)	(34,270,408)	-	(42,192,811)
December	-	128,863,871	79,310,294	111,008,358	319,892,684	208,050,466	847,125,673
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
December	286,099,948	412,475,851	22,424,301	19,316,249	238,786,052	26,899,129	1,006,001,530
At 1 January 2018	286,099,948	418,286,207	24,175,451	22,643,502	200,337,185	25,049,110	976,591,367

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

13.2a Property and Equipment
2019
The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	286,099,948	541,339,722	98,922,825	130,324,607	498,288,011	231,049,721	1,786,024,834
Additions			9,367,023	18,747,389	51,565,000	8,753,309	88,432,721
Transfer from Investment Property(12.1a)		-					-
Disposals			(2,273,443)	-	(87,602,000)	(13,023,416)	(102,898,859)
31 December	286,099,948	541,339,722	106,016,405	149,071,996	462,251,011	226,779,614	1,771,558,696
Accumulated depreciation							
At 1 January	-	128,863,871	78,277,191	110,717,789	303,246,691	207,815,324	828,920,866
Depreciation charge for the period	-	10,826,794	5,907,386	6,362,731	66,302,959	7,034,653	96,434,525
Disposals	-		(2,273,443)	-	(77,845,440)	(13,000,786)	(93,119,669)
31 December	-	139,690,665	81,911,134	117,080,520	291,704,210	201,849,191	832,235,720
Carrying value							
31 December	286,099,948	401,649,057	24,105,271	31,991,476	170,546,801	24,930,423	939,322,976
At 31 December 2018	286,099,948	412,475,851	20,645,634	19,606,819	195,041,320	23,234,397	957,103,968

Some items of property and equipment were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co..(FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as revaluation surplus. However, in compliance with IFRS (i.e IAS 16) the revalued amount was taken as deemed cost at transition date and the surplus on revaluation was transferred to retained earnings.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

Property and Equipment (Cont'd)
2018
The company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
At 1 January	286,099,948	536,339,722	102,891,901	126,996,514	427,668,367	223,273,621	1,703,270,073
Additions			4,907,667	3,363,558	106,475,000	7,776,100	122,522,325
Transfer from Investment Property(12.1a)		5,000,000					5,000,000
Disposals			(8,876,743)	(35,465)	(35,855,356)		(44,767,564)
December	286,099,948	541,339,722	98,922,825	130,324,607	498,288,011	231,049,721	1,786,024,834
Accumulated depreciation							
At 1 January	-	118,053,515	79,820,266	104,353,013	273,830,641	200,729,623	776,787,058
Depreciation charge for the period	-	10,810,356	6,343,863	6,400,241	63,686,459	7,085,701	94,326,619
Disposals	-		(7,886,938)	(35,465)	(34,270,408)		(42,192,811)
December	-	128,863,871	78,277,191	110,717,789	303,246,691	207,815,324	828,920,866
Carrying value							
December	286,099,948	412,475,851	20,645,634	19,606,819	195,041,320	23,234,397	957,103,968
At 31 December 2017	286,099,948	418,286,207	23,071,635	22,643,501	153,837,726	22,543,998	926,483,014

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

		Group		Company	
		2019 N	2018 N	2019 N	2018 N
14.	Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2019.

15. Insurance contract liabilities

	Group 2019	Group 2018	Company 2019	Company 2018
Reserve for outstanding claims (Note 15.1)	1,746,127,084	1,871,419,565	1,742,001,381	1,867,293,863
Unearned premium reserve (Note 15.2)	2,358,956,675	1,932,157,412	2,181,825,507	1,873,774,180
	4,105,083,759	3,803,576,977	3,923,826,888	3,741,068,043

15.1 Reserve for outstanding claims - 2019

	Group			Company		
	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	32,054,509	270,538,183	302,592,692	32,054,509	270,538,183	302,592,692
General accident	190,683,727	164,168,429	354,852,156	190,683,727	164,168,429	354,852,156
Motor	52,256,332	197,344,450	249,600,782	52,256,332	197,344,450	249,600,782
Marine	15,530,253	106,271,458	121,801,711	15,530,253	106,271,458	121,801,711
Bond	13,870,975	33,889,881	47,760,856	13,870,975	33,889,881	47,760,856
Engineering	44,302,612	28,929,748	73,232,360	44,302,612	28,929,748	73,232,360
Aviation	30,589,463	71,754,365	102,343,828	30,589,463	71,754,365	102,343,828
Oil & gas	246,197,190	243,619,806	489,816,996	246,197,190	243,619,806	489,816,996
	625,485,061	1,116,516,320	1,742,001,381	625,485,061	1,116,516,320	1,742,001,381
HMO - Outstanding claims	4,125,703		4,125,703			
	629,610,764	1,116,516,320	1,746,127,084	625,485,061	1,116,516,320	1,742,001,381

Reserve for outstanding claims - 2018

	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	284,432,903	96,479,767	380,912,670	284,432,903	96,479,767	380,912,670
General accident	223,415,662	165,855,304	389,270,966	223,415,662	165,855,304	389,270,966
Motor	91,453,368	92,252,410	183,705,778	91,453,368	92,252,410	183,705,778
Marine	14,502,311	30,979,227	45,481,538	14,502,311	30,979,227	45,481,538
Bond	719,662	14,084,006	14,803,668	719,662	14,084,006	14,803,668
Engineering	27,594,957	15,935,831	43,530,788	27,594,957	15,935,831	43,530,788
Aviation	221,929,675	55,960,693	277,890,368	221,929,675	55,960,693	277,890,368
Oil & gas	310,399,792	221,298,295	531,698,087	310,399,792	221,298,295	531,698,087
	1,174,448,330	692,845,533	1,867,293,863	1,174,448,330	692,845,533	1,867,293,863
HMO - Outstanding claims	4,125,702		4,125,702			
	1,178,574,032	692,845,533	1,871,419,565	1,174,448,330	692,845,533	1,867,293,863

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

		Group		Company	
		2019	2018	**2019**	2018
		₦	₦	**₦**	₦
15.2	**Unearned premium reserve**				
	Fire	**212,035,356**	278,429,663	**212,035,356**	278,429,663
	General accident	**284,040,315**	208,231,176	**284,040,315**	208,231,176
	Motor	**694,561,211**	660,133,276	**694,561,211**	660,133,276
	Marine	**113,103,396**	92,785,477	**113,103,396**	92,785,477
	Oil & Gas	**430,322,716**	381,499,225	**430,322,716**	381,499,225
	Engineering	**225,889,321**	148,740,291	**225,889,321**	148,740,291
	Aviation	**130,648,627**	54,612,152	**130,648,627**	54,612,152
	Bond	**91,224,565**	49,342,920	**91,224,565**	49,342,920
		2,181,825,507	1,873,774,180	**2,181,825,507**	1,873,774,180
	HMO - Unearned premium reserve	**177,131,168**	58,383,232	**-**	-
		2,358,956,675	1,932,157,412	**2,181,825,507**	1,873,774,180

Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the Management of the Company with the use of a professional actuary (Ernst & Young). The actuarial valuation was led by Mr. Olurotimi Okpaise with FRC registration number FRC/2012/NAS/00000000738

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

15.3 AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2019

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,047,974	18,209,023	16,306,287	12,664,130	52,716,781	131,944,195
250,001-500,000	12,963,432	13,079,363	5,048,325	6,606,350	13,136,014	50,833,484
500,001-1,500,000	14,927,979	15,351,299	12,086,101	2,529,387	10,896,858	55,791,624
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,942
2,500,001-5,000,000	24,270,140	8,064,500	11,465,000	10,703,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
TOTAL	**144,077,588**	**212,662,211**	**68,432,110**	**44,534,867**	**155,778,286**	**625,485,061**

AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31ST DECEMBER, 2018

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	26,614,855	27,136,759	19,305,775	22,781,022	52,070,736	147,909,147
250,001-500,000	15,442,145	4,615,308	5,878,404	4,918,069	6,533,065	37,386,991
500,001-1,500,000	16,039,237	5,722,994	7,486,235	6,334,415	12,081,091	47,663,972
1,500,001-2,500,000	5,724,788	12,268,564	2,000,000	10,052,211	3,750,000	33,795,562
2,500,001-5,000,000	18,297,903	24,589,524	18,979,452	8,000,000	11,655,055	81,521,935
ABOVE 5,000,000	7,200,000	71,661,577	80,258,232	126,309,403	540,741,511	826,170,724
TOTAL	**89,318,929**	**145,994,726**	**133,908,098**	**178,395,120**	**626,831,458**	**1,174,448,330**

Number of claimants in each category

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
At December 2019	525	327	315	253	1,218	2,638
At December 2018	547	479	373	291	1,123	2,813

Further Analysis of Outstanding Claims

OUTSTANDING CLAIMS (AWAITING EDV)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	-	-		50,000		50,000
250,001-500,000	-					-
500,001-1,500,000	-					-
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	-	-	-	**50,000**	-	**50,000**

OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	878,650	-		-	-	878,650
250,001-500,000	705,912	-				705,912
500,001-1,500,000	-					-
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	-					-
TOTAL	**1,584,561**	-	-	-	-	**1,584,561**

OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	26,191,412	17,093,603	14,919,251	12,435,342	51,281,560	121,921,168
250,001-500,000	8,790,980	12,043,108	4,320,880	6,606,350	12,636,014	44,397,332
500,001-1,500,000	13,414,979	14,351,299	10,186,101	2,529,387	10,317,156	50,798,922
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,942
2,500,001-5,000,000	24,270,140	8,064,500	8,400,000	13,768,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
TOTAL	**132,535,573**	**209,510,536**	**61,352,629**	**47,371,079**	**153,263,363**	604,033,180

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

OUTSTANDING CLAIMS (BEING ADJUSTED)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	5,328,063	975,420	1,317,036	182,000	650,221	8,452,740
250,001-500,000	3,443,986	1,036,255	400,000	-	500,000	5,380,241
500,001-1,500,000	613,000		1,000,000			1,613,000
1,500,001-2,500,000						-
2,500,001-5,000,000						-
ABOVE 5,000,000						-
TOTAL	**9,385,049**	**2,011,675**	**2,717,036**	**182,000**	**1,150,221**	**15,445,981**

OUTSTANDING CLAIMS (SIGNED DISCHARGE VOUCHER UNPAID)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	491,637	-	-	-	-	491,637
250,001-500,000	350,000	-	-	-	-	350,000
500,001-1,500,000	3,379,702	-	-	-	-	3,379,702
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	**4,221,339**	-	-	-	-	**4,221,339**

Please note that, the group do not have any outstanding claim with executed discharge voucher that is more than 90 days in accordance with Section 70 (1a) of the Insurance Act 2003

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

		Group		Company	
		2019	2018	2019	2018
		₦	₦	₦	₦
15.4	**Funds representing insurance contract liabilities**				
	Balance with banks	125,032,039	979,126,973	125,032,039	979,126,973
	Fixed placement	880,899,920	1,715,026,588	880,899,920	1,715,026,588
	Treasury bill & Bonds	2,713,842,853	849,658,621	2,713,842,853	849,658,621
	Available for sale assets	-	-	-	-
	At fair value through profit or loss	332,544,560	258,720,000	332,544,560	258,720,000
		4,052,319,371	3,802,532,182	4,052,319,371	3,802,532,182
16.	**Trade payables**				
	Due to insurance companies	-	95,582	-	95,582
	Due to reinsurance companies - local	54,241,112	10,681,982	54,241,112	10,681,982
	Other trade payables	-	-	-	-
		54,241,112	10,777,564	54,241,112	10,777,564
	Current	54,241,112	10,777,564	54,241,112	10,777,564
	Non-current	-	-	-	-
	Movement in Trade payables				
	Opening	10,777,564	26,482,944	10,777,564	26,482,944
	Reinsurance during the year	3,864,065,511	2,415,649,330	3,864,065,511	2,415,649,330
	Payment	(3,820,601,964)	(2,431,354,711)	(3,820,601,964)	(2,431,354,711)
	Closing	54,241,112	10,777,564	54,241,112	10,777,564
17	**Borrowing**				
	At 1 January	67,530,064	-	-	-
	Addition	104,168,381	99,000,000	-	-
	Repayment	(167,310,401)	(53,538,685)	-	-
	Interest capitalised	6,060,492	22,068,749	-	-
	As At 31 December	10,448,536	67,530,064	-	-

These are financial liabilities that mature within 12months of the balance sheet date. It is measure at fair value at initial recognition.

		Group 2019	Group 2018	Company 2019	Company 2018
18.	**Other payables and provision**				
	Audit fees	8,500,000	8,500,000	6,500,000	6,500,000
	VAT payable	-	-	-	-
	Witholding tax payable	784,633	1,184,347	784,633	1,184,347
	Unclaimed dividend payable (Note 18.1)	99,002,078	72,801,737	99,002,078	72,801,737
	Due to CHI Capital	-	-	-	-
	Accrued expenses	15,443,263	546,500	5,089,500	546,500
	Unearned Commission received(Note 18.2)	116,900,695	49,336,209	116,900,695	49,336,209
	Staff Cooperative	31,357,463	28,107,812	31,357,463	28,107,812
	Sundry creditors **	112,061,518	57,171,140	83,772,344	22,340,573
		384,049,650	217,647,746	343,406,713	180,817,178
	Current	384,049,650	217,647,746	343,406,713	180,817,178
	Non-current	-	-	-	-

18.1 ** Included in 2019 Sundry creditors, is an amount of N83,020,488 being Fund deposited as Collateral for Bond issued to Wakanow.com

Unclaimed dividend payable represents amount of dividend which shareholders are yet to collect from the company's registrars and which, in line with the relevant rules of the Securities and Exchange Commission, have been returned to the Company to be held in a separate investment trust account.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

		Group		Company	
	Unearned Commission Reserve				
18.2		**2019**	2018	**2019**	2018
		N	N	**N**	N
	Fire	**28,161,492**	12,490,204	**28,161,492**	12,490,204
	General accident	**49,947,809**	15,148,290	**49,947,809**	15,148,290
	Motor	**1,136,628**	4,310,688	**1,136,628**	4,310,688
	Marine	**16,377,041**	8,012,717	**16,377,041**	8,012,717
	Oil & Gas	**2,343,214**	2,272,797	**2,343,214**	2,272,797
	Engineering	**13,617,774**	5,332,913	**13,617,774**	5,332,913
	Aviation	**949,255**	659,767	**949,255**	659,767
	Bond	**4,367,482**	1,108,833	**4,367,482**	1,108,833
		116,900,695	49,336,209	**116,900,695**	49,336,209

			Group		Company	
			2019	2018	**2019**	2018
			N	N	**N**	N
19.	**Retirement benefit obligation**					
	Defined contribution pension plan					
	At 1 January		**6,403,628**	5,574,664	**5,833,280**	5,169,023
	Provision during the period (Note 36a)		**45,052,162**	36,294,220	**42,545,803**	36,294,220
	Payment during the period		**(44,165,170)**	(35,465,256)	**(41,688,997)**	(35,629,963)
	31 December		**7,290,620**	6,403,628	**6,690,086**	5,833,280
19.a	Employer contribution	10%	**4,050,345**	3,558,945	**3,459,113**	3,242,085
	Employees contribution	8%	**3,240,275**	2,844,683	**3,230,973**	2,591,195
			7,290,620	6,403,628	**6,690,086**	5,833,280

20. The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

		Group		Company	
		2019	2018	**2019**	2018
		N	N	**N**	N
21.	**Taxation**				
21.1	**Income tax expense**				
	Income tax	**239,841,236**	175,948,706	**211,527,158**	133,518,096
	Education tax	**19,575,234**	11,964,764	**19,575,234**	11,964,764
	Under/(over)provision in previous year	**(107,358,904)**	-	**(107,358,904)**	-
	Net amount	**152,057,566**	187,913,470	**123,743,488**	145,482,860
	Deferred tax (Note 22)	**(40,897,691)**	(60,186,506)	**(42,435,710)**	(61,819,122)
		111,159,875	127,726,964	**81,307,778**	83,663,738

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

		Group		Company	
		2019	2018	**2019**	2018
		₦	₦	**₦**	₦
21.2	**Current income tax liabilities**				
	At 1 January	**368,204,246**	297,205,965	**298,742,725**	252,351,030
	Payments during the period	**(83,835,000)**	(116,915,189)	**(66,907,751)**	(99,091,165)
		284,369,246	180,290,776	**231,834,974**	153,259,865
	Charge for the period	**152,057,565**	187,913,470	**123,743,488**	145,482,860
	31 December	**436,426,812**	368,204,246	**355,578,462**	298,742,725
21.3	**Reconciliation of effective tax rate**				
	Profit after tax	**600,314,588**	406,710,742	**586,073,953**	376,024,520
	Total income tax expense				
	Income	**239,841,236**	175,948,705	**211,527,158**	133,518,096
	Education	**19,575,234**	11,964,764	**19,575,234**	11,964,764
	(Over)/under-provision	**(107,358,904)**	-	**(107,358,904)**	-
	Deferred tax (Note 22)	**(40,897,691)**	(60,186,506)	**(42,435,710)**	(61,819,122)
		111,159,875	127,726,964	**81,307,778**	83,663,738
	Profit for the period before income tax	**711,474,464**	534,437,706	**667,381,731**	459,688,258
	Effective tax rate	**16%**	24%	**12%**	18%
22	**Deferred tax liabilities**				
	At 1 January	**171,484,879**	231,671,385	**168,184,745**	230,003,867
	Charge for the period (Note 21.1)	**(40,897,691)**	(60,186,506)	**(42,435,710)**	(61,819,122)
	31 December	**130,587,188**	171,484,879	**125,749,035**	168,184,745

The Company has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.

		Group		Company	
		2019	2018	**2019**	2018
		₦	₦	**₦**	₦
23.	**Share capital**				
	Authorised:				
	15 billion ordinary shares of 50k each	**7,500,000,000**	5,000,000,000	**7,500,000,000**	5,000,000,000
23.1	***Issued and fully paid*:**				
	8.130 billion ordinary shares of 50k each				
	31 December	**4,065,000,000**	4,065,000,000	**4,065,000,000**	4,065,000,000
	Opening	**4,065,000,000**	3,000,000,000	**4,065,000,000**	3,000,000,000
	Addition: Right issue	**-**	500,000,000	**-**	500,000,000
	Private placement	**-**	565,000,000	**-**	565,000,000
	Closing	**4,065,000,000**	4,065,000,000	**4,065,000,000**	4,065,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

	Group		Company	
24 Share Premium				
	2019	2018	**2019**	2018
Number (units) of shares issued	-	1,130,000,000	-	1,130,000,000
Issue price	-	=N=0.65	-	=N=0.65
Opening	**155,264,167**		**155,264,167**	
Issue Proceeds (in Naira)	-	734,500,000	-	734,500,000
Nominal value	-	(565,000,000)	-	(565,000,000)
Issue expenses	-	(14,235,833)	-	(14,235,833)
Share Premium	**155,264,167**	155,264,167	**155,264,167**	155,264,167

The share premium arises from the private placement of 1,130,000,000 shares @ the price of 65kobo which is above the nominal value of 50kobo.The excess amount after deducting all charges is stated as share premium

25. Other reserves

25.1. Contingency reserve				
At 1 January	**1,603,720,833**	1,400,446,908	**1,603,720,833**	1,400,446,908
Transfer from income statement (Note 26)	**251,578,419**	203,273,925	**251,578,419**	203,273,925
31 December	**1,855,299,252**	1,603,720,833	**1,855,299,252**	1,603,720,833

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, Insurance companies in Nigeria are required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total premium. The current year transfer of =N=251,578,419 is based on 3% of total premium.

25.2 Statutory reserve				
At 1 January	**27,726,056**	16,304,970	-	-
Transfer from income statement (Note 26)	**9,137,925**	11,421,086	-	-
31 December	**36,863,982**	27,726,056	-	-

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited a subsidiary within the group.

26. Retained earnings				
At 1 January	**324,269,968**	272,254,237	**234,055,695**	201,305,100
Dividend declared and paid in the year based	-	-	-	-
on the previous year published accounts	**(162,600,000)**	(140,000,000)	**(162,600,000)**	(140,000,000)
Transfer to contigency reserve (Note 25.1)	**(251,578,419)**	(203,273,925)	**(251,578,419)**	(203,273,925)
Transfer from income statement	**600,314,588**	406,710,742	**586,073,953**	376,024,520
Transfer to statutory reserve (Note 25.2)	**(9,137,925)**	(11,421,086)	-	-
31 December	**501,268,212**	324,269,968	**405,951,229**	234,055,695

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

26.1. Profit before taxation				
Profit before taxation is stated after charging/crediting:				
Depreciation of property and equipment	**109,060,325**	109,818,684	**102,992,929**	99,538,115
Auditors' remuneration	**8,500,000**	8,500,000	**6,500,000**	6,500,000
Directors' remuneration:				
- Fees	**5,850,000**	8,500,000	**5,850,000**	8,500,000
Profit on disposal of property and equipment	**(2,417,775)**	5,379,597	**(2,417,775)**	5,379,597
Foreign exchange (gains)/loss	**(12,342,581)**	(17,768,240)	**(12,342,581)**	(17,768,240)

The Auditors, Messrs SIAO Partners did not render any other services to the Group besides Auditing services.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

27. Gross premium earned analysed as follows:

	2019			
	Direct premium N	Inward reinsurance premium N	Increase/ decrease in unearned premium N	Gross premium earned N
Fire	1,033,014,483	59,330,150	66,394,307	1,158,738,939
General accident	1,096,834,580	8,577,319	(75,809,139)	1,029,602,760
Motor	1,971,712,094	33,666,623	(34,427,935)	1,970,950,782
Aviation	793,172,905	18,938,900	(76,036,475)	736,075,331
Oil & Gas	2,069,490,027	59,786,933	(48,823,491)	2,080,453,469
Marine	592,897,074	5,248,217	(20,317,919)	577,827,372
Engineering	386,996,350	32,874,358	(77,149,030)	342,721,678
Bond	222,342,632	1,064,640	(41,881,645)	181,525,627
Company Total	8,166,460,145	219,487,140	(308,051,327)	8,077,895,958
Medical Premium	305,287,305	-	(80,374,840)	224,912,465
GroupTotal	8,471,747,450	219,487,140	(388,426,167)	8,302,808,423

Gross premium earned analysed as follows:

	2018			
	Direct premium N	Inward reinsurance premium N	Increase/ decrease in unearned premium N	Gross premium earned N
Fire	981,346,234	26,772,222	(33,458,773)	974,659,683
General accident	846,767,522	13,113,551	(31,616,769)	828,264,303
Motor	1,756,831,579	25,484,550	(152,099,900)	1,630,216,229
Aviation	305,014,055	389,906	5,697,615	311,101,576
Oil & Gas	1,780,722,313	80,499,043	(47,540,951)	1,813,680,405
Marine	472,970,255	5,372,134	85,504,282	563,846,671
Engineering	320,919,268	27,906,998	(98,513,551)	250,312,716
Bond	131,584,920	102,947	(22,133,231)	109,554,635
Company Total	6,596,156,146	179,641,350	(294,161,278)	6,481,636,218
Medical Premium	89,082,029	-	(58,383,233)	30,698,796
GroupTotal	6,685,238,175	179,641,350	(352,544,511)	6,512,335,014

	Group 2019 ₦	Group 2018 ₦	Company 2019 ₦	Company 2018 ₦
28. Reinsurance premium expenses				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost (Note 7.3)	3,864,065,511	2,415,649,330	3,864,065,511	2,415,649,330
(Increase)/decrease in prepaid reinsurance	(506,529,510)	(176,227,990)	(506,529,510)	(176,227,990)
Reinsurance expense (Note 7.3)	3,357,536,001	2,239,421,340	3,357,536,001	2,239,421,340
29. Fee and commission				
Fire	225,885,440	113,708,633	225,885,440	113,708,633
General accident	116,059,633	93,449,842	116,059,633	93,449,842
Motor	8,851,222	7,752,409	8,851,222	7,752,409
Aviation	50,560,875	41,359,891	50,560,875	41,359,891
Oil & Gas	22,693,455	23,020,360	22,693,455	23,020,360
Marine	33,264,266	38,630,136	33,264,266	38,630,136
Engineering	59,936,882	36,616,348	59,936,882	36,616,348
Bond	2,386,256	1,847,433	2,386,256	1,847,433
	519,638,029	356,385,052	519,638,029	356,385,052
Net premium income				
Opening Unearned commission (Note 18.2)	49,336,209	36,099,725	49,336,209	36,099,725
Commission received	587,202,514	369,621,536	587,202,514	369,621,536
Commission earned	(519,638,029)	(356,385,052)	(519,638,029)	(356,385,052)
Closing Unearned commission (Note 18.2)	116,900,695	49,336,209	116,900,695	49,336,209

Notes To The Consolidated Financial Statements

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30 Claims

	Group		Company	
	Claims expenses 31 December 2019 ₦	Claims expenses 31 December 2018 ₦	Claims expenses 31 December 2019 ₦	Claims expenses 31 December 2018 ₦
30a Claims expenses				
Claims paid during the year	3,573,383,141	4,872,635,876	3,441,410,976	4,855,948,503
Opening IBNR and outstanding claims(Note 15.1)	(1,867,293,863)	(1,952,794,716)	(1,867,293,863)	(1,952,794,716)
Closing IBNR and outstanding claims (Note 15.1)	1,742,001,381	1,867,293,863	1,742,001,381	1,867,293,863
Gross claims expenses	3,448,090,659	4,787,135,023	3,316,118,494	4,770,447,651
Gross claims expenses excluding IBNR				
Claims paid during the year	3,573,383,142	4,872,635,876	3,441,410,976	4,855,948,503
Opening outstanding claims	(1,174,448,330)	(1,292,528,255)	(1,174,448,330)	(1,292,528,255)
Closing outstanding claims (Note 15.1)	625,485,061	1,174,448,330	625,485,061	1,174,448,330
Gross claims expenses excluding IBNR	3,024,419,873	4,754,555,951	2,892,447,707	4,737,868,579
30b. Claims recoveries from reinsurers				
Claims recoverable				
Claims recovered	1,618,530,538	2,787,704,737	1,618,530,538	2,787,704,737
Opening claims recoverable (Note 7.3)	(1,512,527,257)	(1,312,918,114)	(1,512,527,257)	(1,312,918,114)
Closing claims recoverable	1,662,816,336	1,512,527,257	1,662,816,336	1,512,527,257
Net recoverable	1,768,819,617	2,987,313,881	1,768,819,617	2,987,313,881

31. Underwriting expenses

	Group		Company	
Underwriting expenses- 2019	Acquisition expenses N	Maintenance expenses N	Acquisition expenses N	Maintenance expenses N
Fire	224,659,252	53,753,655	224,659,252	53,753,655
General accident	194,782,708	67,421,333	194,782,708	67,421,333
Motor	222,553,833	301,600,279	222,553,833	301,600,279
Aviation	84,491,747	38,467,695	84,491,747	38,467,695
Oil & Gas	382,446,798	106,895,512	382,446,798	106,895,512
Marine	100,413,336	31,833,979	100,413,336	31,833,979
Engineering	66,281,338	24,653,524	66,281,338	24,653,524
Bond	30,075,884	9,217,496	30,075,884	9,217,496
	1,305,704,897	633,843,473	1,305,704,897	633,843,473
HMO Acquisition expenses	17,680,394		-	-
	1,323,385,290	633,843,473	1,305,704,897	633,843,473
Underwriting expenses- 2018	Acquisition expenses N	Maintenance expenses N	Acquisition expenses N	Maintenance expenses N
Fire	190,253,371	63,616,740	190,253,371	63,616,740
General accident	157,358,377	69,141,460	157,358,377	69,141,460
Motor	183,083,799	214,289,427	183,083,799	214,289,427
Aviation	58,311,319	17,624,759	58,311,319	17,624,759
Oil & Gas	339,143,339	98,268,662	339,143,339	98,268,662
Marine	103,953,931	32,600,036	103,953,931	32,600,036
Engineering	51,359,967	17,276,621	51,359,967	17,276,621
Bond	16,980,802	7,346,398	16,980,802	7,346,398
	1,100,444,905	520,164,102	1,100,444,905	520,164,102
HMO Acquisition expenses	1,431,685		-	-
	1,101,876,590	520,164,102	1,100,444,905	520,164,102

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

Underwriting expenses	Group 31 December 2019 ₦	Group 31 December 2018 ₦	Company 31 December 2019 ₦	Company 31 December 2018 ₦
Acquisition Expenses	1,323,385,290	1,101,876,590	1,305,704,897	1,100,444,905
Maintenance Expenses	633,843,473	520,164,102	633,843,473	520,164,102
	1,957,228,763	1,622,040,692	1,939,548,370	1,620,609,007

		Group 31 December 2019 N	Group 31 December 2018 N	Company 31 December 2019 N	Company 31 December 2018 N
32.	**Investment income**				
	Interest received	635,509,776	418,913,900	254,666,244	97,367,866
	Interest received on corporate loan	48,709,473	58,981,771	48,709,473	58,981,771
	Interest accrued	44,945,061	304,092,403	44,945,061	303,092,403
	Amortised gain(loss) on held to maturity (Note 3.4)	292,956,177	145,204,161	267,551,183	145,204,161
	Gain on disposal of investment property	38,450,000	-	38,450,000	-
	Rent income on investment properties	3,695,333	3,997,000	3,695,333	3,997,000
	Dividend received	16,088,305	8,764,597	38,088,305	8,764,597
		1,080,354,125	939,953,832	696,105,599	617,407,797
32.1	**Investment income**				
	Investment income attributable to policyholders' fund	356,723,692	145,204,161	356,723,692	145,204,161
	Investment income attributable to shareholders' fund	723,630,433	794,749,671	339,381,907	472,203,637
		1,080,354,125	939,953,832	696,105,599	617,407,797
33.	**Other operating income**				
	Profit (Loss) on disposal of property and equipment	(2,417,775)	5,379,597	(2,417,775)	5,379,597
	Interest on staff receivables	7,826,502	2,263,835	7,826,502	2,263,835
	Exchange gain (Note 33.1)	12,342,581	17,768,240	12,342,581	17,768,240
	Other income	11,809,473	512,043	425,665	76,318
		29,560,781	25,923,716	18,176,973	25,487,990
33.1	**Exchange gain**				
	Gain on disposal of foreign currency	17,130,000	17,130,000	17,130,000	17,130,000
	Gain/ (loss) from valuation of closing foreign currency balances	(4,787,419)	638,240	(4,787,419)	638,240
		12,342,581	17,768,240	12,342,581	17,768,240
34.	**Impairment charged**				
	Cash and cash equivalent (Note 2.2)	(92,722,593)	-	(92,722,593)	
	Loans and receivables (Note 3.2)	(66,326,736)	(15,590,065)	(15,715)	
	Finance Lease receivable (Note 5.1)	(8,174,932)		-	
	Trade receivables (Note 6.1)	-	-	-	
	Other receivables (Note 9)	-	-	-	
	Inventories (Note 11)	-	-	-	-
		(167,224,262)	(15,590,065)	(92,738,308)	-
	Impairment no longer required				
	Loans and receivables (Note 3.2.4)	20,102,133	-	20,102,133	-
	Trade receivables (Note 6.1)	-	-	-	-
	Other receivables (Note 9)	-	-	-	-
	Inventories (Note 11)	-	-	-	-
	Finance Lease receivable (Note 5.2)	-	3,844,938		
		20,102,133	3,844,938	20,102,133	-
	Impairment (charge)/write back	(147,122,129)	(11,745,127)	(72,636,175)	-

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	Group		Company	
	31 December 2019 ₦	31 December 2018 ₦	**31 December 2019 ₦**	31 December 2018 ₦
35. Net fair value (loss)/gain on				
Financial assets at fair value through profit or loss	**(11,848,771)**	150,362,024	**(10,942,516)**	150,362,024
Investment property (Note 12.0)	**-**	1,000,000	**-**	1,000,000
Others	**-**	-		
Fair value gains/(loss)	**(11,848,771)**	151,362,024	**(10,942,516)**	151,362,024

This represents increase in the value of financial assets and investment properties at fair value through profit or loss during the year.

35a Financial Assest at fair value through profit or loss (Note 3.1)				
Openning balance	**(1,365,855)**	(151,727,879)	**(1,365,855)**	(151,727,879)
Addition charged to profit or loss	**(11,848,771)**	150,362,024	**(10,942,516)**	150,362,024
Disposal	**-**	-	**-**	-
Closing balance	**(13,214,626)**	(1,365,855)	**(12,308,371)**	(1,365,855)

36. Operating & Administrative expenses				
Employee cost (Note 36a)	**793,681,066**	696,317,651	**629,022,125**	541,995,811
Rent, insurance and maintenance	**125,950,005**	110,024,993	**105,993,337**	108,252,492
Depreciation of property and equipment	**109,060,323**	109,818,684	**102,992,929**	99,538,115
Auditors' remuneration	**8,500,000**	8,500,000	**6,500,000**	6,500,000
Directors' remuneration:	**-**			
- Fees	**9,000,000**	9,450,000	**9,000,000**	9,450,000
- Allowance & Expenses	**52,799,519**	46,605,614	**50,515,989**	45,769,864
Professional charges**	**154,758,476**	96,949,507	**154,267,477**	73,674,671
Printing and telecommunication	**48,060,138**	46,450,426	**37,482,795**	39,569,329
Advertising	**323,491,451**	191,096,386	**300,051,084**	180,583,753
Travelling and motor vehicle expenses	**139,015,907**	186,296,695	**90,243,296**	162,598,348
Rates, Insurance levy and utilities	**43,410,484**	43,380,071	**27,493,726**	33,283,188
Information Technology levy (note 20)	**6,673,817**	4,596,883	**6,673,817**	4,596,883
Office running and bank charges	**70,992,319**	47,049,023	**50,472,932**	44,209,238
Donation	**22,874,442**	20,902,178	**22,864,442**	20,902,178
Office security expenses	**32,173,523**	21,706,997	**29,173,523**	20,489,414
Brand management	**109,412,940**	106,789,614	**85,968,637**	101,714,987
Legal and Filing fees	**17,925,774**	13,498,094	**7,656,780**	12,640,738
Penalty	**100,000**	23,657,698	**100,000**	23,657,698
	2,067,880,188	1,778,493,631	**1,716,472,889**	1,529,426,707

**Included in professional Charges were expenses incurred for the purpose of increasing the authorised share capital from 5billion naira to 7.5 billion naira.

	31 December 2019 N	31 December 2018 N	**31 December 2019 N**	31 December 2018 N
36a. Employee cost				
Wages and salaries	**612,424,528**	554,584,116	**469,034,138**	402,322,276
Medical	**26,123,677**	26,365,838	**24,933,485**	24,865,838
Staff training	**110,080,699**	79,073,478	**92,508,699**	78,513,478
Defined contribution pension plan (Note 19)	**45,052,162**	36,294,220	**42,545,803**	36,294,220
	793,681,066	696,317,651	**629,022,125**	541,995,811
36b. Chairman's and Directors' emoluments, pensions and compensation for loss of office				
Emoluments:				
Chairman	**750,000**	750,000	**750,000**	750,000
Other Directors	**4,962,500**	4,962,500	**4,962,500**	4,962,500
Other emolument of executives	**16,320,000**	16,320,000	**16,320,000**	16,320,000
Emolument of highest paid Director	**12,000,000**	12,000,000	**12,000,000**	12,000,000

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37. Basic/diluted earnings per share

	Group 31 December 2019 N	Group 31 December 2019 N	Company 31 December 2019 N	Company 31 December 2019 N
Profit/(loss) after taxation	600,314,588	406,710,742	586,073,953	376,024,520
Number of shares	8,130,000,000	8,130,000,000	8,130,000,000	8,130,000,000
Movement in Numbers of Share Capital				
Opening	8,130,000,000	6,000,000,000	8,130,000,000	6,000,000,000
Right issue	-	1,000,000,000	-	1,000,000,000
Private placement	-	1,130,000,000	-	1,130,000,000
Closing	8,130,000,000	8,130,000,000	8,130,000,000	8,130,000,000
Weighted Average nos of share				
Opening	8,130,000,000	6,000,000,000	8,130,000,000	6,000,000,000
Right issue (full year)	-	1,000,000,000	-	1,000,000,000
Private placement	-	21,671,233	-	21,671,233
Weighted Average nos of share	8,130,000,000	7,021,671,233	8,130,000,000	7,021,671,233
Basic/diluted earnings per share (kobo)	7.38	5.79	7.21	5.36

Earnings/(loss) per share have been computed on profit/(loss) after taxation attributable to ordinary shareholders and divided by the number of shares at 50k ordinary shares in issue at year end.

38 Reconciliation of net cashflow from operating activities

	Group 31 December 2019	Group December 2018	Company 31 December 2019	Company December 2018
Profit before tax	711,474,464	534,437,706	667,381,731	459,688,258
Adjustment for the following;				
Add, Depreciation & amortisation	116,016,964	109,818,684	102,992,929	99,538,115
other non cash transaction				
Net fair value loss on financial assets at fair value through profit or loss	11,848,771	150,362,024	10,942,516	150,362,024
Less :				
Profit /Loss on disposal	2,417,775	(5,379,597)	2,417,775	(5,379,597)
Investment income	(1,064,265,819)	(942,934,362)	(658,017,294)	(608,643,200)
Dividend received	(16,088,305)	(8,764,597)	(38,088,305)	(8,764,597)
Impairment	147,122,129	11,745,127	72,636,175	-
	(91,474,022)	(150,715,015)	160,265,527	86,801,003
Changes in working capital:				
Increase(deccrease) in trade receivable	(58,895,671)	(84,496,043)	(650,839)	(48,892,187)
Increase(deccrease) in reinsurance assets	(656,818,589)	(375,837,134)	(656,818,589)	(375,837,134)
Increase(deccrease) in deferred acquisition	(53,218,331)	(49,680,535)	(46,849,513)	(45,301,793)
Increase(deccrease) in other receivable	(13,895,855)	(20,672,251)	(102,878,050)	(44,746,779)
Increase(deccrease) in finance lease receivable	139,996,309	(20,554,502)	-	-
Increase(deccrease) in inventory	-	-	-	-
Increase(deccrease) in trade payable	43,463,548	(15,705,380)	43,463,548	(15,705,380)
Increase(deccrease) in Borrowing	(57,081,527)	67,530,064	-	-
Increase(deccrease) in insurance contract liabilities	301,506,781	271,169,360	182,758,845	208,660,426
Increase(deccrease) in provision & other payable	166,401,904	10,278,822	162,589,535	(63,887,392)
Increase(deccrease) in retirement benefits	886,992	828,963	856,807	664,257
Tax paid	(83,835,000)	(116,915,189)	(66,907,751)	(99,091,165)
	(362,963,462)	(484,768,841)	(324,170,481)	(397,336,145)

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For The Year Ended 31 December 2019

	Group		Company	
	2019 Number	2018 Number	**2019 Number**	2018 Number
39. Staff				
Managerial	**33**	26	**28**	24
Senior staff	**126**	111	**112**	105
Junior staff	**116**	108	**109**	104
	275	245	**249**	233
39a. The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
NN				
Nil-100,000	**Nil**	Nil	**Nil**	Nil
100,001-200,000	**Nil**	Nil	**Nil**	Nil
200,001-300,000	**Nil**	Nil	**Nil**	Nil
Above -300,000	**10**	10	**10**	10
Emolument				
Number of Directors who have waived their rights to receive emoluments	**Nil**	Nil	**Nil**	Nil
39b. Employees remunerated at higher rates The number of employees in respect of emoluments within the following ranges were:				
N - N				
200,001 - 300,000	**7**	7	**6**	6
300,001 - 400,000	**30**	30	**30**	30
400,001 - 500,000	**29**	29	**29**	29
500,001 - 600,000	**14**	14	**14**	14
600,001 - 700,000	**2**	2	**2**	2
700,001 - 800,000	**11**	11	**11**	11
800,001 - 900,000	**15**	14	**13**	13
900,001 - 1,000,000	**7**	5	**5**	5
1,000,001 and above	**160**	133	**139**	123
	275	245	**249**	233

40a. Capital commitments
There were no capital commitments as at 31 December 2019.

40b. Contingent liabilities
There were no contigent liability against Consolidated Hallmark Insurance as at 31 December 2019.

41. Comparative figures
Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).

Notes To The Consolidated Financial Statements
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42. Segment Information

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Management.

The Group is organized into two operating segments, these segments and their respective operations are as follows:

General Insurance Business & HMO: This segment provides cover for indemnifying customers' properties, and compensation for other parties that have suffered damage as a result of customers' accidents. Major sources of revenue in this segment are mainly from insurance premium, investment income, commission received, net fair value gains on financial assets at fair value through profit or loss.

CHI Capital Ltd: This is a subsidiary of Consolidated Hallmark Insurance Plc. The company is registered by CAC to offer consumer leasing and support services to Consolidated Hallmark Insurance Plc (the parent company). In addition, it owns Grand Treasurers Ltd. In 2019, CHI Capital Ltd transferred 100% of its interest in Grand Treasurers Ltd to Consolidated Hallmark Insurance Plc. Grand Treasurers Ltd is registered by CBN to offer wide range financial services and products domestically to suit customer's long- and short-term financial needs. These products include L.P.O financing, Consumer Lease, Working Capital financing, Auto lease, Project financing and intermediation and Financial Management Consultancy Services. Revenue from this segment is derived primarily from interest income, fee income, investment income and net fair value gains on financial assets at fair value through profit and loss.

Segment information by company and subsidiaries:

	General Insurance & HMO ₦	Finance and support services ₦	Elimination ₦	Total ₦
At December 2019				
Operating income	2,549,272,702	252,081,949	(22,000,000)	2,779,354,651
Operating expenses	(1,904,450,076)	(163,430,111)	-	(2,067,880,187)
Operating profit	644,822,626	88,651,837	(22,000,000)	711,474,464
Taxation	(81,307,778)	(29,852,097)	-	(111,159,875)
Profit for the period	563,514,848	58,799,741	(22,000,000)	600,314,588
Total assets	12,110,457,390	1,046,654,698	(1,415,288,797)	11,741,823,291
Total liabilities	5,088,392,187	425,024,286	(385,288,797)	5,128,127,676
Share capital and reserves	7,022,065,201	621,630,412	(1,030,000,000)	6,613,695,614
Depreciation	102,992,929	13,024,035	-	116,016,964
ROCE	9%	14%	-	11%
At 31 December 2018				
Operating income	2,014,157,240	333,196,672	(34,422,575)	2,312,931,337
Operating expenses	(1,529,426,707)	(249,066,924)		(1,778,493,631)
Operating profit	484,730,533	84,129,748	(34,422,575)	534,437,706
Taxation	(83,663,738)	(44,063,226)	-	(127,726,964)
Profit for the period	401,066,795	40,066,522	(34,422,575)	406,710,742
Total assets	10,914,628,987	1,363,026,301	(1,456,049,160)	10,821,606,128
Total liabilities	4,510,378,653	140,957,217	(5,710,767)	4,645,625,104
Share capital and reserves	6,404,250,334	1,222,069,083	(1,382,808,329)	6,175,981,024
Depreciation	99,538,115	10,280,569	-	109,818,684
ROCE	8%	7%	0%	9%

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43. Contraventions
The Group or Company did not contravene any regulation during the period under review.

44. Reinsurance treaty
The Company has a reinsurance agreement with African Reinsurance Corporation, Continental Reinsurance Plc and WAICA Reinsurance Corporation Plc to reinsure the risks associated with fire and consequential loss, General accident, Marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement was last modified 31 December 2018.

45. Related party transactions
There are no significant business dealings with its related parties during the period under review. All transactions were at arms length.

Parent:
The Group is controlled by Consolidated Hallmark Insurance Plc. which is the parent company, whose shares are widely held. Consolidated Hallmark Insurance Plc, is a General Business Insurance Company licensed by the National Insurance Commission.

Subsidiaries:
Consolidated Hallmark Insurance Plc holds 99.9% interest in CHI Capital Limited, 100% in CHI Microinsurance Limited and 100% in HMO Service Limited. Transactions between Consolidated Hallmark Insurance Plc and all the subsidiaries are eliminated on consolidation and already disclosed in Note 10.2

Key management personnel:
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group or Company, directly or indirectly, including any director (whether executive or otherwise). It includes close members of their families who may be expected to influence or be influenced by that individual in their dealings with the Group.

The significant related party transaction in the course of the reporting year with the subsidiaries are as stated below;

	Entity	2019 31 December	2018 31 December
Due from Hallmark Health Services Limited	Grand Treasurers Limited	13,802,089	
Medical Expenses paid to Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC		6,609,500
Loan to Wakanow .com Limited (Director)	Wakanow.com Limited	-	147,313,181
Bond Collateral (Cash) Wakanow.com Ltd (Director)	Wakanow.com Limited	83,020,488	
Fund placement with Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	-	247,215,144
Fund placement with Grand Treasurers Limited	Hallmark Health Services Limited	199,474,338	164,242,973
Due from Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	91,065,799	34,422,575
Due from Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC	57,537,060	

	Group		Company	
	31 December 2019 N	31 December 2018 N	31 December 2019 N	31 December 2018 N
46. Compensation of key management personnel:				
Salaries and other benefits of key management personnel	49,074,864	44,700,160	39,408,000	39,408,000

47. Events after the reporting period:
The Group has taken a preliminary assessment of the novel COVID-19 pandemic which occurred after the reporting period, and it beliefs that the pandemic will not have an immediate material impact on its operations. The Group will however continue to closely monitor the full economic and social impact of the pandemic into the foreseeable future.

48. Capital management
The Group's objectives with respect to capital management are to maintain a capital base that adequately meets regulatory requirements and to utilize capital allocations efficiently and effectively. Capital levels are determined either based on internal assessment or regulatory requirements.

Notes To The Consolidated Financial Statements

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The Nigerian Insurance Act 2003 stipulates the minimum capital requirement for a non life insurance company as an amount not less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital whichever is greater. The Act defines what constitutes admissible assets liabilities. The regulators generally expect companies to comply with capital adequacy requirements and the Company has consistently exceeded this minimum over the years. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed neccesary.

All of the Groups capital is Tier 1 (core capital) which consists of share capital and reserves created by appropriation of retained earnings. The following sources of funds are available to the group to meet its capital growth requirements:

1. Profits from operations: The group had regularly appropriated from its profit to grow its capital.
2. Issue of shares: The Group can successfully access the capital market to raise the desired funds for its operations and needs.
3. Loans (long term/short term): this remains a source of capital even though the group had never had cause to access this source for funding its operations.

Compliance with statutory solvency margin requirement:
The company at the end of financial period ended December 2019 maintained admisible assets of N10,981,641,996 which exceeded the total admissible liabilities of N4,683,743,261. The solvency margin was computed in line with the requirements of Section 24 of the insurance Act 2003, latest NAICOM guidelines. This showed a solvency margin of N3,297,898,735.60 in excess of the minimum requirement of N3billion for General Insurance Business by 109.93%. Thus, the solvency margin above satisfies the requirement of the regulatory requirement.

Notes To The Consolidated Financial Statements

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49. Asset & Liability Management

Asset & Liability Management (ALM) is the practice of managing an insurer's financial position so that actions taken with respect to assets and liabilities are designed to address the broad set of financial risks inherent in their joint behavior.

Asset & Liability Management (ALM) attempts to address financial risks the group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

ALM ensures that specific assets of the group is allocated to cover reinsurance and other liabilities of the group.

The following tables reconcile the consolidated balance sheet to the classes and portfolios used in the Group's ALM framework.

Group 2019

ASSETS	Insurance fund ₦	Shareholders funds ₦	December 2019 ₦
Cash and cash equivalents			
Financial assets	1,005,931,958	711,936,481	1,717,868,438
- At fair value through profit or loss	-		
- Loans and receivables	332,544,560	9,918,820	342,463,380
- Available for sale	-	595,806,033	595,806,033
-Held -to-maturity	-	70,148,451	70,148,451
Deposit for shares	2,713,842,853	475,377,292	3,189,220,145
Finance lease receivables		-	-
Trade receivables		109,998,499	109,998,499
Reinsurance assets		293,747,996	293,747,996
Deferred acquisition cost	2,688,545,807	-	2,688,545,807
Other receivables and prepayments		360,563,251	360,563,251
Investment in subsidiaries		209,056,966	209,056,966
Intangible Asset		-	-
Inventories		26,087,026	26,087,026
Investment properties		-	-
Property and equipment		843,766,470	843,766,470
Statutory deposit		994,550,827	994,550,827
TOTAL ASSETS		300,000,000	300,000,000
LIABILITIES	6,740,865,178	5,000,958,112	11,741,823,290
Insurance contract liabilities	4,105,083,759	-	4,105,083,759
Trade payable		54,241,112	54,241,112
Borrowing		10,448,536	10,448,536
Other payables and Provision		384,049,650	384,049,650
Retirement benefit obligations		7,290,620	7,290,620
Income tax liabilities		436,426,812	436,426,812
Deferred income tax		130,587,188	130,587,188
TOTAL LIABILITIES	4,105,083,759	1,023,043,918	5,128,127,677
SURPLUS	2,635,781,419	3,977,914,194	6,613,695,613

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Group 2018

	Insurance fund ₦	Shareholders funds ₦	December 2018 ₦
ASSETS			
Cash and cash equivalents	2,694,153,560	254,673,126	2,948,826,686
Financial assets	-		
- At fair value through profit or loss	258,720,000	43,196,504	301,916,504
- Loans and receivables	-	1,187,669,655	1,187,669,655
- Available for sale	-	60,950,000	60,950,000
-Held -to-maturity	849,658,621	225,928,760	1,075,587,381
Deposit for shares		-	-
Finance lease receivables		249,994,807	249,994,807
Trade receivables		234,852,324	234,852,324
Reinsurance assets	2,031,727,218	-	2,031,727,218
Deferred acquisition cost		307,344,920	307,344,920
Other receivables and prepayments		195,161,111	195,161,111
Investment in subsidiaries		-	-
Intangible Asset		22,362,991	22,362,991
Inventories		-	-
Investment properties		899,211,000	899,211,000
Property and equipment		1,006,001,531	1,006,001,531
Statutory deposit		300,000,000	**300,000,000**
TOTAL ASSETS	**5,834,259,399**	**4,987,346,729**	**10,821,606,128**
LIABILITIES			
Insurance contract liabilities	3,803,576,977	-	3,803,576,977
Trade payable		10,777,564	10,777,564
Borrowing		67,530,064	67,530,064
Other payables and Provision		217,647,746	217,647,746
Retirement benefit obligations		6,403,628	6,403,628
Income tax liabilities		368,204,246	368,204,246
Deferred income tax		171,484,879	171,484,879
TOTAL LIABILITIES	**3,803,576,977**	**842,048,127**	**4,645,625,104**
SURPLUS	**2,030,682,422**	**4,145,298,602**	**6,175,981,024**

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For The Year Ended 31 December 2019

Company 2019

	Insurance fund	Shareholders funds	December 2019
ASSETS			
Cash and cash equivalents	1,005,931,958	56,133,655	1,062,065,613
Financial assets			
– At fair value through profit or loss	332,544,560	-	332,544,560
- Loans and receivables	-	280,298,398	280,298,398
– Available for sale	-	70,148,451	70,148,451
-Held-to-maturity	2,713,842,853	236,105,873	2,949,948,726
Deposit for shares		-	-
Trade receivables		199,899,308	199,899,308
Reinsurance assets	2,688,545,807	-	2,688,545,807
Deferred acquisition cost	-	349,815,691	349,815,691
Other receivables and prepayments		313,691,585	313,691,585
Intangible Asset		24,620,360	24,620,360
Investment in subsidiaries		1,030,000,000	1,030,000,000
Investment properties		750,105,470	750,105,470
Property, plant and equipment		939,322,976	939,322,976
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	6,740,865,178	4,550,141,767	11,291,006,944
LIABILITIES			
Insurance contract liabilities	3,923,826,888	-	3,923,826,888
Trade payable		54,241,112	54,241,112
Provision and Other payables		343,406,713	343,406,713
Retirement benefit obligations		6,690,086	6,690,086
Income tax liabilities		355,578,462	355,578,462
Deferred income tax		125,749,035	125,749,035
TOTAL LIABILITIES	3,923,826,888	885,665,407	4,809,492,296
SURPLUS	2,817,038,290	3,664,476,359	6,481,514,648

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For The Year Ended 31 December 2019

Company 2018

	Insurance fund	Shareholders funds	December 2018
ASSETS			
Cash and cash equivalents	2,694,153,560	2,203,250	2,696,356,810
Financial assets			
– At fair value through profit or loss	258,720,000	32,371,429	291,091,429
- Loans and receivables	-	479,876,252	479,876,252
– Available for sale	-	60,950,000	60,950,000
-Held-to-maturity	849,658,621	225,928,760	1,075,587,381
Deposit for shares		-	-
Trade receivables		199,248,468	199,248,468
Reinsurance assets	2,031,727,218		2,031,727,218
Deferred acquisition cost	-	302,966,178	302,966,178
Other receivables and prepayments		210,813,535	210,813,535
Intangible Asset		22,192,991	22,192,991
Investment in subsidiaries		1,030,000,000	1,030,000,000
Investment properties		805,550,000	805,550,000
Property, plant and equipment		957,103,968	957,103,968
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**5,834,259,400**	**4,629,204,831**	**10,463,464,230**
LIABILITIES			
Insurance contract liabilities	3,741,068,043	-	3,741,068,043
Trade payable		10,777,564	10,777,564
Provision and Other payables		180,817,178	180,817,178
Retirement benefit obligations		5,833,280	5,833,280
Income tax liabilities		298,742,725	298,742,725
Deferred income tax		168,184,745	168,184,745
TOTAL LIABILITIES	**3,741,068,043**	**664,355,492**	**4,405,423,535**
SURPLUS	**2,093,191,356**	**3,964,849,339**	**6,058,040,695**

50. Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

The determination of fair value for each class of financial instruments was based on the particular characteristics of the instruments. Group's accounting policy on fair value measurements is discussed under the statement of significant accounting policies.

Level 1: Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in active market for identical assets and liabilities.

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. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

Group 31 December 2019

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	1,717,868,438	1,717,868,438			
Financial assets at fair value through profit and loss	342,463,380	342,463,380	-	-	342,463,380
Held to maturity	3,189,220,145	-	3,189,220,145	-	3,189,220,145
Available for sale	70,148,451	-	-	70,148,451	70,148,451
Finance lease receivables	109,998,499			109,998,499	109,998,499
Trade receivables	293,747,996			293,747,996	293,747,996
Reinsurance assets	2,688,545,807			2,688,545,807	2,688,545,807

Group 31 December 2018

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,948,826,686	2,948,826,686			2,948,826,686
Financial assets at fair value through profit and loss	301,916,504	301,916,504	-	-	301,916,504
Held to maturity	1,187,669,655	-	1,075,587,381	-	1,075,587,381
Available for sale	60,950,000	-	-	60,950,000	60,950,000
Finance lease receivables	249,994,807			249,994,807	249,994,807
Trade receivables	234,852,324			234,852,324	234,852,324
Reinsurance assets	2,031,727,218			2,031,727,218	2,031,727,218

Company 31 December 2019

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	1,062,065,613	1,062,065,613			1,062,065,613
Financial assets at fair value through profit and loss	332,544,560	332,544,560	-	-	332,544,560
Held to maturity	2,949,948,726	-	2,949,948,726	-	2,949,948,726
Available for sale	70,148,451	-	-	70,148,451	70,148,451
Trade receivables	199,899,308			199,899,308	199,899,308
Reinsurance assets	2,688,545,807			2,688,545,807	2,688,545,807

Company 31 December 2018

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,696,356,810	2,696,356,810			2,696,356,810
Financial assets at fair value through profit and loss	291,091,429	291,091,429	-	-	291,091,429
Held to maturity	1,075,587,381	-	1,075,587,381	-	1,075,587,381
Available for sale	60,950,000	-	-	60,950,000	60,950,000
Trade receivables	199,248,468			199,248,468	199,248,468
Reinsurance assets	2,031,727,218			2,031,727,218	2,031,727,218

50. Management of Insurance and Financial risks

Risk Management Framework:

Consolidated Hallmark Insurance Plc has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Group. As an insurance company, the management of risk is at the core of the operating structure of Consolidated Hallmark Insurance Plc. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation.

The Company's Risk Management System is in line with the guidelines as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in the operations. The risk structure includes our approach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Company's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

The Company is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Company only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. The Board carries out these function by setting Finance and General purpose Committee (FGPC), Board Audit and Risk Management Committee (BARM), Establishment and Governance Committee and Investment Committee. The Board Audit and Risk Management Committee performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. Finance and General Purpose Committee of the Board functions on oversight of financial reporting and accounting. The Investment Committe reviews and approves the company's investment policy, and approves investment over and above managements' approval limit.

Management is responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and Also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees. Management also ensures that explanations are provided to the Board Committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control is established by the organization in the management of enterprise risks across the organization.The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

The Chief Risk Officer (a member of the Management) is responsible for the risk policies, risk methodologies and risk infrastructure. The Chief Risk Officer (CRO) informs the Board, as well as the Management about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for independently monitoring the broad risk limits set by the Board throughout the year.

a) Insurance Risk Management

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.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Group has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for payment of some or all costs.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. 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 also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

The Group purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

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 Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders 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.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

The Group writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.
The Group manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Company. Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer.

Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certains reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for uneared premium at the end of the reporting period.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These cohorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

Executive Summary
Recommendation
Following the completion of the reserving exercise, it is EY's recommendation that the following Gross Incurred But Not Reported ("IBNR") Reserve be held.This analysis relies on information and reasonability checks as provided by Consolidated Hallmark Insurance Plc.

We have calculated the IBNR reserve for each class of business and summarise our results below .The IBNR reserve is shown as a percentage of Gross Earned Premium ("GEP").

Class of Business	"Gross Earned Premium ₦"	"Gross IBNR ₦"	"Percentage of GEP ₦"
31 December,2019	8,077,895,958	1,116,516,320	14%
31 December,2018	6,481,636,218	692,845,533	11%

The Gross IBNR decreased by 13% from last year to a total of N848.65million. This decrease is supported by a 3% decline in Gross Earned Premium from 2016 to 2017.

On a Net Basis it is recommended that the following Net IBNR reserve be held. The comparable figures as at the last valuation are included. The IBNR reserve is shown as the percentage of Net Earned Premium ("NEP") in the table below.

Class of Business	"Net Earned Premium ₦"	"Net IBNR ₦"	"Percentage of NEP ₦"
31 December,2019	4,720,359,956	522,400,667	11%
31 December,2018	4,242,214,878	392,326,836	11%

Results summary

We estimate that the total Gross Technical Liability is N3.92 billion, comprising N1.74 billion for Gross Claims Reserves and N2.18 billion for Unearned Premium Reserve. Similarly, we estimate that the total Reinsurance Asset is N1.86 billion comprising N836.1 million for Reinsurance Recoveries and N1025.7 million for Reinsurance UPR including a detailed breakdown by line of business are shown below:

Reserves	"Gross (₦)"	Reinsurance Assets (₦)	"Net (₦)"
Claims	1,742,001,381	(836,102,438)	905,898,943
UPR	2,181,825,507	(1,025,729,471)	1,116,516,320
Total	3,923,826,888	(1,861,831,909)	2,022,415,263
31 December,2018	3,741,068,043	(1,603,819,225)	**1,475,520,132**

Table 6.1:*Basic Chain Ladder Method*

Class of Business	"Gross Outstanding Claims ₦"	"Estimated Reinsurance Recoveries ₦"	"Net Outstanding Claims ₦"
General Accident	354,852,156	(308,287,908)	46,564,248
Engineering	73,232,360	(42,449,070)	30,783,290
Fire	302,592,692	(232,032,721)	70,559,971
Marine	121,801,711	(55,937,856)	65,863,855
Motor	249,600,782	(12,886,029)	236,714,753
Aviation*	102,343,828	(10,748,715)	91,595,113
Bond*	47,760,856	(12,798,668)	34,962,188
Oil & Gas*	489,816,996	(160,961,471)	328,855,525
31 December,2019	**1,742,001,381**	**(836,102,438)**	**905,898,943**
31 December,2018	**1,867,293,863**	**(1,084,619,264)**	**782,674,599**

**Estimated using Expected Loss Ratio method and discounted*

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

Incurred But Not Reported (IBNR) Table

Table 6.2: IBNR Table

Class of Business		Outstanding Claim Reserves ₦	Outstanding Reported Claim Reserves ₦	IBNR ₦
General Accident		354,852,156	190,683,727	164,168,429
Engineering		73,232,360	44,302,612	28,929,748
Fire		302,592,692	32,054,509	270,538,183
Marine		121,801,711	15,530,253	106,271,458
Motor		249,600,782	52,256,332	197,344,450
Aviation		102,343,828	30,589,463	71,754,365
Bond		47,760,856	13,870,975	33,889,881
Oil & Gas		489,816,996	246,197,190	243,619,806
TOTAL		**1,742,001,381**	**625,485,061**	**1,116,516,320**

Reinsurance IBNR Table

Table 6.3: Reinsurance IBNR Table

Class of Business		Total Outstanding Reinsurance Recoveries ₦	Outstanding Reported Reinsurance Recoveries ₦	Reinsurance IBNR ₦
General Accident		308,287,908	100,529,251	207,758,657
Engineering		42,449,070	27,509,609	14,939,461
Fire		232,032,721	20,984,061	211,048,660
Marine		55,937,856	5,662,299	50,275,557
Motor		12,886,029	44,800	12,841,229
Aviation		10,748,715	-	10,748,715
Bond		12,798,668	7,171,766	5,626,902
Oil & Gas		160,961,471	80,085,000	80,876,471
TOTAL		**836,102,438**	**241,986,786**	**594,115,652**

UPR (Gross and Reinsurance UPR) – Result Table

Table 6.4: *Estimated UPR (net of reinsurance)*

Class of Business		Gross UPR ₦	Reinsurance UPR ₦	NET UPR ₦
General Accident		284,040,315	191,694,010	92,346,305
Engineering		225,889,321	49,966,482	175,922,839
Fire		212,035,356	199,004,701	13,030,655
Marine		113,103,396	65,659,301	47,444,095
Motor		694,561,211	9,057,715	685,503,496
Aviation		130,648,627	124,075,747	6,572,880
Bond		91,224,565	14,708,754	76,515,811
Oil & Gas		430,322,716	371,562,761	58,759,955
Total		**2,181,825,507**	**1,025,729,471**	**1,156,096,036**

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

DAC – Result Table

We summarise our DAC and DAR calculated using the 365th method in the table below.

Table 6.5: *Estimated DAC*

Class of Business	DAC ₦	DAR ₦
General Accident	54,345,288	49,947,809
Engineering	45,940,607	13,617,774
Fire	40,124,647	28,161,492
Marine	19,811,861	16,377,041
Motor	74,184,071	1,136,628
Aviation	18,474,294	949,254
Bond	17,049,953	4,367,482
Oil & Gas	79,884,970	2,343,214
Total	**349,815,691**	**116,900,694**

Additional Unexpired Risk Reserve (AURR)

We derived our expense ratio as the management expense ratio for the current year using the information provided by Consolidated Hallmark Insurance Plc.The current expense ratio was calculated to be about 40%. We do not have breakdown of management expenses by line of business and hence expense ratio has been estimated on a pooled basis and not per line of business.The Claims Ratio was estimated as the average of the projected ultimate loss ratio in the last three years.We have illustrated the combined ratio for each line of business with a maximum combined ratio of 97% for Fire in the table below. The resulting AURR as at the valuation date is Nil due to lower than 100% combined ratio for all the lines of business.

Table 6.6: *Loss Ratio Table*

Class of Business	Claims Ratio	Combined Ratio	AURR ₦
General Accident	39%	74%	-
Engineering	22%	56%	-
Fire	56%	91%	-
Marine	33%	68%	-
Motor	38%	73%	-
Aviation	50%	85%	-
Bond	22%	56%	-
Oil & Gas	38%	73%	-
Total			

Valuation Methodology

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

The Premium Reserves

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

We adopted the 365th (time apportionment) method.Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date.The UPR is calculated as the premium *(UP)/ full policy duration.

Each policy's URR =UP*Assumed loss Ratio.

Typically, the Unearned Risk Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additiional reserve called Additional Unexpired Risk Reserve (AURR).

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The Claims Reserves
The claim reserves is the sum of:
Outstanding Claims Reported (OCR)
Incurred But Not Reported (IBNR)

Reserving method
To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods were considered ;

Chain Ladder Method (BCL)
Loss Ratio Method
Bornhuetter-Ferguson Method
Frequency and Severity Method
Stochastic Reserving Method (Bootstrap)

In estimating the Gross Claim Reserves under the Chain ladder method, we used four(4) approaches namely: (i) Basic Chain Ladder Method (BCL) (ii) Inflation Adjusted Basic Chain Ladder Method (IABCL) (iii) Discounted Basic Chain Ladder and Inflation Adjusted Basic Chain Ladder (iv)Bornhuetter-Ferguson Method - This method was used to estimate reserves for the most recent accident year.

The following section describes each of these approaches under the chain ladder method in turn;

The Basic Chain Ladder Method (BCL)
The Basic Chain Ladder method forms the basis to the deterministic reserving methods explained below. For each class of business, historical paid claims were grouped into accident year cohorts–representing when they were paid after their accident year. These cohorts form the development triangles.

Each accident years, paid claims were accumulated to the valuation date and projected into the future to attain the expected ultimate claim arising in the year. This assumes the trends observed in the historical data will continue. The gross claim reserve is calculated as the difference between the cumulated paid claims and the estimated ultimate claims.

For the later years where the cohorts are underdeveloped or has less than expected claims, the Bornheutter Ferguson (BF) method was used to estimate the ultimate claims. The appropriate loss ratio used in estimating the BF ultimate claim was the average of fully developed historical years.

The Inflation Adjusted Basic Chain Ladder Method (IABCL):
Under this method, the historical paid losses were adjusted to allow for inflation to the valuation date using the corresponding inflation index in each of the accident years.

The inflation adjusted claims were then treated similarly to the Basic Chain Ladder described above. The projected incremental paid claims are then inflated based on our future inflation assumption to the expected future payment date.

Discounted BCL and IABCL
This is the discounted form of the BCL and IABCL. In determining the value, the future expected cash flow for claim payments is discounted to present day terms using our assumed discount rate.

Loss Ratio Method
This method is simple and gives an approximate estimate. We adopted this method as a check on our ultimate projections and also where there was insufficient data to be credible to use for the statistical approaches. Under this method, we obtained the Ultimate claims by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio. Paid claims already emerged were then deducted from the estimated Ultimate claims to obtain our reserves. In 2018, reserves derived using ELR method were discounted assuming a development pattern. The available information is not sufficient to justify the assumed development pattern, hence we did not allow for discounting in 2019.

Bornhuetter-Ferguson Method
This method essentially combines the estimates attained from the above two methods. The BF method takes a weighted average of the two estimates, where the weights are related to the number of claims already reported. Therefore, the more past information there is available, the higher the weighting given to the chain ladder estimate.

Notes To The Consolidated Financial Statements

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Frequency and Severity Method

Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1."

This method investigates the trend of the claim frequency and average cost per claim for each accident year. An Average of the fully run off accident years was used as a guide on the ultimate claim frequency and ultimate average cost which was then adopted for the accident years that are not fully run off.

Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1.

Large Losses

Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1.

We have adopted the official inflation indices below in our calculations:

Class of Business	Large Loss	Comment on Derivation
Motor	10,000,000	10m assumed
General Accident	10,000,000	10m assumed
Engineering	10,000,000	10m assumed
Fire	27,340,640	Mean + 3SD
Marine	15,742,698	Mean + 3SD
Aviation	N/A	Not Applicable
Bond	N/A	Not Applicable
Oil & Gas	N/A	Not Applicable

Stochastic Reserving Method (Bootstrap)

This method is a further extension of the chain ladder method. It provides a distribution of possible result rather than producing a single deterministic estimate. The approach starts with calculating the age-to-age ratios of loss development table. Unlike the chain ladder, the method takes randomly from the age-to-age ratios with replacement to produce a reserve estimate. Simulating this step 10,000 times results in a selection of 10,000 loss development factors and each time it makes a selection, it computes our estimated gross claim reserve. Running this 10,000 times therefore results in 10,000 possible estimated claim estimates. The final results is then a statistics (a mean or percentile) of the distribution. We at least recommend the mean of the gross claim reserve as our best estimate and the difference between 90, 95 or 99.5 percentile and our mean will serve as the capital required to cover any reserving risk.

Net of Reinsurance Claim reserves

Reinsurance recoveries were calculated using the same methodology as the gross reserves. However, the reinsurance recoveries for Aviation line of business was based on recovery rate approach due to significant changes to Aviation treaty programme in 2016. About 1% of the portfolio was based on excess of loss arrangement and the remaining 99% was based on 99.94% quota share. For the excess of loss component, we derived our recovery rate assumption as average of reinsurance share to gross outstanding reported claims for 2016 and 2017. This ratio was applied to 2017 gross claims reserve to determine the reinsurance recovery.

Notes To The Consolidated Financial Statements
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Valuation Results
We summarise 4 sets of results in this section under the following methods:
Basic Chain Ladder– with claims discounted and undiscounted

Basic Chain Ladder – Result Table

We present Gross claims technical reserves under Basic Chain Ladder, Inflation Adjusted Chain Ladder. We have also assumed a discounted approach of the methods used and results presented in table 5.1b and 5.2b.

***Table 5.1a**: Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	354,852,156	(308,287,908)	46,564,248
Engineering	73,232,360	(42,449,070)	30,783,290
Fire	302,592,692	(232,032,721)	70,559,971
Marine	121,801,711	(55,937,856)	65,863,855
Motor	249,600,782	(12,886,029)	236,714,753
Aviation*	102,343,828	(10,748,715)	91,595,113
Bond*	47,760,856	(12,798,668)	34,962,188
Oil & Gas*	489,816,996	(160,961,471)	328,855,525
		-	-
			-
TOTAL	**1,742,001,381**	**(836,102,438)**	**905,898,943**
Accounts (Outstanding Claims)	**625,485,061**	**(241,986,786)**	**383,498,275**
Difference	1,116,516,320	(594,115,652)	522,400,668

*Estimated using Expected loss ratio method
**Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery

Table 5.1b: Discounted Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	313,479,933	(274,244,680)	39,235,253
Engineering	63,726,557	(37,237,155)	26,489,402
Fire	263,636,164	(196,294,217)	67,341,947
Marine Hull	110,539,976	(51,450,225)	59,089,751
Motor	228,659,213	(11,966,708)	216,692,505
Aviation	85,880,224	(9,898,591)	75,981,633
Bond**	43,983,417	(11,786,413)	32,197,004
Oil & Gas**	393,092,480	(148,230,915)	244,861,565
			-
TOTAL	**1,502,997,964**	**(741,108,904)**	**761,889,060**
Accounts (Outstanding Claims)	**625,485,061**	**(241,986,786)**	**383,498,275**
Difference	877,512,903	(499,122,118)	378,390,785

*Estimated using Expected loss ratio method and discounted
**Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

Basic Chain Ladder Method – Result Table

Table 5.2a: Inflation Adjusted Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	358,584,974	(306,650,320)	51,934,654
Engineering	77,849,553	(40,308,702)	37,540,851
Fire	447,483,010	(306,613,790)	140,869,220
Marine Hull	120,780,568	(51,730,408)	69,050,160
Motor	265,008,316	(19,813,323)	245,194,993
Aviation	102,343,828	(9,898,591)	92,445,237
Bond**	47,760,856	(12,798,668)	34,962,188
Oil & Gas**	489,816,996	(160,961,471)	328,855,525
			-
TOTAL	**1,909,628,101**	**(908,775,273)**	**1,000,852,828**
Accounts (Outstanding Claims)	**625,485,061**	**(241,986,786)**	**383,498,275**
Difference	1,284,143,040	(666,788,487)	617,354,553

*Estimated using Expected loss ratio method
**Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery

a) **Expected Loss Ratio Method**: This model was adopted because the volume of data available is too small to be relied upon when using a statistical approach. The reserve for oil & Gas, Bond, Aviation and Engineering was estimated based on this method. Under this method, we obtained the ultimate claims by assuming loss ratio. Paid claims already emerged is then allowed for from the estimated Ultimate claim.

b) **Sensitivity analysis:- Claims**
Sensitivity analysis attempts to estimate likely amount of reserves at rare/worst case scenarios. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary could provide valuable information for business planning and risk appetite considerations. Results of sensitivity testing based on expected loss ratios are as follows, shown gross and net of reinsurance as impact on pre-tax income:

Sensitivity Analysis - Claims:		
	2019(M)	**2018(M)**
Gross Premium Earned	8,078	6,482
Reinsurance cost	3,358	2,239
Gross Claim incurred	3,316	4,770
Claims ratio	**41%**	**74%**
5% increase in claims	3,482	5,009
Claims ratio	43%	77%
5% reduction in claims	3,150	4,532
Claims ratio	**39%**	**70%**

PBT	**667**	**460**
5% increase in claims	**(166)**	**(239)**
PBT	**502**	**221**
SHF	**6,482**	**6,058**
5% increase in claims	**(166)**	**(239)**
SHF	**6,316**	**5,820**

A 5% increase or decrease in general Gross Claim experience translates to less than 10% impact on the operating performance of the group. The possibility of a 5% decline in claims experience is considered a rare occurrence.

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For The Year Ended 31 December 2019

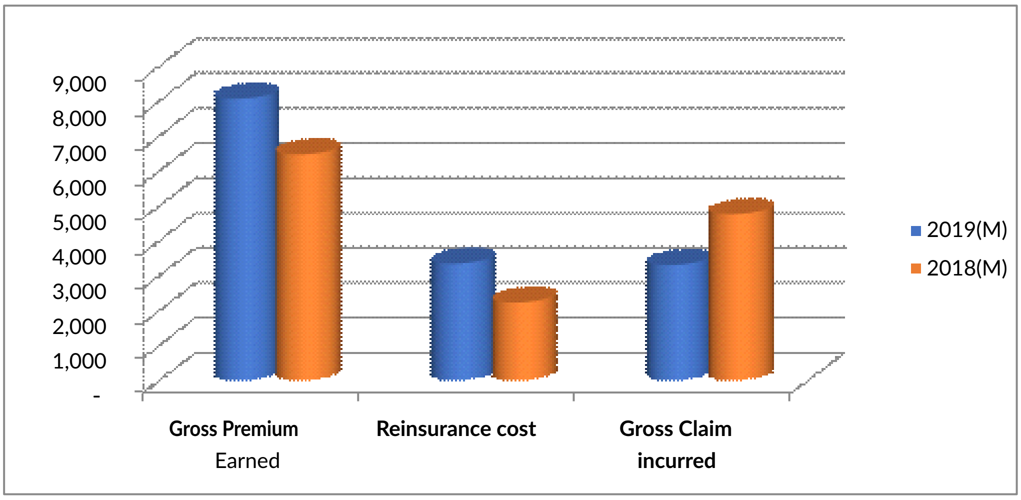


Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2019 & 2018)

c) **Risk Concentration**

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the amount of gross and net premium earned before and after reinsurance respectively:

Year ended 31st December, 2019

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	1,159	723	435
General Accident	1,030	499	531
Motor	1,971	62	1,909
Aviation	736	422	314
Oil & Gas	2,080	1,122	958
Marine	578	314	264
Engineering	343	128	215
Bond	182	87	**94**
	8,078	3,358	**4,720**

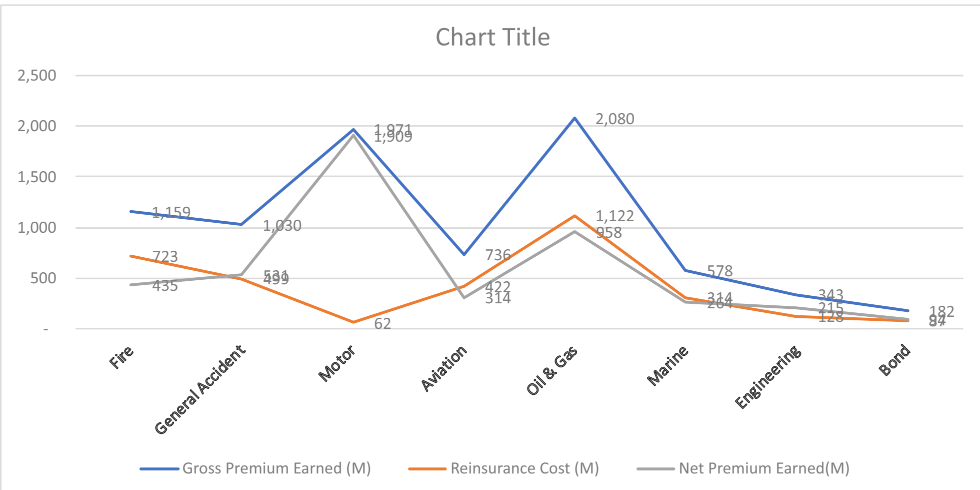


Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2019)

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

Year ended 31st December, 2018

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
Fire	975	422	552
General Accident	828	396	432
Motor	1,630	13	1,617
Aviation	311	151	160
Oil & Gas	1,814	870	943
Marine	564	258	305
Engineering	250	91	159
Bond	110	36	73
	6,482	2,239	4,242

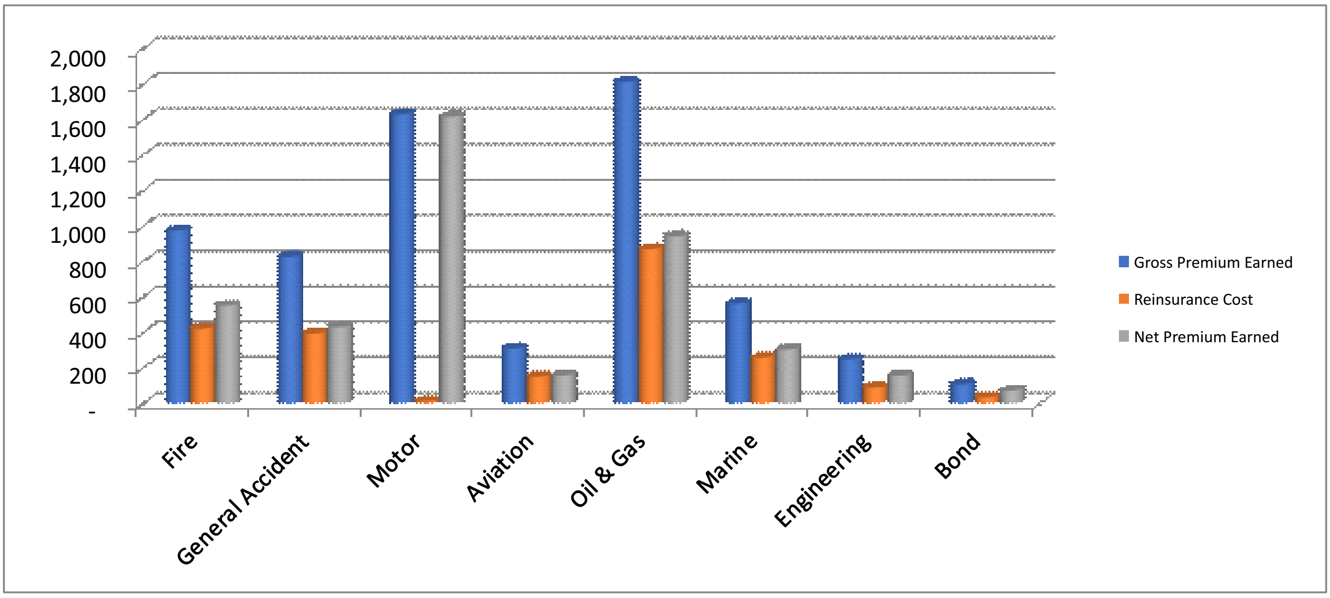


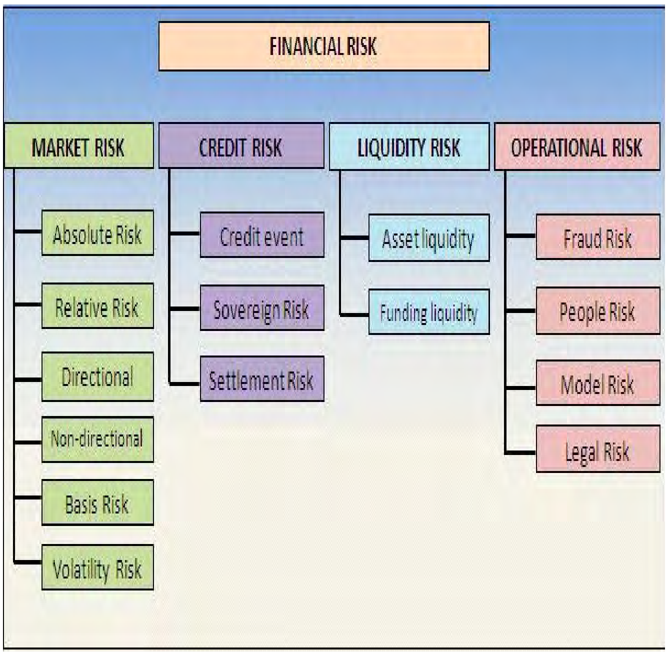
Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2018)

d. Financial Risks Management (FRM)

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. Systematic risk affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. Non-systematic risks are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with ""tying up"" your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a company in which you're invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Consolidated Hallmark Insurance Plc is exposed to an array of risks through its operations. the Company has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputaional Risk, Foreign Currency Risk, Equity risk.

d(i) ***Financial risk*** is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The Group has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019



d(ii) Operational risks

Operational risks are the risks of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

d(iii) Credit risks

Credit risk is the risk of financial loss to the Group if a debtor fails to make payments of interest and principal when due. The Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Groups exposure to them.

On insurance receivables, the Group has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
Overall credit risk	**2019**	2018	**2019**	2018
Reinsurance contracts	**2,688,545,807**	2,031,727,218	**2,688,545,807**	2,031,727,218
Loans and advances	**595,806,033**	1,187,669,655	**280,298,398**	479,876,252
Trade receivables	**293,747,996**	234,852,324	**199,899,308**	199,248,468
Short-term funds treated as investment	**1,217,976,705**	1,330,749,584	**990,877,377**	1,678,576,123
Treasury bills	**3,189,220,145**	1,075,587,381	**2,949,948,726**	1,075,587,381
Equity investment	**342,463,380**	301,916,504	**332,544,560**	291,091,429
Cash and bank	**592,614,327**	1,618,077,103	**163,910,829**	1,017,780,687

The table below analyses end of the year values of the above exposures:

	Fair value as at 2019	Fair value as at 2018	**Fair value as at 2019**	Fair value as at 2018
Reinsurance contracts	**2,688,545,807**	2,031,727,218	**2,688,545,807**	2,031,727,218
Loans and advances	**595,806,033**	1,187,669,655	**280,298,398**	479,876,252
Trade receivables	**293,747,996**	234,852,324	**199,899,308**	199,248,468
Short-term funds treated as investment	**1,217,976,705**	1,330,749,584	**990,877,377**	1,678,576,123
Treasury bills	**3,189,220,145**	1,075,587,381	**2,949,948,726**	1,075,587,381
Equity investment	**342,463,380**	301,916,504	**332,544,560**	291,091,429
Cash and bank	**592,614,327**	1,618,077,103	**163,910,829**	1,017,780,687
	8,920,374,392	7,780,579,769	**7,606,025,005**	6,773,887,559

For credit risk purpose, the trade debtors are grouped into three categories:
Group A – the maximum trade credits allowed per participant under this group is N10m.
Group B – the maximum trade credits allowed per participant under this group is N7m.
Group C – the maximum trade credits allowed per participant under this group is N5m.
Past experience is used in grouping the debtors since most of the clients are not rated.
The profit before tax of the Group will be reduced by N389m if the overall credit is impaired by 5%

Loan issued to corporate / individuals	**503,095,920**	1,094,779,635	**95,872,269**	361,581,237
Balance as at 31st December	**(161,119,004)**	(114,910,115)	**(69,402,989)**	(89,505,121)
Impairment on loans issued to corporate and individuals (Note 3.2.4)	**341,976,916**	979,869,519	**26,469,281**	272,076,117

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
31-Dec-19	**2019 =N='000**	2018 =N='000	**2019 =N='000**	2018 =N='000
Neither past due nor impaired	**4,282,928**	2,993,715	**3,683,986**	1,937,967
Past due but not impaired	**185050**	10,500	**130,000**	88,509
Impaired	**161119**	114,910	**69,403**	89,505
Gross	**4,629,097**	3,119,125	**3,883,389**	2,115,981
Impairment allowance - collective	**(231,455)**	(155,956)	**(194,169)**	(105,799)
Net	**4,397,642**	2,963,169	**3,689,220**	2,010,182

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

Credit quality of financial assets per asset class-Group

31-Dec-19	**Cash and cash equivalents**	**Trade receivables**	**Loans and other receivables**	**Debt securities**
Neither past due nor impaired	**1,717,868,438**	**293,747,996**	**684,860,997**	**3,189,220,145**
Past due but not impaired		**-**	**230,000,500**	**-**
Impaired		**-**	**161,119,004**	**-**
Gross	**1,717,868,438**	**293,747,996**	**1,075,980,501**	**3,189,220,145**
Impairment allowance - collective	**-**	**(14,687,400)**	**(53,799,025)**	**-**
Net	**1,717,868,438**	**279,060,596**	**1,022,181,476**	**3,189,220,145**

Credit quality of financial assets per asset class-Group

31-Dec-18	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	2,948,826,686	234,852,324	1,402,825,073	1,075,587,381
Past due but not impaired		-	230,000,500	-
Impaired		-	114,910,115	-
Gross	2,948,826,686	234,852,324	1,747,735,689	1,075,587,381
Impairment allowance - collective	-	(11,742,616)	(87,386,784)	-
Net	2,948,826,686	223,109,708	1,660,348,904	1,075,587,381

Credit quality of financial assets per asset class-Company

31-Dec-19	**Cash and cash equivalents**	**Trade receivables**	**Loans and other receivables**	**Debt securities**
Neither past due nor impaired	**1,062,065,613**	**199,899,308**	**443,989,483**	**2,949,948,726**
Past due but not impaired		**-**	**150,000,500**	**-**
Impaired		**-**	**69,402,989**	**-**
Gross	**1,062,065,613**	**199,899,308**	**663,392,972**	**2,949,948,726**
Impairment allowance - collective	**-**	**(9,994,965)**	**(33,169,649)**	**-**
Net	**1,062,065,613**	**189,904,342**	**630,223,323**	**2,949,948,726**

Credit quality of financial assets per asset class-Company

31-Dec-18	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	2,696,356,810	199,248,468	615,689,787	1,075,587,381
Past due but not impaired		-	75,000,000	-
Impaired		-	89,505,121	-
Gross	2,696,356,810	199,248,468	780,194,908	1,075,587,381
Impairment allowance - collective	-	(9,962,423)	(39,009,745)	-
Net	2,696,356,810	189,286,045	741,185,162	1,075,587,381

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of insurance receivables and other loans and receivables, debt securities and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses. The Group does not rate any of its financial assets measured at amortised cost.

The assets above are analysed in the table below either using Standard & Poors or GCR rating agencies. Government securities are rated using soveregn rate.

Group	**A+**	**AA-**	**BBB-**	**Below BBB**	**Not rated**
31-Mar-19					
Cash and cash equivalents	**233,298,552**	**156,989,336**	**431,929,162**	**372,177,030**	**523,474,359**
Trade receivables					**293,747,996**
Loans and other receivables					**595,806,033**
Other assets		**-**			**209,056,966**
Reinsurance assets				**2,688,545,807**	**-**
Debt securities				**3,189,220,145**	
	233,298,552	**156,989,336**	**431,929,162**	**3,060,722,837**	**1,622,085,353**

Group	A+	A	BBB-	Below BBB	Not rated
31-Dec-18					
Cash and cash equivalents	233,298,552	878,255,154	431,929,162	881,869,460	523,474,359
Trade receivables					234,852,324
Loans and other receivables					1,187,669,655
Other assets		-			195,161,111
Reinsurance assets				2,031,727,218	-
Debt securities				1,075,587,381	
	233,298,552	878,255,154	431,929,162	2,913,596,678	2,141,157,449

Company	**A+**	**A**	**BBB-**	**Below BBB**	**Not rated**
31-Dec-19					
Cash and cash equivalents	**234,500,000**	**178,255,154**	**331,929,162**	**93,906,938**	**223,474,359**
Trade receivables					**199,899,308**
Loans and other receivables					**280,298,398**
Other assets		**-**			**313,691,585**
Reinsurance assets				**2,688,545,807**	**-**
Debt securities				**2,949,948,726**	
	234,500,000	**178,255,154**	**331,929,162**	**2,782,452,745**	**1,017,363,650**

Company	A+	A	BBB-	Below BBB	Not rated
31-Dec-18					
Cash and cash equivalents	233,298,552	878,255,154	431,929,162	629,399,583	523,474,359
Trade receivables					199,248,468
Loans and other receivables					479,876,252
Other assets		-			210,813,535
Reinsurance assets				2,031,727,218	-
Debt securities				1,075,587,381	
	233,298,552	878,255,154	431,929,162	2,661,126,802	1,413,412,614

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2019

(b) Age Analysis financial assets past due but not impaired

Group 31-Dec-19	**< 90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**Above 365days**
Trade receivables	**289,379,991**	**4,368,005**			
Total	**289,379,991**	**4,368,005**	**0**	**-**	**-**
Profile	**99%**	**1%**	**0%**	**0%**	**0%**

Group 31-Dec-18	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
Trade receivables	224,437,356	-	-	-	-
Total	224,437,356	-	-	-	-
Profile	100%	0%	0%	0%	0%

Company 31-Dec-19	**< 90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**Above 365days**
Trade receivables	**195,531,303**	**4,368,005**			
Total	**195,531,303**	**4,368,005**	**-**	**-**	**-**
Profile	**98%**	**2%**	**0%**	**0%**	**0%**

Company 31-Dec-18	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
Trade receivables	189,609,120	9,639,348.87	-	-	-
Total	189,609,120	9,639,348.87	-	-	-
Profile	95%	5%	0%	0%	0%

Concentration of credit risk

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Consolidated Hallmark Insurance Plc utilize data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk are consistent with the overall risk appetite as established by the Group.

Consolidated Hallmark Insurance Plc monitors concentration of credit risk by geographical and nature of business. An analysis of concentrations of credit risk for trade receivables are set out below:

(a) Geographical sectors

At 31 December	**Group**		**Company**	
	2019	2018	**2019**	2018
Lagos & Western region (Nigeria)	**183,040,500**	178,487,767	**178,487,767**	149,436,351
Eastern region (Nigeria)	**31,050,230**	30,530,802	**30,530,802**	27,894,786
Northern region (Nigeria)	**20,761,594**	25,833,756	**25,833,756**	21,917,332
Total	**234,852,324**	234,852,324	**234,852,324**	199,248,468

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

d(iv) Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

FINANCIAL ASSETS MATURITY PROFILE

The maturity profile Group's financial assets is as listed below:

Loans And Receivables

		Group		Company	
		2019	2018	2019	2018
Analysis by Performance:					
Performing		595,806,033	1,187,669,655	280,298,398	479,876,252
Non - Performing		161,119,004	114,910,115	69,402,989	89,505,121
Total		756,925,037	1,302,579,770	349,701,387	569,381,373
Analysis by Maturity:					
0 - 30 days		50,258,181	110,258,181	103,313,181	163,313,181
1 - 3 months		101,227,169	162,877,169	11,176,669	27,376,669
3 - 6 months		150,333,246	159,333,246	13,492,409	22,492,409
6 - 12 months		327,585,740	408,063,023	12,585,740	63,063,023
Beyond 12 Months		127,520,702	462,048,152	209,133,389	293,136,092
Total		756,925,037	1,302,579,770	349,701,387	569,381,373

		Group		Company	
Fixed deposits with banks					
Analysis by maturity		2019	2018	2019	2018
0 - 30 days		590,964,550	1,615,873,853	162,261,052	1,015,577,437
30 - 90 days		1,217,976,705	1,330,749,584	990,877,377	1,678,576,123
Above 90 days		-	-	-	-
Grand Total		1,808,941,256	2,946,623,436	1,153,138,429	2,694,153,560

d(v) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Group is exposed to this risk through its equity holdings within its investment portfolio. The Group's management of equity price risk is guided by Investment Quality and Limit Analysis, Stop Loss Limit Analysis and Stock to Total Loss Limit Analysis.

d(vi) Currency risks

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately.

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2019

d(vii) Business Risks

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The corporate governance structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.
The Group holds regular strategic sessions both at the Board, Management and Operational Unit basis to review the corporate and the unit strategies and ensure the group market share is effectively defended against competition.

d(viii) Reputational Risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy. The composition of the Board and leadership of the group are made up of reputable and experienced practitioners. The group also holds it Core Values of Professionalism, Relationship, Integrity, Customer-Focused and Excellence (PRICE) which is regularly communicated to every member and compliance monitored on an ongoing basis.

Statement Of Value Added - Group

For The Year Ended 31 December 2019

	2019 N	%	2018 N	%
Gross premium income	8,302,808,423		6,512,335,014	
Reinsurance, claims and Commissions & Others - local	(6,681,635,930)		(5,171,760,972)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	1,621,172,493	100	1,340,574,042	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	793,681,066	49	696,317,651	52
To pay government				
Company income taxation	111,159,875	7	127,726,964	10
To pay providers of capital				
Shareholders as dividend	162,600,000	10	140,000,000	10
Retained for future maintenance of assets and future expansion of business:				
- Contingency & Statutory reserve	260,716,344	16	214,695,011	16
- Depreciation of fixed assets	116,016,964	7	109,818,684	8
'- Retained earnings for the year	176,998,244	11	52,015,731	4
Value added	1,621,172,493	100	1,340,574,042	100

Value added represents the wealth created by the Group during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

Statement Of Value Added - Company

For The Year Ended 31 December 2019

	2019 N	%	2018 N	%
Gross premium income	8,077,895,958		6,481,636,218	
Reinsurance, claims and Commissions & Others - local	(6,678,499,173)		(5,360,414,033)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	1,399,396,785	100	1,121,222,185	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	629,022,125	45	541,995,811	48
To pay government				
Company income taxation	81,307,778	6	83,663,738	8
To pay providers of capital				
Shareholders as dividend	162,600,000	12	140,000,000	12
Retained for future maintenance of assets and future expansion of business				
Contingency reserve	251,578,419	18	203,273,925	18
Depreciation of property and equipment	102,992,929	7	99,538,115	9
Retained earnings for the year	171,895,535	12	52,750,595	5
Value added	1,399,396,785	100	1,121,222,185	100

Value added represents the wealth created by the Company during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

Five Year Financial Summary - Group
Statement Of Financial Position

	31 December 2019 N	31 December 2018 N	31 December 2017 N	31 December 2016 N	31 December 2015 N
Assets					
Cash and cash equivalent	**1,717,868,438**	2,948,826,686	1,921,271,578	1,836,824,537	2,822,735,766
Financial assets:					
- At fair value through profit or loss	**342,463,380**	301,916,504	170,256,830	170,013,089	183,200,238
- Loans and receivables	**595,806,033**	1,187,669,655	408,385,061	237,335,789	61,029,203
- Available for sale	**70,148,451**	60,950,000	60,950,000	60,950,000	60,950,000
- Held-to-maturity	**3,189,220,145**	1,075,587,381	2,260,597,511	1,654,142,565	497,905,166
Deposit for shares	**-**	-	-	-	-
Finance lease receivables	**109,998,499**	249,994,807	229,440,306	162,290,265	172,095,986
Trade receivables	**293,747,996**	234,852,324	150,356,282	182,091,091	81,030,026
Reinsurance assets	**2,688,545,807**	2,031,727,218	1,655,890,085	546,323,978	691,913,416
Deferred acquisition cost	**360,563,251**	307,344,920	257,664,385	229,579,067	190,525,298
Other receivables and prepayments	**209,056,966**	195,161,111	174,488,859	177,968,732	135,246,867
Investment in subsidiaries	**-**	-	-	-	-
Inventories	**-**	-	-	3,920,887	5,146,854
Intangible Assets	**26,087,026**	22,362,991	24,621,130	13,119,349	16,467,871
Investment properties	**843,766,470**	899,211,000	899,661,000	893,882,395	888,020,000
Property and equipment	**994,550,828**	1,006,001,531	976,591,367	974,022,626	917,049,344
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**11,741,823,290**	10,821,606,128	9,490,174,394	7,442,464,370	7,023,316,035
Liabilities					
Insurance contract liabilities	**4,105,083,759**	3,803,576,977	3,532,407,618	2,410,701,988	2,218,670,079
Trade payables	**54,241,112**	10,777,564	26,482,944	87,511,062	112,060,913
Borowing	**10,448,536**	67,530,064			
Other payables and provision	**384,049,650**	217,647,746	207,368,924	179,731,068	163,568,360
Deposit for shares	**-**	-	500,456,779		
Retirement benefit obligations	**7,290,620**	6,403,628	5,574,664	151,314	184,444
Current income tax liabilities	**436,426,812**	368,204,246	297,205,965	191,465,212	120,730,104
Deferred tax liabilities	**130,587,188**	171,484,879	231,671,385	170,103,017	140,289,268
Total liabilities	**5,128,127,677**	4,645,625,104	4,801,168,279	3,039,663,660	2,755,503,168
Equity & reserves					
Issued and paid up share capital	**4,065,000,000**	4,065,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Share Premium	**155,264,167**	155,264,167	-	-	-
Contingency reserves	**1,855,299,252**	1,603,720,833	1,400,446,908	1,230,030,314	1,058,782,003
Statutory reserves	**36,863,982**	27,726,056	16,304,970	9,279,386	5,826,986
Retained earnings	**501,268,212**	324,269,968	272,254,237	163,491,009	203,203,878
Total equity	**6,613,695,613**	6,175,981,024	4,689,006,115	4,402,800,709	4,267,812,867
Total liabilities and equity & reserves	**11,741,823,290**	10,821,606,128	9,490,174,394	7,442,464,370	7,023,316,035

Five Year Financial Summary - Group
Statement Of Comprehensive Income

For The Year Ended 31 December 2019

	31 December 2019 N	31 December 2018 N	31 December 2017 N	31 December 2016 N	31 December 2015 N
Gross premium written	8,691,234,590	6,864,879,525	5,680,553,122	5,826,950,292	6,039,451,539
Gross premium income	8,302,808,423	6,512,335,014	5,542,732,729	5,708,277,060	5,875,522,094
Reinsurance premium expenses	(3,357,536,001)	(2,239,421,340)	(1,859,540,653)	(2,199,995,287)	(2,685,733,043)
Net premium income	4,945,272,421	4,272,913,674	3,683,192,076	3,508,281,773	3,189,789,051
Fee and commission income	519,638,029	356,385,052	370,550,419	203,707,669	145,879,333
Net underwriting income	5,464,910,450	4,629,298,727	4,053,742,495	3,711,989,442	3,335,668,384
Claims expenses	(3,448,090,659)	(4,787,135,023)	(3,354,056,803)	(1,730,652,330)	(1,341,181,328)
Claims recoveries from reinsurers	1,768,819,617	2,987,313,881	1,931,112,704	343,508,618	383,167,702
Claims incurred	(1,679,271,042)	(1,799,821,142)	(1,422,944,099)	(1,387,143,712)	(958,013,626)
Underwriting expenses	(1,957,228,763)	(1,622,040,692)	(1,384,738,653)	(1,256,318,222)	(1,007,902,155)
Underwriting profit	1,828,410,645	1,207,436,893	1,246,059,744	1,068,527,508	1,369,752,603
Investment income	1,080,354,125	939,953,832	796,219,129	473,662,943	447,362,355
Other operating income	29,560,781	25,923,716	74,861,221	183,860,805	177,053,841
Impairment charge	(147,122,129)	(11,745,127)	770,516	(10,683,607)	16,935,040
Net fair value gains/(loss) on financial assets at fair value through profit or loss	(11,848,771)	151,362,024	(4,674,531)	(6,783,170)	(138,190,791)
Management expenses	(2,067,880,188)	(1,778,493,631)	(1,472,184,057)	(1,340,451,352)	(1,168,001,089)
Profit/(loss) before taxation	711,474,463	534,437,706	641,052,022	368,133,127	704,911,959
Income tax (expense)/credit	(111,159,875)	(127,726,964)	(234,846,616)	(173,145,284)	(159,100,881)
Profit/(loss) after taxation	600,314,588	406,710,742	406,205,405	194,987,843	545,811,078
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the year	600,314,588	406,710,742	406,205,405	194,987,843	545,811,078
Profit/(loss) attributable to:					
Equity holders of the parent	600,314,588	406,710,742	406,205,405	194,987,843	545,811,078
Non-controlling interest	-	-	-		
	600,314,588	406,710,742	406,205,405	194,987,843	545,811,078
Basic and diluted earnings/(loss) per share (kobo)	7.38	5.79	3.93	9.10	3.22
	-	-	-	-	-

Consolidated Hallmark Insurance Plc.

Financial Summary - Company
For The Year Ended 31 December 2019

	2019 ₦	2018 ₦	2017 ₦	2016 ₦	2015 ₦
Assets					
Cash and cash equivalent	**1,062,065,613**	2,696,356,810	1,850,386,963	1,587,501,284	2,780,220,924
Financial assets:					
- At fair value through profit or loss	**332,544,560**	291,091,429	161,850,795	163,699,494	177,671,643
- Loans and receivables	**280,298,398**	479,876,252	248,623,854	211,761,875	70,851,262
- Available for sale	**70,148,451**	60,950,000	60,950,000	60,950,000	60,950,000
- Held-to-maturity	**2,949,948,726**	1,075,587,381	2,260,597,511	1,654,142,565	497,905,166
Deposit for shares	**-**	-	-	180,000,000	-
Trade receivables	**199,899,308**	199,248,468	150,356,282	182,091,091	81,030,026
Reinsurance assets	**2,688,545,807**	2,031,727,218	1,655,890,085	546,323,978	691,913,416
Deferred acquisition cost	**349,815,691**	302,966,178	257,664,385	229,579,067	190,525,298
Other receivables and prepayments	**313,691,585**	210,813,535	166,066,755	213,530,118	135,266,048
Investment in subsidiaries	**1,030,000,000**	1,030,000,000	530,000,000	300,000,000	250,000,000
Intangible Assets	**24,620,360**	22,192,991	18,458,195	12,383,037	15,592,433
Investment properties	**750,105,470**	805,550,000	806,000,000	809,221,395	803,359,000
Property and equipment	**939,322,976**	957,103,968	926,483,015	941,328,726	908,924,352
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**11,291,006,944**	10,463,464,230	9,393,327,839	7,392,512,630	6,964,209,568
Liabilities					
Insurance contract liabilities	**3,923,826,888**	3,741,068,043	3,532,407,618	2,410,701,988	2,218,670,079
Trade payables	**54,241,112**	10,777,564	26,482,944	87,511,062	112,060,913
Other payables and provision	**343,406,713**	180,817,178	244,704,571	195,101,601	171,540,123
Deposit for share	**-**	-	500,456,779		
Retirement benefit obligations	**6,690,086**	5,833,280	5,169,023	13,502	4,430
Current income tax liabilities	**355,578,462**	298,742,725	252,351,030	162,558,597	93,162,912
Deferred tax liabilities	**125,749,035**	168,184,745	230,003,867	169,625,075	139,693,165
Total liabilities	**4,809,492,296**	4,405,423,535	4,791,575,832	3,025,511,825	2,735,131,622
Equity & reserves					
Issued and paid share capital	**4,065,000,000**	4,065,000,000	3,000,000,000	3,000,000,000	3,000,000,000
	155,264,167	155,264,167	-	-	-
Contingency reserves	**1,855,299,252**	1,603,720,833	1,400,446,908	1,230,030,314	1,058,782,003
Statutory reserves	**-**	-	-	-	-
Retained earnings	**405,951,229**	234,055,695	201,305,100	136,970,491	170,295,943
Shareholders' fund	**6,481,514,648**	6,058,040,695	4,601,752,008	4,367,000,805	4,229,077,946
Total liabilities and equity & reserves	**11,291,006,944**	10,463,464,230	9,393,327,839	7,392,512,630	6,964,209,568

Financial Summary - Company

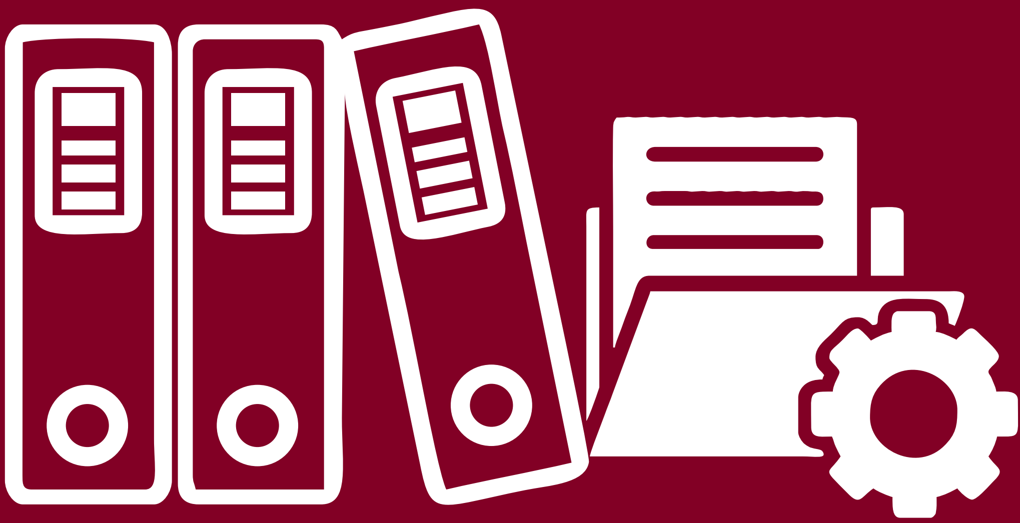
For The Year Ended 31 December 2019

	2019 N	2018 N	2017 N	2016 N	2015 N
Gross premium written	8,385,947,285	6,775,797,496	5,680,553,122	5,826,950,292	6,039,451,539
	-	-	-	-	-
Gross premium income	8,077,895,958	6,481,636,218	5,542,732,729	5,708,277,060	5,875,522,094
Reinsurance premium expenses	(3,357,536,001)	(2,239,421,340)	(1,859,540,653)	(2,199,995,287)	2,685,733,043
Net premium income	4,720,359,957	4,242,214,878	3,683,192,076	3,508,281,773	3,189,789,051
Fee and commission income	519,638,029	356,385,052	370,550,419	203,707,669	145,879,333
Net underwriting income	5,239,997,986	4,598,599,930	4,053,742,495	3,711,989,442	3,335,668,384
Claims expenses	(3,316,118,494)	(4,770,447,651)	(3,354,056,803)	(1,730,652,330)	(1,341,181,328)
Claims recoveries from reinsurers	1,768,819,617	2,987,313,881	1,931,112,704	343,508,617	383,167,702
Claims incurred	(1,547,298,877)	(1,783,133,770)	(1,422,944,099)	(1,387,143,713)	(958,013,626)
Underwriting expenses	(1,939,548,370)	(1,620,609,007)	(1,387,920,776)	(1,271,473,425)	(1,016,074,857)
Underwriting profit	1,753,150,739	1,194,857,155	1,242,877,621	1,053,372,304	1,361,579,901
Investment income	696,105,599	617,407,797	672,917,451	472,289,663	402,048,193
Other operating income	18,176,973	25,487,990	68,681,215	122,768,443	170,537,974
Impairment charge	(72,636,175)	-	3,390,424	693,030	17,402,910
Net fair value gains/(loss) on financial assets at fair value through profit or loss	(10,942,516)	151,362,024	(4,674,531)	(6,783,170)	(138,191,291)
Management expenses	(1,716,472,889)	(1,529,426,707)	(1,418,512,790)	(1,281,059,193)	(1,126,380,571)
Profit/(loss) before taxation	667,381,731	459,688,258	564,679,389	361,281,077	686,997,116
Income tax (expenses)/credit	(81,307,778)	(83,663,738)	(209,928,186)	(163,358,219)	(152,718,047)
Profit/(loss) after taxation	586,073,953	376,024,520	354,751,203	197,922,857	534,279,069
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive (loss)/income for the year	586,073,953	376,024,520	354,751,203	197,922,857	185,052,535
Profit/(loss) attributable to:					
Equity holders of the parent	586,073,953	376,024,520	354,751,203	197,922,857	185,052,535
Contingency reserve	(251,578,419)	(203,273,925)	(170,416,594)	(171,248,311)	-
	334,495,534	172,750,596	184,334,609	26,674,546	185,052,535
Basic and diluted earnings/(loss) per share (kobo)	7.21	5.36	5.91	3.30	8.90

Revenue Account

For The Year Ended 31 December 2019

	Motor N	Fire N	Bond N	Gen. Accident N	Marine N	Aviation N	Oil & Gas N	Engineering N	Total N	Total N
Income										
Direct premium	1,971,712,094	1,033,014,483	222,342,632	1,096,834,580	592,897,074	793,172,905	2,069,490,027	386,996,350	8,166,460,145	6,596,156,146
Inward reinsurance premium	33,666,623	59,330,150	1,064,640	8,577,319	5,248,217	18,938,900	59,786,933	32,874,358	219,487,140	179,641,350
Gross written premium	2,005,378,717	1,092,344,633	223,407,272	1,105,411,899	598,145,291	812,111,805	2,129,276,960	419,870,708	8,385,947,285	6,775,797,496
(Increase)/decrease in unexpired premium reserve	(34,427,935)	66,394,307	(41,881,645)	(75,809,139)	(20,317,919)	(76,036,475)	(48,823,491)	(77,149,030)	(308,051,327)	(294,161,278)
Gross premium earned	1,970,950,782	1,158,738,940	181,525,627	1,029,602,760	577,827,371	736,075,330	2,080,453,469	342,721,678	8,077,895,958	6,481,636,218
Deduct:										
Outward reinsurance premiums	(44,398,132)	(869,789,681)	(91,480,961)	(622,005,485)	(338,773,007)	(517,758,712)	(1,224,757,998)	(155,101,535)	(3,864,065,511)	(2,415,649,330)
(Increase)/decrease in prepaid reinsurance	(17,537,526)	146,520,033	4,037,549	123,076,446	24,682,415	95,722,215	102,524,756	27,503,623	506,529,510	176,227,990
Reinsurance cost	(61,935,658)	(723,269,647)	(87,443,413)	(498,929,040)	(314,090,592)	(422,036,497)	(1,122,233,242)	(127,597,913)	(3,357,536,002)	(2,239,421,340)
Net premium earned	1,909,015,124	435,469,292	94,082,215	530,673,720	263,736,779	314,038,833	958,220,227	215,123,766	4,720,359,956	4,242,214,878
Commission received	5,677,162	241,556,728	750,652	150,859,152	41,628,590	50,850,363	22,763,872	73,115,996	587,202,514	369,621,536
(Increase)/decrease in unearned commission	3,174,060	(15,671,288)	1,635,604	(34,799,519)	(8,364,324)	(289,487)	(70,417)	(13,179,114)	(67,564,486)	(13,236,484)
Total Income	1,917,866,346	661,354,732	96,468,471	646,733,353	297,001,045	364,599,708	980,913,682	275,060,647	5,239,997,985	4,598,599,930
Gross Claims Paid	(668,529,612)	(1,122,333,296)	(5,045,982)	(671,347,471)	(102,145,723)	(416,259,546)	(379,366,433)	(76,382,914)	(3,441,410,976)	(4,855,948,504)
(Increase)/decrease in outstanding claims provision	(65,895,004)	78,319,978	(32,957,188)	34,418,810	(76,320,173)	175,546,540	41,881,091	(29,701,572)	125,292,482	85,500,852
Gross claims incurred	(734,424,616)	(1,044,013,318)	(38,003,170)	(636,928,661)	(178,465,897)	(240,713,006)	(337,485,342)	(106,084,486)	(3,316,118,494)	(4,770,447,652)
Reinsurance claims recovery	41,934,216	797,361,382	2,415,170	344,742,812	152,110,316	55,507,607	182,743,049	41,715,986	1,618,530,538	2,787,704,737
(Increase)/decrease in reinsurance recoveries	40,598,120	(187,963,650)	9,835,682	350,947,880	(90,929,768)	59,181,356	(71,427,186)	40,046,645	150,289,079	199,609,144
Net claims incurred	(651,892,280)	(434,615,586)	(25,752,318)	58,762,031	(117,285,349)	(126,024,043)	(226,169,479)	(24,321,855)	(1,547,298,877)	(1,783,133,771)
Acquisition expenses	(224,626,696)	(212,537,829)	(39,173,134)	(209,777,066)	(106,098,475)	(92,949,963)	(384,895,410)	(82,495,836)	(1,352,554,409)	(1,145,746,698)
(Increase)/decrease in commission expenses	2,072,863	(12,121,423)	9,097,250	14,994,358	5,685,139	8,458,216	2,448,612	16,214,498	46,849,512	45,301,793
Maintenance/operating expenses	(301,600,279)	(53,753,655)	(9,217,496)	(67,421,333)	(31,833,979)	(38,467,695)	(106,895,512)	(24,653,524)	(633,843,473)	(520,164,102)
Total expenses	(1,176,046,391)	(713,028,493)	(65,045,699)	(203,442,010)	(249,532,664)	(248,983,485)	(715,511,790)	(115,256,717)	(3,486,847,246)	(3,403,742,778)
Underwriting profit/(loss)	741,819,955	(51,673,762)	31,422,772	443,291,343	47,468,382	115,616,223	265,401,892	159,803,931	1,753,150,739	1,194,857,153



Shareholder Information

Share Capital History

Year	Authorized		Issued and Fully Paid		Consideration
	Increase	Cumulative	Increase	Cumulative	
1991	5,000,000	5,000,000			
1992	10,000,000	15,000,000	3,611,881	3,611,881	Cash
1993	-	15,000,000	1,500,000	5,111,881	Cash
1994	-	15,000,000	-	5,111,881	No Change
1995	15,000,000	30,000,000	14,888,119	20,000,000	Cash
1996	-	30,000,000	-	20,000,000	No Change
1997	-	30,000,000	-	20,000,000	No Change
1998	-	30,000,000	5,601,651	25,601,651	Bonus
1999	-	30,000,000	239,500	25,841,151	Cash
2000	-	30,000,000	259,632	26,100,783	Cash
2001	-	30,000,000	-	26,100,783	No Change
2002	-	30,000,000	-	26,100,783	No Change
2003	320,000,000	350,000,000	223,899,217	250,000,000	Cash
2004	150,000,000	500,000,000	50,000,000	300,000,000	No Change
2005	500,000,000	1,000,000,000	-	300,000,000	No Change
2006	-	1,000,000,000	365,155,330	665,155,330	cash
2007	4,000,000,000	5,000,000,000	2,334,844,670	3,000,000,000	Acquisition/Bonus
2008	-	5,000,000,000	-	3,000,000,000	No Change
2009	-	5,000,000,000	-	3,000,000,000	No Change
2010	-	5,000,000,000	-	3,000,000,000	No Change
2011	-	5,000,000,000	-	3,000,000,000	No Change
2012	-	5,000,000,000	-	3,000,000,000	No Change
2013	-	5,000,000,000	-	3,000,000,000	No Change
2014	-	5,000,000,000	-	3,000,000,000	No Change
2015	-	5,000,000,000	-	3,000,000,000	No Change
2016	-	5,000,000,000	-	3,000,000,000	No Change
2017	-	5,000,000,000	-	3,000,000,000	No Change
2018	-	5,000,000,000	1,065,000,000	4,065,000,000	Rights Issue & Private Placement
2019	2,500,000,000	7,500,000,000	-	4,065,000,000	Increase in Authorised Share Capital
2020	2,500,000,000	10,000,000,000		4,065,000,000	Increase in Authorised Share Capital

Dividend History

Financial Year	Year Paid	Amount Paid Per Share(Kobo)	Total Amount Paid(=N=)
2007	2008	Nil	Nil
2008	2009	5Kobo	300,000,000
2009	2010	Nil	Nil
2010	2011	3Kobo	180,000,000
2011	2012	2Kobo	120,000,000
2012	2013	3Kobo	180,000,000
2013	2014	Nil	Nil
2014	2015	Nil	Nil
2015	2015	2Kobo (Interim)	120,000,000 (Interim)
2015	2016	1 kobo (final)	60,000,000 (final)
2016	2017	2Kobo	120,000,000
2017	2018	2Kobo	140,000,000
2018	2019	2Kobo	162,600,000

Photo News

Extra Ordinary General Meeting

Eddie Efekoha, Group Managing Director/CEO, CHI Plc with Idris Abubakar, Independent Director; Sunny Nwosu President Emeritus, Independent Shareholders Association of Nigeria, and Obinna Ekezie, Chairman, at the Extra-Ordinary General Meeting in Lagos to authorize the N10bn increase in Capital

ELAN Team Visit

Representatives of the Equipment Leasing Association of Nigeria (ELAN) during a courtesy visit to Consolidated Hallmark Insurance Plc. Mr. Eddie Efekoha (centre), the Group Managing Director/CEO of the company received them alongside the Team of the Subsidiary, Grand Treasurers Limited.

Essay Awards

Eddie Efekoha, Group Managing Director/CEO, Consolidated Hallmark Insurance (CHI) Plc with Richard Borokini, Director-General, Chartered Insurance Institute of Nigeria(CIIN), and Benedette Ogbonna, a representative of the Commissioner for Insurance with the 1st, 2nd and 3rd Prize winners at the recentAnnualTertiaryInstitutions'Essay Competition prize presentation.

Visit To The Less Privileged

Members of Staff of Consolidated Hallmark Insurance Plc during a visit to Treasure of Love Motherless Babies' Home in Lagos for donation of foodstuff and provisions as part of its Annual CSR initiatives in support of the less privileged members of the society.

Branch Network

CORPORATE HEAD OFFICE
266, Ikorodu Road
Obanikoro, Lagos
Tel: +234-1-2912543
0700CHINSURANCE
O7OO24467872
e-mail:info@chiplc.com
website: www.chiplc.com

VICTORIA ISLAND OFFICE
Plot 33D Bishop Aboyade Cole Street
Victoria Island Lagos
Tel:01-4618222
Fax 01-4618380
e-mail: info@chiplc.com
website:www.chiplc.com

REGIONAL OFFICES

PORT-HARCOURT
52, Emekuku Street
Amazing Grace Plaza
Tel: 09092861724, 09033543581
porthacourt@chiplc.com

ABUJA
Metro Plaza Annex B
Plot 991/992 Zakariya Maimalari Street
Central Business District
Tel: 09-2347965 Fax: 097804398
abuja@chiplc.com

BRANCH OFFICES

ABA
4,Eziukwu Road,
Tel: 08180001164
aba@chiplc.com

KADUNA
NK 9, Constitution Road
Kaduna
Tel: 08180001148
kaduna@chiplc.com

OWERRI
5B Okigwe Road
Opp Govt College Owerri
Tel: 08180001162
owerri@chiplc.com

KANO
17, Zaria Road
Gyadi Gyadi
Tel: 08180001146
kano@chiplc.com

ENUGU
77, Ogui Road
Tel: 08180001142
enugu@chiplc.com

ONITSHA
41, New Market Road Onitsha
Tel: 08180001139
onitsha@chiplc.com

AKURE
3rd floor
Bank of industry(BOI)House
Alagbaka Akure
Tel: 08180001154
akure@chiplc.com

WARRI
179, Jakpa Road, Effurun
Tel: 08180001157
warri@chiplc.com

IBADAN
1st Floor, Navada Plaza
140/142 Liberty Stadium Road
Tel: 08180001152
ibadan@chiplc.com

Notice to shareholders on e-copy of Annual Report & Accounts

Dear Shareholder,

In view of modern trends and realties, the Company is desirous to take advantage of technological advancement to ensure prompt delivery of e-copies of the Annual Report & Accounts to you via e-mail whilst hard copies would be made available at the venue of the Annual General Meeting. E-copy of the Annual Report is also available on the company's website at www.chiplc.com/financials

If you wish to receive an e-copy of the 2019 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

1. info@chiplc.com
2. info@meristemregistrars.com
3. investorrelations@chiplc.com

Please note that in addition to the above, we may utilize your email address for the purpose of providing you with shareholder information and other developments about the company that would be of interest.
Thank you.

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

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

The Registrar
Meristem Registrars And Probate Services Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	CHELLARAMS BOND	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN & ALLIED PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GEO-FLUIDS PLC	
	INTERNATIONAL ENERGY INSURANCE PLC	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	MUTUAL BENEFITS ASSURANCE PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWREST ASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTS & COATINGS MANUFACTURERS NIG PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4

Affix N50.00
Postage Stamp
Here

Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Street,
Adekunle, Yaba Lagos

25th Annual General Meeting to be held at the **Conference Room of Consolidated Hallmark Insurance Plc, 266 Ikorodu Road, Obanikoro, Lagos State,** on 26th August 2020, at 11.00 a.m.
I / We

....

of..

....

Being a member / members of Consolidated Hallmark Insurance Plc hereby appoint the following person:

N/S	Name	Designation	Proxy Choice
1	Mr. Obinna Ekezie	Chairman	
2	Mr. Eddie Efekoha	MD/CEO	
3	Mrs. Rukevwe Falana	Company Secretary	
4	Sir Sunny Nwosu	Shareholders Representative	
5	Mr. Lawrence Oguntoye	Shareholders Representative	

....

of ....
or failing the Chairman of the Company as my / our proxy to act and vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on 19th August 2020 and any adjournment thereof.

Dated this ....day of 2020

Shareholder's Signature ....

NOTE
(i) A Member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy instead of him. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.

(ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(iv) Provision has been made on this form for the Chairman of the Company to act as proxy. But if you wish, you may insert in the blank space on the form (marked **) the name of any person weather a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v) The proxy must produce the Admission Slip with the notice of Meeting to obtain entrance to the meeting.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, Mr. Obinna Ekezie, Prince Ben Onuora and Mrs. Bola Odukale retire by rotation and being eligible offer themselves for re-election.

	ORDINARY BUSINESS	FOR	AGAINST
1	To receive and consider the Audited Financial Statements for the year ended 31st December 2019 together with the reports of the Directors, Auditors and Audit Committee thereon.		
2	To re-elect retiring Directors.		
	Mr. Obinna Ekezie		
	Prince Ben Onuora		
	Mrs. Bola Odukale		
3	To re- appoint the Auditors		
4	To authorize the Directors to determine the remuneration of the Auditors.		
5	To elect members of the Audit Committee.		
	SPECIAL BUSINESS		
a	To approve the remuneration of the Directors.		
b	That the Directors are hereby authorized to issue bonus shares of 677,500,000 ordinary shares of N0.50 kobo each amounting to a sum of N338,750,000, from its Retained Earnings in the sum of N405,951,229 as contained in its 31st December 2019 Audited Annual Report. The Bonus Shares shall be distributed at the ratio of one (1) new share for every fifteen (15) shares currently held by Shareholders who are on the Register of Members as at 18th August 2020.		
	Please indicate with "X" in the appropriate square how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

---Tear off from here---

ADMISSION SLIP

Please admit .... to the Annual General Meeting of

Consolidated Hallmark Insurance Plc which will hold at the **Conference Room of Consolidated Hallmark Insurance Plc, 266 Ikorodu Road, Obanikoro, Lagos State.**

Admission Slip must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Name & Address of Shareholders ....

Number of Shares held ....

Notes

Notes

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do for love...

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