



# **DRIVEN** **TO LEAD,** **EMPOWERED** **TO DELIVER**

**2020 ANNUAL REPORT + ACCOUNTS**



**Consolidated Hallmark**  
Insurance Plc.

*Anxiety Away, Value Assured*

# If You Haven't Given It A Thought...

MAKE HOME INSURANCE  
YOUR NEW RESOLUTION.

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NAICOM/CA/ADV/2019/3195

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**Consolidated Hallmark**  
Insurance Plc.

*Anxiety Away, Value Assured*

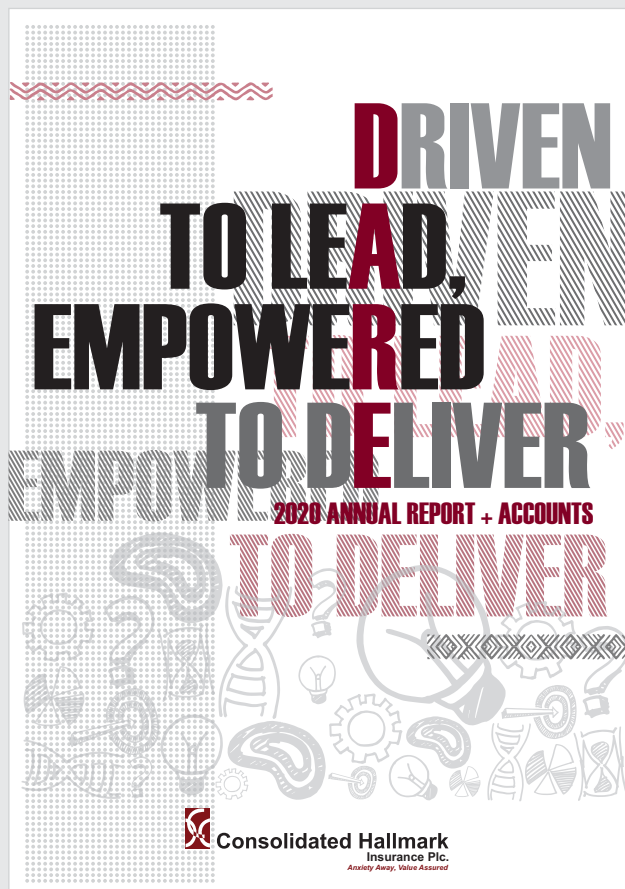
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## Our Journey

Consolidated Hallmark Insurance (CHI) Plc is a leading general business insurance company positioned to change the public perception of insurance in Nigeria. With the help of our people and technology, we ensure we are there for our customers when they need us most because our primary objective is to deliver exceptional service to you, our customer. We are here to reduce anxiety and cater for our customers needs. We have got you covered from Aviation to Oil & Gas, Marine, Motor Insurance, Gadget Insurance, Home Insurance to Business Insurance, and all General Insurance classes.

Birthered 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 ( Professionalism, Relationship, Integrity, Customer Focused and Excellence ). 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.



## Our Subsidiaries



<https://www.chiplo.com/annual-report/>



### Hallmark HMO

Hallmark Health Services Limited RC: 1451780

A Health Maintenance Organisation



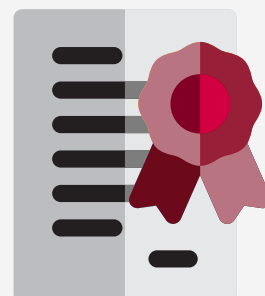
### GRAND TREASURERS LTD.

Leasing and Other Financial Services



### CHI MicroInsurance Limited

( Life Assurance )



We are the second insurance company in Nigeria to obtain the prestigious ISO 9001:2015 (Quality Management Systems Certification).



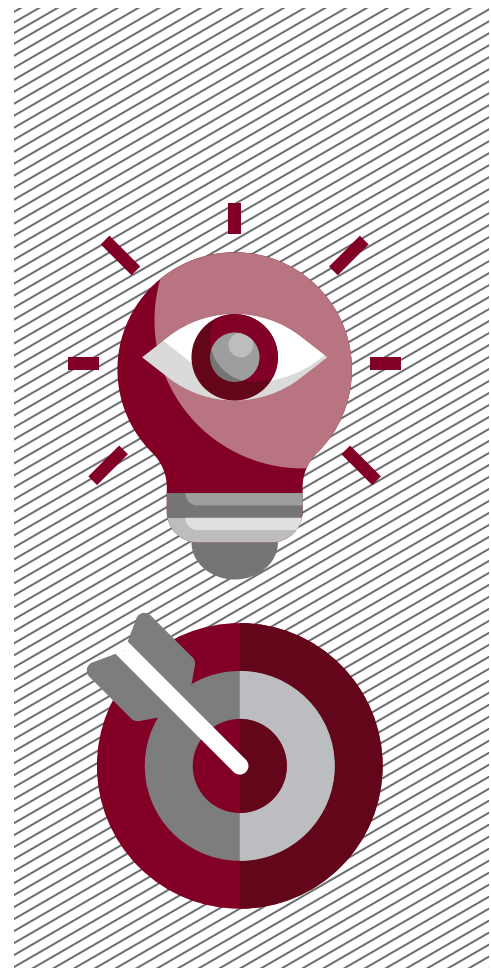
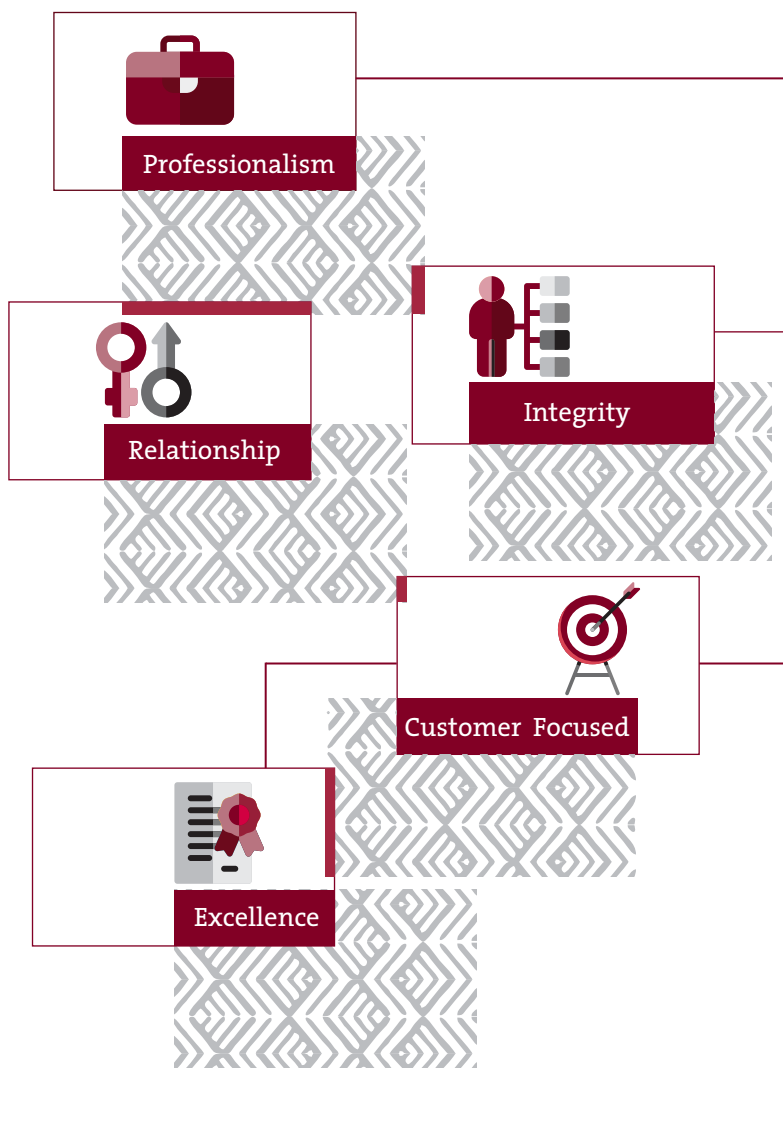
# Brand Platform

## 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



### 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

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## Our Value Proposition



- 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.

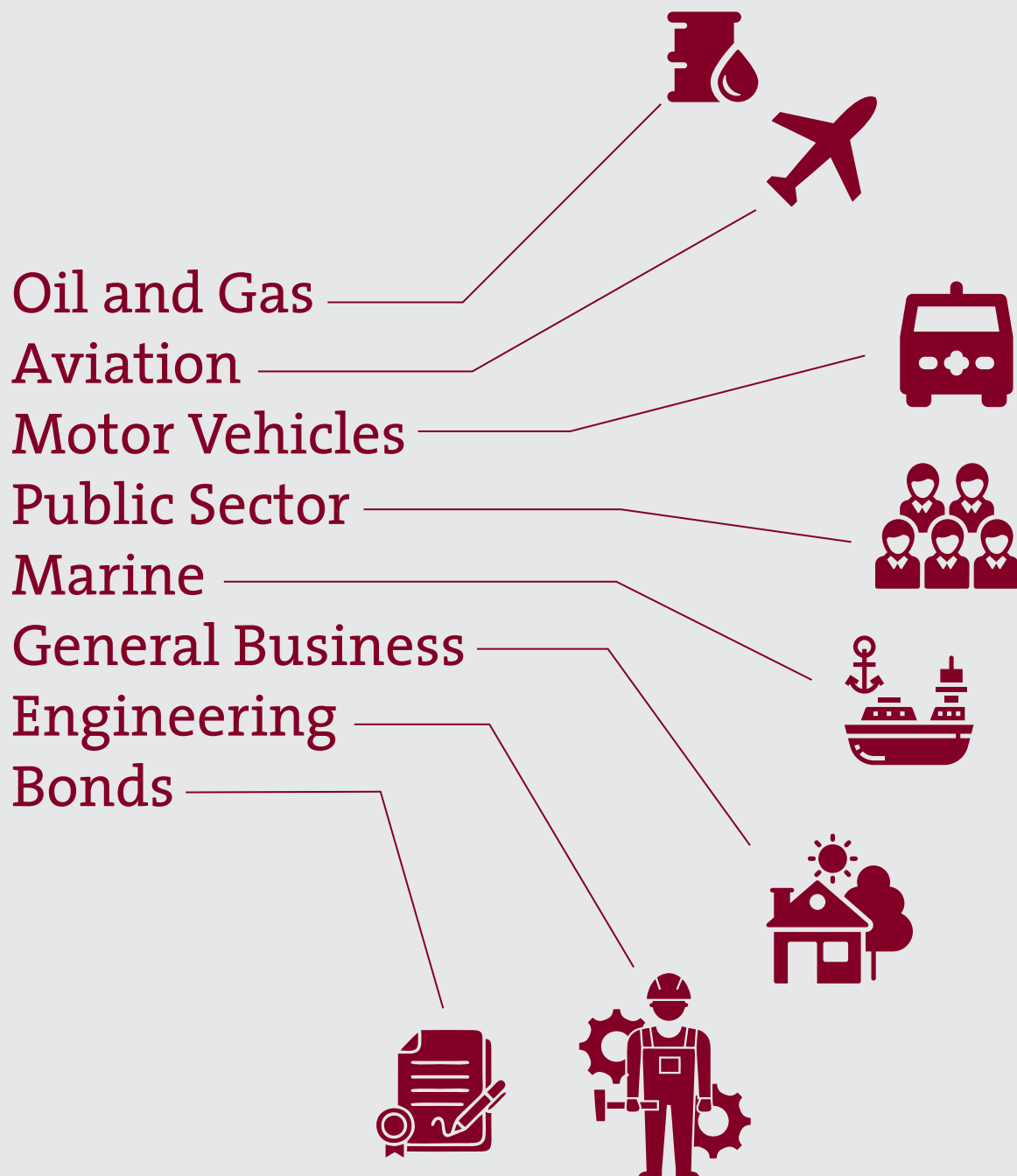
We do not take this privilege for granted, and will continue to provide our customers with the right level of quality service delivery expected of a world-class insurance company. So, choose and stick with CHI Plc today because we are committed not only to meeting the expectations of our clients but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

CHI is an organisation that has been outstanding in a broad category of performance areas. Some of our key strengths include:

- Customer Centric
- Prompt Claims Payment
- A Market Leader in Aviation and Oil & Gas Insurance
- Strong Brand Equity
- Competent Workforce



## Our Focus Market



# 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 regulator – the National Insurance Commission.



**T**he 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 Vehicles, 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](http://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. **Oil, Energy And Special Risks:**
  - ▶ Offshore risks
  - ▶ Onshore risks
2. **Compulsory Insurance**  
(Online Payment):
  - ▶ Motor third party - Individual & Fleet Registration
  - ▶ Occupiers Liability Insurance
  - ▶ Builders Liability (open) Insurance
  - ▶ Healthcare Professional Indemnity Insurance
3. **Contractors All Risk**
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 Vehicles Insurance**
14. **Fire Insurance**
15. **Burglary Insurance**
16. **Marine Cargo/Hull Insurance**
17. **Travel Insurance**

## Subsidiaries

- i. **Hallmark HMO Services Limited -**
  1. Group & Employee health plan
  2. Retail health plan
- ii. **Grand Treasures Limited -**
  1. Loans to public sector
  2. Loans to private sector
  3. Leases
  4. Treasury Management
  5. Financial Advisory Services
- iii. **CHI Micro Insurance -**
  1. Credit Life
  2. Esusu ( Small Savers )
  3. Group Life
  4. Welfare Plan
  5. Cooperative Plan

We remain committed towards improvement/development of not only our immediate operating environment but the society at large. Towards this end, we have provided and continually provide support in the following areas:



### COVID-19 Support Fund

Year 2020 was a year where all hands had to be on deck to combat the scourge of the coronavirus pandemic world-wide and in Nigeria. Like every other well-meaning organization, we joined the fight against the virus in collaboration with the Nigerian Insurers Association (NIA). Our donation of the sum of N20 million to the insurance industry fund for provision of Personal Protection Equipment (PPE) and insurance cover for the frontline healthcare workers contributed immensely towards curtailing the spread of the virus.



### Industry Talent Grooming

Poised to continually groom talents for the insurance industry, promote research and academic excellence, we have for the last 10 years organized the Annual Essay Competition for young undergraduates studying Insurance or Actuarial Science in tertiary institutions in Nigeria. The competition has made significant impact in the lives of participants not only through the winning cash prizes ranging from N250,000 to N100,000 but development of their talents which has enriched the workforce of the industry.

The competition has over the years helped to stimulate discourse on pertinent issues in the insurance industry. We have continued to invest our time and resources towards the sustenance of the scheme across the country, with processes for awards of the 11th edition (2021 version) on.



### Protection for Industry Journalists

We are at the forefront of providing valued protection for insurance journalists who are exposed to various road and other risks in the course of reporting developments in the industry. The General Accident Insurance Scheme offers compensation to the tune of N24 million to the corps of the National Association of Insurance and Pension Correspondents in the event of Accidental Death, Permanent Disability or for Medical Expenses incurred as a result of an accident.

The scheme has been running for nine years and renewable annually on the 1st October anniversary of the nation's independence.



### Support for Orphanage Homes

On a yearly basis, we extend a hand of love and compassion to the less privileged around us. Part of this has led to the donation of food items and provisions worth millions of Naira to orphanages and homes of the needy in Lekki, Yaba, Surulere, Ketu, Ibadan Abuja and Port Harcourt.



### Environmental Conservation

In support of the campaign against deforestation, we have significantly reduced the use of paper and are gradually moving towards a paperless environment in our operations through the robust use of technology. "If you do not really need it, do not print" is a message we embrace.

## Directors

Mr. Obinna Ekezie	Chairman
Mr. Eddie Efekoha	Managing Director/CEO
Mr. Babatunde Daramola	Executive Director- Finance, Systems & Investment
Mrs. Mary Adeyanju	Executive Director-Operations
Mrs. Ngozi Nkem	Non-Executive Director (Retired on 8th December 2020)
Prince Ben Onuora	Non-Executive Director
Mrs. Adebola F. Odukale	Non-Executive Director
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director
Dr. Layi Fatona	Non-Executive Director

## Company Secretary

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

## Registered Office

Consolidated Hallmark Insurance Plc  
266, Ikorodu Road  
Obanikoro, Lagos

## Registration Number

168762

## Corporate Head Office

Consolidated Hallmark Insurance Plc  
266, Ikorodu Road  
Obanikoro, Lagos  
FRC/2013/000000000608  
Email: info@chiplc.com

## Registrars

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

## 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

## Auditors

SIAO (Chartered Accountants)  
18b, Olu Holloway Road  
Off Alfred Rewane Road  
Falomo Ikoyi, Lagos  
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

## 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



# Notice of Annual General Meeting

## NOTICE IS HEREBY GIVEN that the 26th

Annual General Meeting of the Members of Consolidated Hallmark Insurance Plc will be held on the 2nd of September 2021 at 11.00am prompt at Four Points by Sheraton - Lagos, Plot 9/10 Block 2, Oniru Chieftaincy Estate, Victoria-Island Lagos to transact the following business:

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### ORDINARY BUSINESS

1. To lay before the members the Audited Financial Statement for the year ended 31st December 2020 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect a Director.
3. To re-appoint the Auditors.
4. To authorize the Directors to determine the remuneration of the Auditors.
5. To disclose the remuneration of Managers of the Company
6. To elect Members of the Audit Committee.

### SPECIAL BUSINESS

1. To approve the remuneration of the Directors for the year ending 31st December 2021.

Dated this 30th day of July 2021.

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 several guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria and in particular, the ban of large gathering 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](mailto: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 send by e-mail to [info@meristemregistrars.com](mailto: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 suggested proxies below:

1. Mr. Obinna Ekezie Chairman
2. Mr. Eddie Efekoha -Managing Director/CEO
3. Sir Sunny Nwosu
4. Ms. Titilola Omisore
5. Mr. Francis Udubor
6. Mr. Bola Temowo
7. Mr. Omah Odoh-Tadafe

### 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](http://www.chiplc.com)

# Notice of Annual General Meeting

## CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of Members and transfer books will be closed from 16th August 2021 to 20th August 2021 (both dates inclusive) for the purpose of updating the register.

## E-DIVIDEND

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 faster receipt of dividend. Detachable forms in respect of mandate for e-dividend payment, unclaimed/stale dividend payment and Shareholder's 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 aforementioned forms can also be downloaded from the Company's website: [www.chiplc.com](http://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](mailto:info@chiplc.com) on or before 26th August 2021.

## E-ANNUAL REPORT

The electronic version of this Annual report (e-annual report) can be downloaded from the Company's website [www.chiplc.com](http://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](mailto:info@chiplc.com) or [investorrelations@chiplc.com](mailto:investorrelations@chiplc.com) or [info@meristemregistrars.com](mailto:info@meristemregistrars.com)

## WEBSITE

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

## AUDIT COMMITTEE

In accordance with section 404(6) of the Companies and Allied Matters Act 2020, 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.

Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements.

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

## RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, Dr. Layi Fatona is retiring by rotation at this meeting and being eligible offers himself for re-election. Please note that the biographical details of Dr. Layi Fatona who is seeking re-election is provided in the Annual Report.

## AGE DECLARATION

Dr. Layi Fatona in accordance with section 278 (1) of the Companies and Allied Matters Act 2020, intends to disclose at this meeting that he is over 70 years of age.



Rukevwe Falana  
Company Secretary



# Performance Report

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## 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, Zeeptavel.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.

He has also established the Organized Basketball Network (OBN). OBN is focused on grassroots basketball infrastructure development with the completion of the OBN Academy in Lagos, Nigeria.



**Mr. Eddie Efekoha** Group Managing Director/CEO

Mr. Eddie Efekoha is the Group Managing Director & Chief Executive Officer of Consolidated Hallmark Insurance Plc, a position he has occupied since the company's merger in 2007. He also serves as Chairman of the Company's subsidiaries namely: Grand Treasurers Limited (a CBN licensed finance company), Hallmark Health Services Limited (a Health Management Organization) and CHI Micro Insurance Limited (Life Assurance).

Mr. Efekoha was the 49th President & Chairman of the Governing Council of the Chartered Insurance Institute of Nigeria (2018-2020) and the 22nd Chairman of the Nigerian Insurers Association (2016-2018), the umbrella body of all licensed and operating insurance companies in Nigeria. At the continental level, he is the Chairman of the Book Review Committee of the African Insurance Organization.

Eddie worked previously with leading insurance brokerage and underwriting firms for a period spanning 1985 - 2007. These include but not limited to Hogg Robinson Nigeria, Glanvill Enthoven & Co. Nigeria Limited, Fountain Insurance Brokers Limited and Consolidated Risk Insurers Plc from 1985 to 2007 during which he held senior executive positions.

He holds a B.Sc. degree in Insurance and an MBA, both from the University of Lagos, Nigeria. A Fellow of the Chartered Insurance Institutes of both London and Nigeria, Mr. Efekoha has attended several local and international educational programmes including but not limited to the Chief Executive Programme (CEP-14) of the Lagos Business School; Leading Change & Organizational Renewal, Private Equity & Venture Capital and Owner/President Management Program (OPM 57) of the Harvard Business School, Boston, USA.



## Board Of Directors



**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 Institute 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, Banking and Finance.

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 and a member of the Executive and Governing Council of the Lagos Business School Alumni Association (LBSAA).



**Mrs. Mary Adeyanju**

Executive Director, Operations

Mrs. Adeyanju was appointed to the Board on 27th July 2016, she 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 Plc.

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.

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## Board Of Directors



**Dr. Layi Fatona** Non-Executive Director

Dr. Layi Fatona joined the Board of Directors on 25th April 2019, He is the Chief Executive officer of Niger Delta Exploration and Productio Plc, where he pioneered the first and only privately-owned and operated refinery in Nigeria (The Ogbele Mini Refinery). a Petroleum Geologist with more than forty years of oil industry experience. He graduated with a Bachelor of Science Degree in Geology at the University of Ibadan (Nigeria) in 1973 and obtained both the Masters of Science and Doctorate degrees in Petroleum Geology and Sedimentology from the Royal School of Mines, Imperial College of Science, Technology and Medicine, University of London.

He started his career as a Review Geologist responsible for regional geological studies in the Niger Delta with The Shell Petroleum Development Company, rising through the ranks in the seven years he was there. He left to join other like minds to start up Geotrex Systems Limited (Petroleum Exploration and Production Consultants) starting as a Senior Consultant and currently retaining the position of Chairman of the Company.

He holds other board positions across the industry. Layi is a staunch believer in the ability of indigenous minds to control the narrative of the Nigerian oil and gas industry. He insists that Nigerians can and should increasingly play major roles in exploring, producing and creating additional value for the country and its people from our vast oil and gas reserves.

He is a member of various professional bodies and has won several awards and recognitions over the years for his contributions to the general areas of Petroleum Engineering and Geology. He is a past President and Fellow of the Nigerian Association of Petroleum Explorationists (NAPE), a Certified Petroleum Geologist of the American Association of Petroleum Geologist (AAPG), the 6th and 2010 recipient of the prestigious highest ranking "Aret Adams Award" of the Nigerian Association of Petroleum Explorationists, the 2012 recipient of the Nigerian Mining and Geosciences Society (NMGs) NMGs/DPR/Chief M.O. Feyide Award, and a "Master Class Finalist" in the 2011 Ernst & Young - Entrepreneur of the Year Award series.

As an explorationist, he isn't resting on his oars and continues to seek means of creating awareness, growth and local participation in the industry. He is married with children.



**Mrs. Adebola F. Odukale** Non-Executive Director

Mrs. Bola Odukale joined the Board on 1st April 2016, She 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.

Mrs. Odukale is a member of the Governing Council of the Nigerian Insurers Association (NIA) and Chartered Insurance Institute of Nigeria (CIIN).

## Board Of Directors



**Prince Ben Onuora**

**Non-Executive Director**

Prince Ben Onuora joined the Board on 1st April 2016, He 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).



**Mr. Shuaibu Abubakar Idris mni**

**Independent Non-Executive Director**

Mr. Shuaibu Idris joined the Board on 26th October 2016, He 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 and lending banker and rose to senior management and director positions respectively at 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 serves on the board of several private limited liability companies and public quoted companies as an Independent Director. He also serves as a member of the Board of Trustees of several NGOs and BMOs.

## Board Of Directors



**Mrs. Ngozi Nkem**

**Non-Executive Director**

Mrs. Ngozi Nkem joined the Board on 8th December 2011. She 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.

She retired from the Board after serving her full term of nine years in line with the extant regulatory guidelines.



## Result At A Glance

	Group			Company			
	31 December 2020 N	31 December 2019 N	%	31 December 2020 N	31 December 2019 N	%	Change
Financial Position							
Cash and cash equivalents	3,173,916,076	1,717,868,438	85%	2,175,313,539	1,062,065,613	105%	1,456,047,638
Financial assets	4,428,386,705	4,197,638,009	5%	3,683,146,676	3,632,940,135	1%	230,748,696
Trade receivables	693,935,347	403,746,494	72%	481,030,540	199,899,308	141%	290,188,852
Investments	4,827,602,714	4,206,415,652	15%	6,105,949,936	5,118,466,968	19%	621,187,062
Other receivables & prepayments	129,353,111	209,056,966	-38%	388,249,870	313,691,585	24%	(79,703,855)
Assets	1,058,146,881	1,007,097,730	5%	994,066,257	963,943,336	3%	51,049,152
Total assets	14,311,340,834	11,741,823,290	22%	13,827,756,819	11,291,006,944	22%	2,569,517,545
Insurance contract liabilities	5,208,233,152	4,105,083,759	27%	5,014,339,773	3,923,826,888	28%	1,103,149,393
Total liabilities	5,989,742,738	5,128,127,677	17%	5,701,516,587	4,809,492,296	19%	861,615,061
Issued and paid up share capital	5,420,000,000	4,065,000,000	33%	5,420,000,000	4,065,000,000	33%	1,355,000,000
Share premium	168,933,834	155,264,167	9%	168,933,834	155,264,167	9%	13,669,667
Contingency reserve	2,136,621,663	1,855,299,252	15%	2,136,621,663	1,855,299,252	15%	281,322,411
Statutory reserve	45,964,378	36,863,982	25%	-	-	-	9,100,395
Retained earnings	550,078,221	501,268,212	10%	400,684,735	405,951,229	-1%	48,810,009
Shareholders fund	8,321,598,096	6,613,695,613	26%	8,126,240,232	6,481,514,648	25%	1,707,902,482
Comprehensive Income							
Gross premium	9,775,797,397	8,691,234,590	12%	9,377,413,707	8,385,947,285	12%	1,084,562,807
Net Premium earned	6,007,134,006	4,945,272,421	21%	5,651,908,307	4,720,359,957	20%	1,061,861,585
Net underwriting income	6,500,507,759	5,464,910,450	19%	6,145,282,060	5,239,997,985	17%	1,035,597,308
Investment & other income	1,058,434,847	950,944,006	11%	743,705,149	630,703,881	18%	107,490,842
Total Revenue	7,558,942,606	6,415,854,456	18%	6,888,987,209	5,870,701,866	17%	1,143,088,150
Claims paid	(2,565,905,415)	(1,679,271,042)	53%	(2,344,485,928)	(1,547,298,877)	52%	(886,634,373)
Underwriting expenses	(2,073,847,971)	(1,957,228,763)	6%	(2,043,917,985)	(1,939,548,370)	5%	(116,619,208)
Operating & Administrative expenses	(2,146,624,937)	(2,067,880,186)	4%	(1,794,138,119)	(1,716,472,888)	5%	(78,744,751)
Total Benefits, Claims and Other Expenses	(6,786,378,323)	(5,704,379,991)	19%	(6,182,542,032)	(5,203,320,134)	19%	(1,081,998,331)
Profit before tax	772,564,283	711,474,463	9%	706,445,177	667,381,732	6%	61,089,819
Income tax expense	(94,581,467)	(111,159,875)	-15%	(91,639,259)	(81,307,778)	13%	16,578,408
Profit for the year	677,982,816	600,314,588	13%	614,805,918	586,073,954	5%	77,668,227
Basic and diluted earnings per share (Kobo)	6.90	7.38		6.26	5.78	5%	

Overview

Performance Report

Corporate Governance

Financial Statement

Appendix

“

With the benefit of hindsight,  
we are quite optimistic that future  
operating results would be  
significantly improved upon as the  
Macro Economic Environment and  
Global Outlook presents brighter  
pictures in the years ahead

”

## Chairman's Statement

**F**ellow Shareholders, My colleagues on the Board, Distinguished Ladies and Gentlemen,

I am quite delighted to welcome you to this year's Annual General Meeting of your company for the presentation and review of the results of a unique year for us all, 2020.

You have indeed been steadfast in your support for your company, as we count our successes over the years and gradually embark on the march towards our 15th Anniversary in 2022. The journey which started in 2007 with a General Business company has now witnessed the emergence of fledging subsidiaries in Health Insurance, Assets Management and Financing as well as Micro Life Assurance operations.

The Financial Year under review, 2020 was one of the most challenging years in recent times, not just for your organisation and the financial services sector in which we operate, but the entire local and global economy. That the challenge emanated from Corona Virus (COVID-19) pandemic is no longer news due to the resultant economic and social lockdown for a significant part of the year. We are glad to inform you that despite the negative impact on the operating environment, we are reporting another twelve months of success with growth in key performance indices.



Mr. Obinna Ekezie

Chairman Board of Directors

## Chairman's Statement

With the benefit of hindsight, we are quite optimistic that future operating results would be significantly improved upon as the Macro Economic Environment and Global Outlook presents brighter pictures in the years ahead.

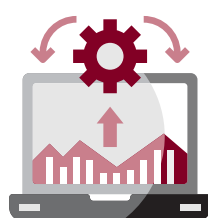
### GLOBAL OUTLOOK:

In 2020, Global economic growth got quite a huge shock as the effects of the lockdown and travel restrictions imposed by practically all countries led to an industrial shutdown with the attendant disruption in global supply chains. As the wheels of production grounded to a halt, the International Monetary Fund in its April, 2020 World Economic Output Report projected that the world economy would contract sharply by -3% in 2020, a figure which is much worse than the 2008-2009 financial crisis. However, its report of June, 2020 further reviewed the growth projections for the year to -4.9%, a 1.9% points below the earlier April forecast, positing that the pandemic had a more negative impact on activity during the first half of 2020 than previously forecasted.

Nigeria's primary Foreign Exchange earner, Crude Oil was gravely hit by a glut as demand plummeted sharply, leading to a sharp decline in price. Brent crude, the equivalent of Bonny Light fell to an all-time low of \$9.12 per barrel in April, from a high of \$70 at the beginning of the year. Russia and Saudi Arabia had disagreements on production cuts which would have buoyed prices. However, oil prices rebound later in the year as hopes rose for the possible roll out of COVID-19 Vaccines to curtail the impact of the pandemic.

There were hopes that the trade war between the two leading global economies - the United States and China will subside eventually following the signing of a trade deal by the then United States President, Donald Trump in June, 2020. The trade deal was geared towards, among others to open up Chinese markets to more American companies, and provide greater protection for American technology and trade secrets. On its part, China made commitments towards easing some tariffs placed on American goods and purchasing additional

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Your  
company  
is once  
again  
reporting a  
positive  
result.  
The  
summary  
of our key  
figures  
shows  
that we  
generated  
an all-time  
high  
Gross  
Premium  
Written  
of  
N9.77 billion  
which  
represents a  
12% growth  
”



American goods worth several billions of the United States Dollars.

China is increasingly becoming the major trading partner of most developing nations including Nigeria, and the effects of the trade war between the two top industrial giants has its impact on other connected economies.

### NIGERIAN OPERATING ENVIRONMENT

Several factors had tremendous impact on the operating environment in 2020 besides the lock down occasioned by COVID-19 Pandemic. These include the fall in crude oil prices, exchange rate of the naira and the foreign reserves of the country.

#### Exchange Rate

The gap between the official exchange rate of the naira and the main foreign currency, the \$USD continued to widen, even as the government devalued the naira twice in the course of the year, first in March 2020 by adjusting the rate from ₦307:\$1 to ₦360:\$1 and later to ₦381:\$1 at the beginning of the third quarter. This is even as the dollar continued to exchange at the parallel market above ₦450:\$1. Meanwhile, the country's foreign reserves, taking a hit from the global crude oil price, depleted from \$38.5bn at the beginning of the year to \$35.36bn in December.

#### Gross Domestic Product

The National Bureau of Statistics NBS reported a 1.87% growth in Nigeria's GDP in Q1 2020. This was a drop of -0.23% points compared with Q1 2019 and -0.68% when compared with Q4 2019. In Q2 2020, the country's GDP declined by 6.10%, a drop of 8.22% when compared with Q2 2019 and 7.97% when compared with Q1 2020. During the 3rd Quarter of the year, the economy recorded yet another contrast, though milder at -3.6% Year-on-Year, thus officially plunging the country into a second recession in less than 5 year. However, the recession was short-lived as the Q4 GDP figures showed a return to growth, albeit marginally. The GDP for the closing Quarter of the year rose by 0.11% Year-on-Year in real terms. The full year growth however stood at -1.92%, lower than the 2.27% of 2019 and a deviation from the -

## Chairman's Statement

3.5% projected by the International Monetary Fund.

Oil exploration in the Niger Delta region continued in an atmosphere of relative peace, though the country could not take advantage of this to increase output due to the global glut in world supplies occasioned by the pandemic.

The contribution of the non-oil sector of the economy to the GDP as at Q4 2020 was significantly higher at 94.13% than that of the oil sector. Q3 2019 (92.68) and Q3 2020 (91.27%)

Measures taken by the Central Bank of Nigeria (CBN) including the introduction of the Investors' and Exporters' window (NAFEX rate) helped to attract inflows in foreign portfolio investments, thus improving foreign exchange liquidity. There was eventually a near convergence between the official exchange rate of the Naira and the parallel market rate with a somewhat stability at ₦365 to \$1 USD.

### Inflation

From the reported rate of 12.13% in January 2020, the annual inflation rate rose to 15.75% in December, according to data from the National Bureau of Statistics. This growth, the highest in about three years was attributed, especially as at December to the steep rise in the food index by 19.56% when compared with that of the previous month which stood at 18.3%.

### NSE Market Capitalization

The Market Capitalization of the Nigerian Stock Exchange, which opened the year 2020 at ₦12.97trn closed at ₦20.66 trillion on 31st December 2020, while the All Share Index which opened in January at 26,867.79 basis points closed the year on a positive note at 39,512.31.

Investors capitalized on the alternate investment window at the NSE due to low yields that characterized the fixed income market, thus making the market return the highest annual growth since 2013.

### NIGERIAN INSURANCE ENVIRONMENT

Insurance operated within an environment of growing inflation and not so favorable

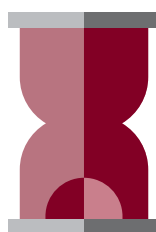
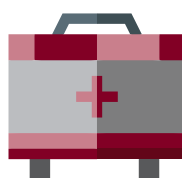
economic fundamentals. The inflation rate, further to previous analysis, remained high and far from single digit levels, leaving the generality of the populace who are insurance consumers with low disposable income, and less to spare for the much needed vital protection of their valued assets. Revenues of operators remained low during the year as the retail market remains to be fully explored.

### CAPITAL RAISE

The local insurance operating environment was also characterized by activities of operators geared towards meeting the recapitalization thresholds set by the industry regulator the previous year. The first phase of the recapitalization exercise required that operators meet a minimum of 50% of the new requirement by December, 2020 and the balance to be met in September, 2021. Initial efforts by some operators in this regard led to the injection of capital by foreign investors while mergers and acquisition processes and capital raise were initiated by some other operators before the exercise came to an abrupt halt following a December 21, 2020 restraining order of the federal high court in Lagos. The court action was filed by a group of shareholders to restrain the National Insurance Commission (NAICOM) from continuing with the recapitalization exercise.

Your company however proactively continued with the raising of additional capital, with a successful Rights Issue where 2,032,500,000 shares were offered and fully subscribed notwithstanding the limitations imposed by the pandemic. We thank you for your immense support which culminated in the success of the capital raise and shall not relent in taking further steps to boost our working capital as we await further developments on recapitalization from the industry regulator.

The next phase of our fund drive shall be conveyed to you, distinguished shareholders, as we take definite steps towards meeting the N10 billion threshold, subject to further developments in the industry.





## Chairman's Statement

### OPERATING RESULTS

I am delighted to inform you, as the results being presented today indicate, that despite the limitations on the economy during the financial year 2020, your company is once again reporting a positive result. The summary of our key figures shows that we generated an all-time high Gross Premium Written of ₦9.77 billion which represents a 12% growth when compared with the ₦8.69 billion reported in the same period of 2019. The Net Underwriting Income grew from ₦5.46 billion in 2019 to ₦6.5 billion in 2020. Claims expenses jumped by 21% from ₦3.45 billion in 2019 to ₦4.17 billion in 2020, an affirmation of our commitment to continually maintain our sterling reputation of ensuring that customers get value through prompt payment of all valid claims.

We also recorded a modest growth of 8.6% in Profit Before Tax which moved from ₦711 million during the preceding year to ₦772 million in 2020, while Profit After Tax increased to ₦677.98 million from ₦600.31 million in 2019.

Total Assets increased by 22%, growing from ₦11.74 billion to ₦14.31 billion in the year under review.

### DIVIDEND

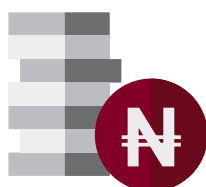
In line with our desire to continually ensure appreciable returns to our shareholders, the Board of Directors wishes to recommend an interim dividend of ₦216.8 million for your consideration and approval. This translates to two kobo per ordinary share of 50 kobo subject to appropriate withholding tax. We remain committed towards regular dividend payments to our shareholders in appreciation of their faith in the company.

The dividend is payable to members whose names appear in the register by close of business on the date earlier published in the Notice of Annual General Meeting.

### FUTURE OUTLOOK:

With business operations now getting back fully to normal and the effects of the global pandemic gradually waning, especially in our local operating environment, we are quite hopeful of further improvement in performance.

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While  
Profit  
After  
Tax  
increased  
to  
N677.98  
million  
from  
N600.31  
million  
in 2019.  
Total  
Assets  
increased  
by 22%,  
growing  
from  
N11.74  
billion  
to  
N14.31  
billion  
in the  
year  
under  
review.  
”



We are not unmindful though, of the effects which the devaluation of the naira will have on the local economy, but are quite hopeful that as the environment becomes more conducive for operators, coupled with the injection of additional capital and improved drive towards awareness creation, we will record improved performance.

The years ahead are indeed bright as we leverage on our continued expansion as a one stop insurance and other financial services provider through our subsidiaries in Health Maintenance, Assets Management and the coming on stream of our Micro Life Assurance firm.

### APPRECIATION

There is no doubt that it has been another successful year of operations and I wish to wholeheartedly thank you all for your immense support over the years. I appreciate you all, dear Shareholders, our partners- the Insurance Brokers, teeming Agents and all our customers who have remained loyal to us.

I also deeply appreciate you, my fellow members on the board for your steadfast support.

Finally, to the management team, led by the Group Managing Director and entire staff, I say a big thank you for your relentless efforts towards growing our company to gradually become one of the foremost players.

Thank you all.

Obinna Ekezie  
Chairman, Board of Directors  
June, 2021.



“

The results being reviewed today show once again we recorded an all-time high growth in the key financial performance indicators.

Our Gross Premium Written in 2020 rose to N9.77bn. This is quite remarkable when compared with the N 8.7bn recorded during the preceding year (2019).

”

**Group Managing Director  
/CEO's Statement**

**D**ear Distinguished Shareholders,

Members of the Board of Directors,  
Ladies and Gentlemen,

The 2020 Financial Year was one unique year in history due to the Covid-19 pandemic that culminated in a global lockdown of businesses, travel and general public life. It redefined the conventional ways of doing things. Those that survived the year will remain eternally grateful for God's bountiful grace in surmounting the health, economic and social challenges attendant to COVID-19. I commiserate with the families and friends of many who lost their lives to the pandemic.

Notwithstanding the significant negative economic and social impact of the pandemic, the results being reviewed today showed once again that we recorded an all-time high growth in the key financial performance indicators. Our Gross Premium Written in 2020 rose to ~~N~~9.77 billion. This is quite remarkable when compared with the ~~N~~8.7 billion



**Mr. Eddie A. Efekoha**  
Group Managing Director/CEO

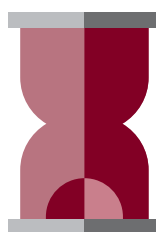
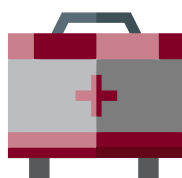
recorded during the preceding year (2019). Profitability also increased significantly to ₦677.98 million as Profit After Tax, from the ₦600.31 million recorded in 2019. By the year 2020, our Company would be marking its 13th year of operation post-merger, and we look forward to more success stories to reflect upon.

It is imperative to mention that these results were achieved at a time the economy experienced a complete lockdown for a significant period which spanned over five months. That we were able to retool our operations quickly to adapt to changes and still post improvements over the corresponding period of 2019 attests to our resilience as a people, an organization and country in general. Indeed, our staff have since adapted to the new normal in delivering on their work obligations while working on site or off site.

The economy remained a mixed bag of fortunes during the year. While the Monetary Policy was mostly stable, investors beat a retreat from the money market due to prevailing low interest rates. The NSE equally witnessed an upsurge in transactions which culminated in the NSE being adjudged as one of the best performing exchanges globally in 2020.

The interest rate regime fell sharply while focus shifted largely to ensuring the security of investment portfolio than pursuit of high-risk, high return options. Consequently, our investment income took a slide from ₦1.080 billion in 2019 to ₦940 million in 2020.

“  
Your company is continually committed towards meeting its claims obligations to our numerous customers. Claims expenses increased from ₦3.44bn in 2019 to ₦4.17bn in 2020, a 21% jump.  
”



## INSURANCE INDUSTRY

### Recapitalization

One other key issue which dictated the pace of the insurance industry during the year under consideration is the reviewed timetable for recapitalization by operators who were required to meet 50% of the set threshold by 31st December, 2020. The industry regulator, National Insurance Commission (NAICOM), had in 2019 set the following as minimum capital requirements:

	Previous	New
Life	₦2billion	₦8billion
General Business	₦3billion	₦10billion
Composite	₦5billion	₦18billion
Re-insurance	₦10billion	₦20billion

Your Company, as part of measures towards meeting the new capital threshold, offered a total of 2,032,500,000 ordinary shares to existing shareholders, an offer which was fully subscribed.

Our successful Rights Issue thus sent a signal of our commitment towards meeting the new requirement, as we achieved 50.7% of the mandated ₦10 billion thresholds by raising our capital to ₦5.065 billion in November 2020, ahead of the earlier deadline of December 31, 2020 for 50% as a General Business insurer. Your Company shareholders fund stood at ₦8.03 billion as at end of December, 2020.

Although the industry recapitalization programme is currently on hold, NAICOM has continued to adopt other measures and initiatives for the effective regulation of the industry, some of which include the automation of the Annual Returns filing and licensing of

## Group Managing Director/CEO's Statement

more insurance companies to stimulate competition in the market. They have also allowed existing operators to establish Micro-Insurance Business as a department; a development that is intended to drive up financial inclusion and increase insurance penetration in Nigeria.

### CLAIMS PAYMENT

Your Company is continually committed towards meeting its claims obligations to our numerous customers. Claims expenses increased from ₦3.44 billion in 2019 to ₦4.17 billion in 2020, a 21% jump.

I am pleased to inform you that we regularly settle all fully documented claims ahead of the deadline stipulated by the Regulators, and do not have a single unsettled claim in our books which is overdue.

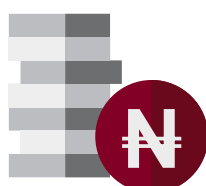
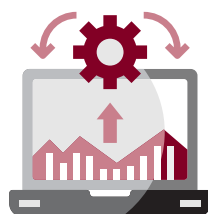
While increasing claims settlement is not a bad development, it could also reflect the need for improved underwriting measures to isolate bad risks and reward good ones. We have therefore adopted enhanced underwriting measures to enhance operational efficiency and customer service.

We believe these measures, coupled with our robust reinsurance arrangement to which we devote a significant amount of our revenue, will play a vital role in improving our profitability in the future.

### HUMAN CAPITAL DEVELOPMENT

The unique times we are in propelled us during the 2020 Financial Year to fully take advantage of digital training tools (e-learning management) to continually provide requisite knowledge to all members of staff. Our robust annual training calendar is regularly fine-tuned to align with new realities. Consequently, we have since

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Your  
company,  
the second  
in the  
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to be  
awarded  
the ISO  
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was  
recertified  
in 2020  
after a  
successful  
assessment  
of its  
processes  
in line  
with  
global  
standards.  
”



migrated activities from being a fully present offline model to fully digital operational structure during the lockdown to ensure availability of services to our customers. We have also put in place a Remote Working Policy to build on the gains realised from the virtual working experience gained during the COVID - 19 related lockdown period.

To engender an effective and encompassing appraisal of staff performance, we are already test running the 360 Degree Performance Appraisal system. This, coupled with our existing Balance Scorecard model, will ensure that talents are identified, developed and rewarded.

Let me mention that your Company continued with the Graduate Trainee Scheme in 2020. The graduates of the first batch were retained as full employees of the Company while the second batch of trainees have started their one-year long internship experience with us. Your Company is doing its best to reduce the high rate of unemployment especially among our teeming young population.

### RATING AND AWARDS

Your Company, the second in the insurance industry to be awarded the ISO Quality Management Systems certification, was re-certified in 2020 after a successful assessment of its processes in line with global standards.

We have also retained our stable Bbb rating by Agosto & Co, a foremost rating agency in Nigeria. We therefore remain an investment grade business with strong liquidity and capital adequacy.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company was at the forefront of the industry-wide effort in providing

## Group Managing Director/CEO's Statement

support for the frontline health care workers by contributing to the pool of funds set up by the Nigerian Insurers Association in collaboration with the National Insurance Commission during the peak of the COVID-19 outbreak. We are pleased to note that this kind gesture of the Industry was well acknowledged by the Federal Government.

Our flagship Corporate Social Responsibility initiative, the Annual Essay Competition, is currently in its 10th edition and has continued to attract the attention of more participants in Institutions of Higher Learning offering Insurance and Actuarial Science nationwide. Students in these institutions now look forward annually to the competition as a veritable means of deepening their research skills, while accessing a substantial monetary award in the process (Prize money - ₦500,000) and the possibility of employment in the organization.

### FUTURE OUTLOOK

Your Company has now evolved fully into a One-Stop-Shop for the provision of Insurance and Other Financial Services with our operations in General Insurance, Micro Life Assurance, Health Maintenance and Assets Leasing and other forms of financing.

Our outlook about the future remains very bright and we foresee an increasing positive contribution of the subsidiaries - Grand Treasurers Limited, Hallmark HMO, and recently CHI Micro-Insurance to the overall results of the Group.

### APPRECIATION

I want to appreciate all our esteemed customers, for their abiding faith in us, and for entrusting their valuable

assets and people to us for protection. We also wish to immensely thank our major partners, the insurance brokers and agents. Their patronage over the years is appreciated. We can only pledge not only to continue to meet but exceed their expectations in terms of quality service delivery to our mutual clients - the INSURED.

My colleagues on the Board, led by the Chairman, have been very supportive as we navigated through a very tough year. I thank you so much.

The Management and Staff of our Company have been relentless in the pursuit of best-in-class customer service and value delivery to Shareholders. I say a big thank you to each of you.

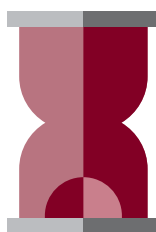
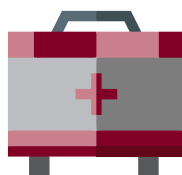
To you, our esteemed Shareholder, we appreciate your continued confidence in us to deliver on your mandate and create value for your investment. We shall continue to push in that direction, that is our duty to you, and we will continue to give it our best shot always.

In all of these, I cannot but express my immense gratitude to God Almighty for ensuring we remain in business despite all odds. He has indeed been faithful to us, and To Him Alone Be All The Glory.

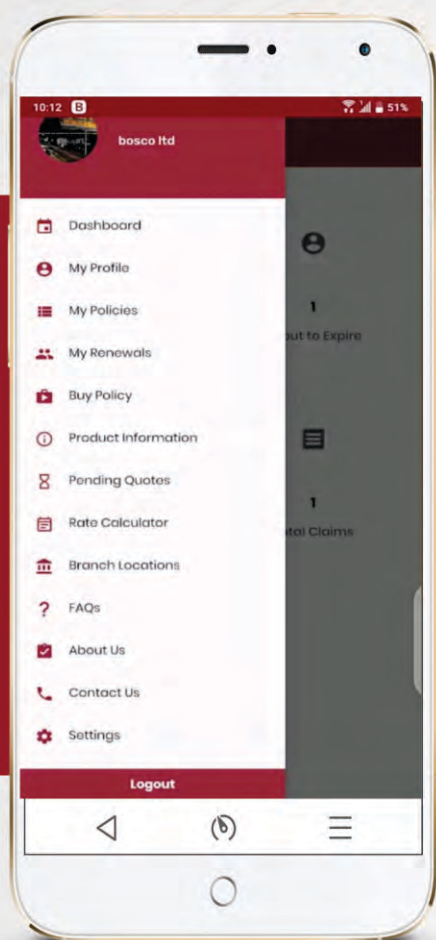
Thank you.



**Eddie A. Efekoha**  
Group Managing Director/CEO  
June, 2021







# DO MORE WITH MY CHI APP

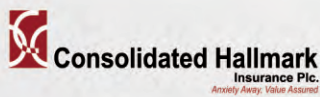
Get your Motor Insurance  
Policy without Hassles

Fast


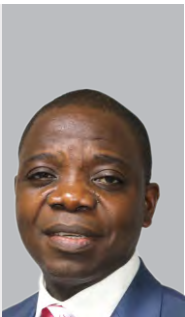









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## Executive Management Team

	<b>Eddie Efekoha</b> Group Managing Director/CEO		<b>Babatunde Daramola</b> Executive Director (Finance, Systems & Investment)		<b>Mary Adeyanju</b> Executive Director (Operations)
	<b>Mac Ekechukwu</b> Regional Director (North)		<b>Ijeoma Pearl Okoro</b> Regional Director (East)		<b>Ose Oluyanwo</b> Regional Director (Lagos Central)
	<b>Tope Ilesanmi</b> Regional Director (Retail & West)		<b>Katherine Itua</b> Divisional Director (Audit/Risk Management)		<b>Orjiako Jimale</b> Divisional Director (Technical Group)
	<b>Rukevwe Falana</b> Company Secretary/ Legal Adviser		<b>Gbenga Totoyi</b> Group Head (Human Resources)		

## Subsidiaries

	<b>Dotun Adeogun</b> Managing Director, Hallmark HMO		<b>Adetunji Junaid Tolani</b> Managing Director Grand Treasurers Ltd		<b>Karieren Pius</b> Managing Director CHI MicroInsurance Ltd (Life Assurance)
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## Corporate

## Governance

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# Directors' Report

For the year ended 2020

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 31st December 2020

## 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 Company engaged in general insurance business and maintained 11 corporate offices.

## Operating Results

	Group			Company		
	2020	2019	% Change	2020	2019	% Change
Gross Written Premium	9,775,797,397	8,691,234,590	12%	9,377,413,707	8,385,947,285	12%
Gross Premium Earned	9,698,993,709	8,302,808,423	17%	9,343,768,010	8,077,895,958	16%
Net Premium Earned	6,007,134,006	4,945,272,421	21%	5,651,908,307	4,720,359,957	20%
Net Claim Paid	(2,565,905,415)	(1,679,271,042)	53%	(2,344,485,928)	(1,547,298,877)	52%
Management Expenses	(2,146,624,937)	(2,067,880,186)	4%	(1,794,138,119)	(1,716,472,888)	5%
Underwriting Profit	1,860,754,373	1,828,410,645	2%	1,756,878,147	1,753,150,739	0%
Profit Before Tax	772,564,284	711,474,463	9%	706,445,177	667,381,731	6%
Profit After Tax	677,982,816	600,314,588	13%	614,805,918	586,073,953	5%

## 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.	Mr. Obinna Ekezie	Non-Executive Director	Appointed 1st April 2016
5.	Mrs. Ngozi Nkem	Non-Executive Director	Retired on 8th December 2020
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.	Dr. Layi Fatona	Non-Executive Director	Appointed 25th April 2019



# Directors' Report

For the year ended 2020

## 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	Direct As at December 2019	Indirect As at December 2019	Direct As at December 2020	Indirect As at December 2020	December 31, 2020 % of Holding
Mr. Obinna Ekezie	-	467,289,121	-	526,537,893	4.86%
Mrs. Adebola Odukale	-	1,079,980,650	-	1,151,979,358	10.63%
Mr. Eddie Efekoha	704,840,451	345,999,075	1,040,000,000	586,798,809	15.01%
Mrs. Ngozi Nkem	260,000,000	638,118,755	277,333,333	659,326,671	8.64%
Prince Ben Onuora	21,372,259	-	43,655,598	-	0.40%
Dr. Layi Fatona	-	1,360,811,437	-	2,818,442,750	26.00%
Mr. Babatunde Daramola	14,375,615	-	26,834,481	-	0.25%
Mrs. Mary Adeyanju	21,731,666	-	33,953,777	-	0.31%

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 (Retired on 8th December 2020)	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

# Directors' Report

For the year ended 2020

## SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2020 were as follows:

Shareholder	Units Held	%
Sephine Edefe Nigeria Limited	586,798,809	5.41%
Capital Express Assurance Co. Ltd	1,066,666,666	9.84%
Mr. Eddie Efekoha	1,040,000,000	9.59%
Niger Delta Exploration & Production Plc	2,754,442,750	25.41%

## SHAREHOLDING ANALYSIS

The range of shareholding as at 31st December 2020 is as follows:

Range of Holding	No of Shareholders	Share Holdings	Share Holdings %
1 - 10,000	3,363	12,257,151	0%
10,001 - 100,000	4,031	128,543,794	2%
100,001 - 1,000,000	1,472	386,772,968	5%
1,000,001 - 10,000,000	309	765,641,994	8%
10,000,001 - 100,000,000	43	1,203,051,774	10%
100,000,001 - ABOVE	15	8,343,732,319	75%
10,840,000,000	9,233	10,840,000,000	100%

## DIRECTORS RESPONSIBILITIES

The Company's Directors are responsible, in accordance with the provisions of Section 377 of the Companies and Allied Matters Act 2020, 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 Act 2003 and Companies and Allied Matters Act 2020. In doing so they ensure that:

- Proper accounting records are maintained.
- Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularity.
- Applicable accounting standards are followed.
- Suitable accounting policies are consistently applied.
- Judgments and estimates made are reasonable and prudent and consistently applied.
- 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 year are shown in note eleven on pages 95 to 98. 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.

# Directors' Report

For the year ended 2020

## 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, accounting and banking industry. 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.

The details of the composition of the Board are stated below:

Mr. Obinna Ekezie	Non-Executive Director (Appointed 1st April 2016)
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Mrs. Ngozi Nkem	Non-Executive Director (Retired on 8th December 2020)
Mrs. Adebola Odukale	Non-Executive Director (Appointed 1st April 2016)
Prince Ben C. Onuora	Non-Executive Director (Appointed 1st April 2016)
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 six times in 2020 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.

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## 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)
4. Board Remuneration Committee (created 28th October 2020)

### 1. BOARD FINANCE, INVESTMENT & GENERAL PURPOSE COMMITTEE (FIGPC)

#### PURPOSE

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 advise 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 its 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 Board the top debtors
- 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.

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.

# Directors' Report

For the year ended 2020

## MEMBERSHIP/COMPOSITION

Mrs. Bola Odukale	Non-Executive Director	Chairman
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.
- 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 (Retired on 8th December 2020)	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member



# Directors' Report

For the year ended 2020

## 3. 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 five times during the period under review.

### MEMBERSHIP/COMPOSITION

Prince Ben Onuora	Non-Executive Director	Chairman
Mrs. Ngozi Nkem <i>(Retired on 8th December 2020)</i>	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

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# Directors' Report

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## ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FIGPC	ARMC	BEGC	REMUNERATION
Mr. Obinna Ekezie	6	N/A	N/A	N/A	N/A
Mr. Eddie A. Efekoha	6	5	5	5	N/A
Mr. Shuaibu Idris	6	N/A	5	4	Member
Prince Ben Onuora	6	4	N/A	5	Member
Mrs. Adebola Odukale	6	5	5	N/A	Member
Mrs. Ngozi Nkem (Retired on 8th December 2020)	5	N/A	3	4	N/A
Mrs. Mary Adeyanju	6	5	N/A	5	N/A
Mr. Babatunde Daramola	6	5	N/A	5	N/A
Dr. Layi Fatona	6	5	N/A	N/A	Member
	24/02/20	22/01/20	27/01/20	23/01/20	
	09/06/20	21/05/20	21/02/20	22/05/20	
	26/06/20	24/07/20	21/05/20	27/05/20	
	29/07/20	22/10/20	27/07/20	24/07/20	
	28/10/20	03/12/20	22/10/20	20/10/20	
	10/12/20				

## 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 Corporate Governance and also fueled by the necessity to reinforce the Board by continually injecting new energy, fresh ideas and perspectives.

## ATTENDANCE RECORD OF DIRECTOR RETIRING BY ROTATION SUBJECT TO RE-ELECTION

	BOARD	FIGPC	ARMC	BEGC
Dr. Layi Fatona	5	5	N/A	N/A

## STATUTORY AUDIT COMMITTEE

The constitution and composition of the statutory audit committee is in compliance with Section 404 of the Companies and Allied Matters Act, 2020. 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
Prince Ben Onuora	Non-Executive Director	Member
Mr. Shuaibu Idris	Independent Non-Executive Director	Member
Mrs. Bola Odukale	Non-Executive Director	Member

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## 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.

## 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		February 21 2020
Mr. Tony Anonyai	Shareholder/Chairman	✓
Chief James Emadoye	Shareholder	✓
Chief Simon Okiatorhoro	Shareholder	✓
Prince Ben Onuora	Director (became a Member 26 August 2020)	✓
Mrs. Bola Odukale	Director	✓
Mrs. Ngozi Nkem	Director (Retired on 8th December 2020)	-
Mr. Shuaibu Idris	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 APPOINTMENT PROCESSES

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 2020.

## TRAINING AND INDUCTION OF NEW DIRECTORS

Training of 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

# Directors' Report

For the year ended 2020

Company on issues of ethics, conflict of interest and good corporate governance.

The Company Secretary also does the following:

Advise 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, assess 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 the following sponsorship and donations were made to organisations during the year, including:

ORGANISATION	AMOUNT
Professional Insurance Ladies Association	200,000.00
Ikeja Golf Club Captain's Day	300,000.00
Lagos Business School	1,000,000.00
The Veil Book Launch	500,000.00
Federal University of Technology, Owerri	500,000.00
Nigerian Insurers Association COVID 19 Industry Support	20,000,000.00
National Association of Insurance and Pension Correspondents	350,000.00
Catholic Home For The Needy, Ibadan	100,000.00
Retirement in Nigeria Public Book Launch	200,000.00
Obafemi Awolowo University, Ile-Ife	210,000.00
<b>TOTAL</b>	<b>23,360,000.00</b>



# Directors' Report

For the year ended 2020

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## 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 2020 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 401 of the Companies and Allied Matters Act 2020.

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.

# Independent Corporate Governance Evaluation Report To Shareholders



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3 June 2021

**TO: THE SHAREHOLDERS OF CONSOLIDATED HALLMARK INSURANCE COMPANY PLC**

**INDEPENDENT BOARD EVALUATION REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020.**

Consolidated Hallmark Insurance Plc ("CHI") engaged us, Planet Governance Advisory Limited, to undertake the evaluation of the Board of Directors of the Company. The mandate required that the Board Evaluation be conducted in line with the requirements of Principle 14 of the Nigerian Code of Corporate Governance ("NCCG") 2018, the Section 4 of the National Insurance Commission ("NAICOM") Code of Good Corporate Governance for the Insurance Industry in Nigeria, 2009 and the Securities and Exchange Commission ("SEC") Corporate Governance Guideline 2020, for the financial year ended 31st December 2020

In the course of executing the assignment, we reviewed governance documents and examined board practices as it relates to Board and Committee Structure and Composition, Processes, Board Dynamics, Succession Planning, Risk Management, Information Technology, Strategy, Stakeholders' Relations, Policies, etc. Also, the roles and activities of the Directors were evaluated under the Peer Evaluation System.

We obtained all the information and explanations relevant to the evaluations and which we believe were sufficient and appropriate to provide the basis for our conclusion.

In our opinion, the Board and its Committees have within the period under review, discharged their duties, responsibilities and oversight functions satisfactorily. We also believe that the Board is effective and has demonstrated sufficiently that it is committed to delivering on its mandate.

The areas of strength and areas requiring improvements have been brought to the attention of the directors for necessary actions.

Thank you

Dr Nosike Agokei  
Director FRC/2014/ICAN/0000008525

<b>Planet Governance Advisory Limited</b> RC 1493267 3 <sup>rd</sup> & 4 <sup>th</sup> Floors, St. Peter's House 3 Ajele Street, Lagos, Nigeria. Tel: +234 1 2702296 Email: planetgovernance@planetcapitaltd.com Website: www.planetcapitaltd.com	<b>Directors:</b> Dr. Nosike Agokei (Chairman) Mrs. Aderonke Adedeji Mrs. Aisha Abraham Dr. Abdul Buhari Mr. Chidi Agbapu Mr. Efe Akhigbe Dr. Tony Anonyai (Managing)
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# Statement of Directors' Responsibilities

In accordance with the provisions of Section 334 and 335 of the Companies and Allied Matters Act 2020 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and 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, 2020, 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 2020;
- 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 February 22, 2021 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

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We the undersigned hereby certify the following with regards to our Audited Financial Statements for the period ended December 31, 2020 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:

- Are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

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

## RISK MANAGEMENT PHILOSOPHY AND OBJECTIVES

As a financial service company active in general insurance and special risks, Consolidated Hallmark Insurance Plc is naturally exposed in its daily business activities and strategic planning to numerous types of risk. Risk management in practice is where companies steadily identify, quantify, and manage the various types of risk inherent to the operations. The most vital goals of a sound risk management program are:

- To manage the business' exposure to prospective earnings and capital volatility.
- To maximize value for the organization's different stakeholders.

We are fully committed to maintaining our existing strategy of embedding risk management in what we do as it is the source of value creation as well as an essential form of control. It is an integral part of maintaining financial stability for our customers, shareholders, and other stakeholders. Our sustainability and financial strength are buttressed by an effective risk management process which helps us identify major risks to which we may be exposed, while instituting appropriate controls and taking mitigating actions for the benefit of our customers, shareholders, and other stakeholders. The Consolidated Hallmark Insurance Plc's risk strategy is to invest its available resources to optimize the balance between return and risk whilst maintaining an appropriate level of economic capital and regulatory capital in accordance with its risk appetite.

Consequently, our risk management objectives are based on promoting a strong risk management culture amongst our staff, driven by a robust risk governance structure and clear risk appetites. We ensure that sufficient capital surpluses are available to meet the expectations of customers, shareholders, and other stakeholders. We also ensure that we are compliant with regulatory obligations, whilst meeting our responsibilities despite our risk exposures. Our operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on and their key performance indices (KPI) are aligned with the Group's overall business objectives subject to a rigorous monitoring.

The Group has a defined step by step approach with respect to risk management, whereby risks can be managed through the 4 T's, at each step.

**Treat:** Take action to control the risk either by reducing the likelihood of the risk developing or limiting the impact it will have on the project

**Transfer:** Some of our financial risks may be transferable via insurance or contractual arrangements or accepted by third parties

**Tolerate:** Nothing can be done at a reasonable cost to mitigate the risk or the likelihood and impact are at reasonable tolerance level.

**Terminate:** Do things differently and remove the risk

## INHERENT RISK VERSUS RESIDUAL RISK

The inherent risk is the one that exists before a company addresses it, that is the risk to the Group in the absence of any action taken to alter either its likelihood or its impact. These risks are reflected mainly on how you do business; its complexity, growth, changes; the staffing; technology and the organizational structure.

The residual risk is also known as "vulnerability" or "exposure". It is the risk that remains after the company has attempted to mitigate the inherent risk.

Adopting the approach of Enterprise Risk Management within the Group, where management provides assurance and internal audit provides reassurance, management is responsible for:

- Assessing the inherent risk (i.e., before mitigation and controls)
- Assessing the effectiveness of existing risk mitigation and controls
- Determining the residual risk (i.e., the risk that remains after mitigation and controls are implemented)
- Determining whether such exposure is within the company's risk appetite for that type of risk, and if not, taking additional steps to mitigate the risk
- Providing reasonable assurance to the Board that the controls are both effective and efficient in managing the exposure so that it remains within the Board-approved appetite for that type of risk.

## RISK MANAGEMENT RESPONSIBILITIES

Consolidated Hallmark Insurance Plc. has adopted the 'three-lines-of-defense' model where ownership for risk is taken at all levels in the Group. This model is widely adopted by financial services companies globally. It clearly sets out the risk management responsibilities across the business and it is consistent with the current regulatory risk-based approach, encompassing corporate governance, systems, and controls.

# Internal Control & Risk Management Report

First line of defense	Business unit management	Business unit heads are primarily responsible for managing risk within each of their business units. The process of assessing, evaluating, and measuring risk is ongoing and it is integrated into the day-to-day activities of the business. This process includes implementing the group's risk management framework, identifying issues, and taking remedial action where required. Business unit management is also accountable for reporting to the governance bodies within the group.
Second line of defense	Risk management unit	The risk management unit is primarily responsible for setting the group's risk management framework and policy, providing oversight and independent reporting to the Board through the board audit and risk management committee and the executive management. The business unit risk management functions implement the group's risk management framework and policy in the business units, approve risk within specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defense.
Third line of defense	Internal audit function	This provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures and reports to the board through the board audit and risk management committee.

## THE RISK MANAGEMENT FRAMEWORK

The Group Audit and Risk Methodology is fully risk-based and aligned on COSO's (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management (ERM) Framework. The COSO ERM Framework is the broadly accepted standard against which organizations can benchmark their internal control activities. The Consolidated Hallmark Insurance Plc's Risk Management Framework forms an integral part of the management and Board processes as well as the decision-making framework across the organization.

## RISK APPETITE

The risk appetite is the level of risk the Group acknowledges and can accept in the pursuit of its strategic objectives. The strategic and operational planning process supports the group in optimally exploiting its opportunities. This involves the consideration of the portfolio of opportunities identified by businesses, leading to decisions by the Board in relation to the opportunities the group wishes to pursue. Capital is allocated to businesses to support delivery of these plans. The group's required returns will be reflected in the targets set for businesses, including targets for return on capital employed, growth in business and profitability and dividend payment expectations. The group's business plan, capital allocation and business targets are therefore a key component of the group's risk appetite. Risk appetite will accordingly continually evolve and be reviewed.

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# Internal Control & Risk Management Report

## Governance structure

Strong independent oversight is in place at all levels throughout the group. The executive management committee carries out the oversight function for all risk types through the operations of the Chief Risk Officer. This committee considers and to the extent required, recommends for approval by the relevant board committee areas of risks that requires Board approval.

## Approach and structure

The group's approach to risk management is based on well established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at group level, beginning with proactive participation by the group chief executive and the group executive management committee in all significant risk matters, with independent risk management structures within individual business units.

Business unit heads are primarily responsible for managing risk within each of their businesses and for ensuring that appropriate, adequately designed, and effective risk management frameworks are in place, and that these frameworks are compliant with the group's risk governance standards.

To ensure independence and appropriate segregation of responsibilities between business and risk management, business units risk champions report operationally to their respective business unit heads and functionally to the group chief risk officer.

## Risk governance standards, policies, and procedures

The group has developed a set of risk governance standards for each major risk type to which it is exposed. The standards set out and ensure alignment and consistency in the way in which we deal with major risk types across the group, from identification to reporting.

All standards are applied consistently across the group and are approved by the board. It is the responsibility of executive management to ensure that the risk governance standards, as well as supporting policies and procedures, are implemented, and independently monitored by the risk owners and risk champions in that business unit.

## COVID -19 PANDEMIC AND ENDSARS PROTEST MANAGEMENT

The outbreak of the COVID-19 pandemic in Nigeria was first observed in February 2020. The negative impact of COVID 19 on business activities cannot be denied. This has posed some going concern risk for many entities across the globe. We are also aware of other risk activities that became more obvious ranging from health and hazard risk, financial risk, cyber security risk down to strategic risk. This has given rise to "new normal" which suggests new way of doing business and other activities across the globe. Business operations now thrive on a mix of physical and remote work. Business Strategies have been changed in line with the current realities to ensure continuous survival and meeting with our customers' needs and expectations.

While strategizing and implementing a new mode of operation because of the COVID-19 Pandemic, Nigeria experienced yet another major business disruption in October 2020 which presented itself in the form of EndSARS Protest.

Consolidated Hallmark Insurance Plc. is aware of all structural adjustment that needs to be considered to operate in the current realities, some of which has been implemented while others are ongoing. With the current activities of the company, Consolidated Hallmark Insurance Plc, is fully aware of the risks around its operations and is well positioned to function effectively in the face of any crisis.



**Katherine Itua (Mrs.)**

Chief Risk Officer

FRC/2012/ICAN/0000000514

# 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 working days after the receipt of such complaints while other complaints received by post shall be acknowledged in writing not later than 5 working 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](mailto:info@chiplc.com). Complaints can also be sent to our social media network accounts: @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.



## Complaint Policy Cont'd

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

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 Working days of the receipt of the complaint. If any matter or complaint 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 require 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 them] and *nemo iudex 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 register 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 complaints received and action taken together with records of the resolved complaints shall be kept by the Head of Customer Service and subject of review on a monthly basis by the Divisional Head of the Technical Group and by the Executive Management Team. The Internal Complaint Committee shall also review records of complaints 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 404(7) of the Companies and Allied Matters Act 2020, 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, 2020 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, 2020.

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 22, 2021

## Members of the Audit Committee

Dr. Tony Anonyai	-	(Shareholders' Representative)	Chairman
Mr. James Emadoye	-	" "	Member
Chief Simon Okiatorhoto	-	" "	Member
Prince Ben Onuora	-	(Non-Executive Director)	Member
Mrs. Adebola Odukale	-	" "	Member
Mr. Shuaibu Abubakar Idris <i>mni</i>	-	(Independent Non-Executive Director)	Member

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

# Independent Auditor's Report



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Website: [www.siao-ng.com](http://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, 2020

#### 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, 2020 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, 2020 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, 2020, 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:

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Audit & Accounting | Financial Advisory | Taxation | Human Resources

# Independent Auditor's Report



## Key Audit Matters

### Valuation of Insurance Contract Liabilities

*Refer to note 15 in the Group financial statements*

Management has estimated the value of insurance contract liabilities in the Group financial statements to be N5.208 billion (Company N5.014 billion) as at year ended 31st December, 2020 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:

- Estimates are subject to uncertainty from various sources including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation and economic conditions;
- The report is subject to terms and limitations including limitations of liability, agreed when commencing the exercise;
- 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.

### Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the Consolidated Hallmark Insurance Plc 2020 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

### How our audit addressed the key Audit Matters

Our procedures in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:

- 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.

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# Independent Auditor's Report



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, 2020, 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 Companies and Allied Matters Act, 2020 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.

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- 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.

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## Report on Other Legal and Regulatory Requirements

### ***Contravention of Regulatory Guidelines***

Company did not contravene any regulatory infraction during the year.

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

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

### ***Compliance with the requirements of the Companies and Allied Matters Act, 2020 and Nigerian Insurance Act 2003***

The Companies and Allied Matters Act 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.

A handwritten signature in blue ink, appearing to read 'Joshua Ansa', is written over a light blue grid background.

**For: SIAO  
(Chartered Accountants)  
Ikoyi, Lagos**



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

Date: 26/02/2021

# Statement of Significant Accounting Policies

For the year ended 2020

## 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 February 22, 2021.

### 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.

### Impact of Covid 19 on Financial Statement

Following the outbreak of COVID-19 pandemic, the Group instituted various measures to preserve the health and well-being of its employees, clients and communities while minimizing the impact of the pandemic on its Businesses in all the jurisdiction where it operates. The Group activated its Business Continuity Plans and came up with various initiatives to prevent business disruptions while ensuring adequate customer service delivery. Some of the measures adopted include internal awareness campaigns, enforcement of health and safety precautions, wearing of face masks, minimization of physical access to office premises, restriction of access to buildings to non-essential visitors, enforcement of social distancing protocols and virtual working approach to reduce exposure and replacement of face-to-face meeting meetings with video conferences or online meetings. The Group also came up with palliative measures to ease the difficulty encountered by obligors in identified vulnerable segments and partnered with Government on initiatives aimed at alleviating suffering brought by COVID-19.

The containment measures implemented against the COVID-19 pandemic such as lockdowns, travel restrictions, closure of non-essential businesses and skeletal service operations impacted economic activities during the year. The Federal Government and the CBN introduced palliatives to alleviate the sufferings of poor masses and minimize the impact of the pandemic on the economy.

In accordance with the Group's Business Continuity Plans, the IT unit provided Virtual Private Network (VPN) access to staff from different remote locations without compromising security. This enabled us to achieve flexible work arrangements and alternate team split with some of our staff working from their respective homes. As our employees continue to work from home, we monitored staff productivity and continually maintained the confidentiality of all sensitive information.

# Statement of Significant Accounting Policies (Cont'd)

*For the year ended 2020*

The Group will continue to monitor the development of the situation locally and globally and follow recommended measures and guidelines issued by the Nigeria Centre for Disease Control (NCDC) and their Counterparts in other jurisdiction where we are operating, World Health Organization (WHO) and other health authorities.

In the light of these recent developments and its underlying impact, the Group, has assessed the impact of COVID-19 on the annual financial statements and considered the potential impairment indicators. As at the date of approving these annual financial statements by the board, management have assessed the impact of covid 19 as follows;

The outbreak of Covid 19 impacted on the activities and performance of the Group at the end of the year 2020. The Group recalibrated the year budget from N11.2billion to N9.41billion in May 2020 when it was obvious that meeting the budget will be a difficult task and the Group achieved N9.38billion at the end of the year. It affected the cost of operation. ICT Expenses: - Total of N26.7million that was not budgeted for was spent on purchase of Laptops, movement of some software application into the cloud and on purchase of internet access for employees to enable easy remote working during the period.

Donations and Sponsorship expenses: - As part of palliatives measure, the Group donated N20million through NIA (Nigeria Insurers Association) and N250,000 to National Association of Insurance and Pension Correspondents. Other office maintenance expenses like cost of diesel and motor running expenses reduced, however, cost of fumigation and purchase of items for control of COVID-19 as prescribed by NCDC increased.

The Group could not meet the budgeted Profit before tax and Profit after tax. However, none of the impact stated above is expected to in any way affect the going concern of the entity.

## **Subsidiaries;**

### **CHI Microinsurance Limited**

CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc, incorporated in 2015 and undergoing NAICOM licensing process 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 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** 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 2020

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 2020 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 2020, 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. 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 2020.

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

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

They:

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

The amendments had no impact on the financial statements of the Company as the defined definitions did not have any material effect during the period.

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

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

The amendments had no impact on the financial statements of the Company as it did not have any hedging instruments during the period.

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

It will clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

These had no impact on the financial statements of the Company. The amendments could have material impact should such transactions occur in future.

### Amendments to References to the Conceptual Framework in IFRS Standards

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



# Statement of Significant Accounting Policies (Cont'd)

For the year ended 2020

developed in the revised Conceptual Framework.

## 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.

Statement of Significant Accounting Policies (Cont'd)

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 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 12month 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.

# Statement of Significant Accounting Policies (Cont'd)

For the year ended 2020

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%

The impact assessment of IFRS 9 on the Group's financial assets as at 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 after the deferral of IFRS 9 are stated below;

Group		2017 Group		
2017 Impact analysis on Financial Assets		IAS 39	IFRS 9	Impact
Financial Assets;				
-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	

# Statement of Significant Accounting Policies (Cont'd)

For the year ended 2020

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	3,077,750,524	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

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

2020 Impact analysis on Financial Assets		2020 Group	
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	778,767,398	778,767,398	-
-Loans and receivables(Amortised Cost)	947,576,589	934,545,716	13,030,873
-Available for sale assets(FVOCI)	72,348,451	74,189,168	(1,840,717)
-Held to maturity(Amortised Cost)	2,629,694,266	2,586,824,678	42,869,588
Trade receivables	693,935,347	689,077,799	4,857,547
	5,122,322,052	5,063,404,760	58,917,292

		2020 Company	
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	772,258,498	772,258,498	-
-Loans and receivables(Amortised Cost)	211,045,461	190,505,582	20,539,879
-Available for sale assets(FVOCI)	70,148,451	74,189,168	(4,040,717)
-Held to maturity(Amortised Cost)	2,629,694,266	2,611,286,406	18,407,860
Trade receivables	481,030,540	477,663,327	3,367,214
	4,164,177,217	4,125,902,981	38,274,236

# Statement of Significant Accounting Policies (Cont'd)

For the year ended 2020

## 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 are as follows;

		2018	2017
i	Premium receivable	234,852,324	150,356,282
ii	Loans	1,187,669,655	408,385,061
iii	Other assets and receivables	195,161,111	174,488,859
iv	Short term placement	1,330,749,584	1,184,243,800
v	Investment securities;		
	-Bond	178,363,322	146,581,227
	-Treasury bills	897,224,059	2,114,016,284

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 meet 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. These assets are as follows:

Quoted equity securities	301,916,504	170,256,830
Unquoted equity securities	60,950,000	60,950,000

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.

# Statement of Significant Accounting Policies (Cont'd)

For the year ended 2020

## 1.1.3 Standards and Interpretations Issued but not yet Effective

### 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 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 2023.

### 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 ceases.

Subsidiaries are all entities (including structured entities) over which the Group exercises 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:



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## (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 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 30 days 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 the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

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## 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 90 days.

### 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.

Statement of Significant Accounting Policies (Cont'd)

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;
- 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'

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## 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 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

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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 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.

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- 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 adopted 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.

## 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



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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 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.

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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 minimum 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 Contract 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 (note 14.4). 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 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.

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## 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 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.

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## a) 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.

## b) Net premium

Net premium represents gross premium earned less reinsurance costs.

## c) 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 in the provision for outstanding claims and claims incurred but not reported (IBNR).

### a) 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.

### f) 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.

## 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.

# Statement of Significant Accounting Policies (Cont'd)

*For the year ended 2020*

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.

## **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.



# Statement of Significant Accounting Policies (Cont'd)

For the year ended 2020

## 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 432 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2020. 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 12 months 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.

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# Financial Statement

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# Consolidated Statement Of Financial Position

For the year ended 31 December 2020

		Group		Company	
	Notes	31 December 2020 N	December 2019 N	31 December 2020 N	December 2019 N
<b>Assets</b>					
Cash and cash equivalents	2.0	3,173,916,076	1,717,868,438	2,175,313,539	1,062,065,613
<b>Financial assets:</b>					
-At fair value through profit or loss	3.1	778,767,398	342,463,380	772,258,498	332,544,560
-Loans and receivables	3.2	947,576,589	595,806,033	211,045,461	280,298,398
-Available for sale assets	3.3	72,348,451	70,148,451	70,148,451	70,148,451
-Held to maturity	3.4	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726
Finance lease receivables	5	86,247,031	109,998,499	-	-
Trade receivables	6	607,688,316	293,747,996	481,030,540	199,899,308
Reinsurance assets	7	3,018,080,617	2,688,545,807	3,018,080,617	2,688,545,807
Deferred acquisition cost	8	355,066,148	360,563,251	344,817,850	349,815,691
Other receivables & prepayments	9	129,353,111	209,056,966	388,249,870	313,691,585
Investment in subsidiaries	10	-	-	1,494,225,000	1,030,000,000
Intangible Assets	11	36,574,657	26,087,026	30,480,413	24,620,360
Investment properties	12	1,042,487,470	843,766,470	948,826,470	750,105,470
Property and equipment	13	1,021,572,225	981,010,704	963,585,844	939,322,976
Right-of-Use assets	13.3	9,968,479	13,540,124	-	-
Statutory deposits	14	402,000,000	300,000,000	300,000,000	300,000,000
<b>Total assets</b>		<b>14,311,340,834</b>	<b>11,741,823,290</b>	<b>13,827,756,819</b>	<b>11,291,006,944</b>
<b>Liabilities</b>					
Insurance contract liabilities	15	5,208,233,152	4,105,083,759	5,014,339,773	3,923,826,888
Trade payables	16	13,972,733	54,241,112	13,972,733	54,241,112
Borrowing	17	5,013,052	10,448,536	-	-
Other payables and provision	18	221,056,870	384,049,650	208,764,373	343,406,713
Retirement benefit obligations	19	4,129,526	7,290,620	2,253,607	6,690,086
Income tax liabilities	21.2	359,459,121	436,426,812	289,145,971	355,578,462
Deferred tax liabilities	22	177,878,284	130,587,188	173,040,130	125,749,035
<b>Total liabilities</b>		<b>5,989,742,738</b>	<b>5,128,127,677</b>	<b>5,701,516,587</b>	<b>4,809,492,296</b>
<b>Equity and reserves</b>					
Issued and paid up share capital	23.1	5,420,000,000	4,065,000,000	5,420,000,000	4,065,000,000
Share Premium	24	168,933,834	155,264,167	168,933,834	155,264,167
Contingency reserve	25.1	2,136,621,663	1,855,299,252	2,136,621,663	1,855,299,252
Statutory reserve	25.2	45,964,378	36,863,982	-	-
Retained earnings	26	550,078,221	501,268,212	400,684,735	405,951,229
<b>Total equity and reserves</b>		<b>8,321,598,096</b>	<b>6,613,695,613</b>	<b>8,126,240,232</b>	<b>6,481,514,648</b>
<b>Total liabilities and equity and reserves</b>		<b>14,311,340,834</b>	<b>11,741,823,290</b>	<b>13,827,756,819</b>	<b>11,291,006,944</b>

The consolidated financial statements were approved by the Board of Directors on 22 February, 2021

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 2020

	Notes	Group		Company	
		31 December 2020 N	31 December 2019 N	31 December 2020 N	31 December 2019 N
<b>Gross premium written</b>		<b>9,775,797,397</b>	8,691,234,590	<b>9,377,413,707</b>	8,385,947,285
Gross premium income	27	9,698,993,709	8,302,808,423	9,343,768,010	8,077,895,958
Reinsurance premium expenses	28	(3,691,859,703)	(3,357,536,001)	(3,691,859,703)	(3,357,536,001)
<b>Net premium income</b>		<b>6,007,134,006</b>	4,945,272,421	<b>5,651,908,307</b>	4,720,359,957
Fee and commission income	29	493,373,753	519,638,029	493,373,753	519,638,029
<b>Net underwriting income</b>		<b>6,500,507,759</b>	5,464,910,450	<b>6,145,282,060</b>	5,239,997,985
Claims expenses	30.1	(4,173,175,310)	(3,448,090,659)	(3,951,755,823)	(3,316,118,494)
Claims recoveries from reinsurers	30.2	1,607,269,895	1,768,819,617	1,607,269,895	1,768,819,617
<b>Claims incurred</b>	30	<b>(2,565,905,415)</b>	(1,679,271,042)	<b>(2,344,485,928)</b>	(1,547,298,877)
Underwriting expenses	31	(2,073,847,971)	(1,957,228,763)	(2,043,917,985)	(1,939,548,370)
<b>Underwriting profit</b>		<b>1,860,754,373</b>	1,828,410,645	<b>1,756,878,147</b>	1,753,150,739
Investment income	32	940,350,767	1,080,354,125	608,376,462	696,105,599
Other operating income	33	91,162,556	29,560,781	61,797,712	18,176,973
Impairment (charge)/write back	34	(45,399,531)	(147,122,129)	-	(72,636,175)
Net fair value loss on financial assets at fair value through profit or loss	35	72,321,055	(11,848,771)	73,530,975	(10,942,516)
Operating & Administrative expenses	36	(2,146,624,937)	(2,067,880,186)	(1,794,138,119)	(1,716,472,888)
<b>Profit before taxation</b>		<b>772,564,283</b>	711,474,463	<b>706,445,177</b>	667,381,731
Income tax expense	21.1	(94,581,467)	(111,159,875)	(91,639,259)	(81,307,778)
<b>Profit after taxation</b>		<b>677,982,816</b>	600,314,588	<b>614,805,918</b>	586,073,953
<b>Other comprehensive income/(loss) net of tax</b>					
Items that will be reclassified subsequently to profit or loss		-	-	-	-
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	-	<b>-</b>	-
<b>Total comprehensive income for the year</b>		<b>677,982,816</b>	600,314,588	<b>614,805,918</b>	586,073,953
<b>Profit attributable to:</b>					
Equity holders of the parents'		677,982,816	600,314,588	614,805,918	586,073,953
Non-controlling interest interest		-	-	-	-
		<b>677,982,816</b>	600,314,588	<b>614,805,918</b>	586,073,953
Basic & diluted earnings per share (Kobo)	37	6.90	7.38	6.26	5.78

The accompanying notes form an integral part of this financial statements

# Consolidated Statement Of Changes In Equity

For the year ended 31 December 2020

The Group	Issued share capital N	Share Premium N	Contingency reserves N	Statutory reserve N	Retained earnings N	Total equity N
At 1 January 2019	5,000,000,000	-	1,400,446,908	16,304,970	272,254,237	4,689,006,115
<b>Changes in equity for 2019:</b>						
Profit for the year	-	-	-	-	600,314,588	600,314,588
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	600,314,588	600,314,588
<b>Transactions with owners:</b>						
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	36,863,981	501,268,212	6,613,695,613
<b>At 1 January 2020</b>	<b>4,065,000,000</b>	<b>155,264,167</b>	<b>1,855,299,252</b>	<b>36,863,982</b>	<b>501,268,212</b>	<b>6,613,695,613</b>
Changes in equity for 2020:						
Profit for the period	-	-	-	-	677,982,816	677,982,816
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	677,982,816	677,982,816
<b>Transactions with owners:</b>						
Transfer within reserves	-	-	281,322,411	9,100,396	(290,422,808)	-
Addition	1,016,250,000	13,669,667	-	-	-	1,029,919,667
Bonus issues relating to 2019 paid allotted during the year	338,750,000	-	-	-	(338,750,000)	-
Non-controlling interest arising on business combination	-	-	-	-	-	-
Contribution by and to owners of the business	1,355,000,000	13,669,667	281,322,411	9,100,396	(629,172,808)	1,029,919,667
At DECEMBER 2020	5,420,000,000	168,933,834	2,136,621,663	45,964,378	550,078,221	8,321,598,096



# Consolidated Statement Of Changes In Equity

For the year ended 31 December 2020

The Company	Issued share capital N	Share Premium N	Contingency reserves N	Retained earnings N	Total equity N
At 1 January 2019	4,065,000,000	155,264,167	1,603,720,833	234,055,695	6,058,040,695
<b>Changes in equity for 2019:</b>					
<b>Profit for the year</b>	-	-	-	586,073,953	586,073,953
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	586,073,953	586,073,953
<b>Transactions with owners:</b>					
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 31 December 2019	4,065,000,000	155,264,167	1,855,299,252	405,951,230	6,481,514,648
At 1 January 2020	4,065,000,000	155,264,167	1,855,299,252	405,951,230	6,481,514,648
<b>Changes in equity for 2020:</b>					
<b>Profit for the period</b>	-	-	-	614,805,918	614,805,918
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	614,805,918	614,805,918
<b>Transactions with owners:</b>					
Transfer within reserves	-	-	281,322,411	(281,322,411)	-
Addition	1,016,250,000	13,669,667	-	-	1,029,919,667
Bonus issue relating to prior periods allotted during the period	338,750,000	-	-	(338,750,000)	-
Contribution by and to owners of the business	1,355,000,000	13,669,667	281,322,411	(620,072,411)	1,029,919,667
At DECEMBER 2020	5,420,000,000	168,933,834	2,136,621,663	400,684,736	8,126,240,232

# Consolidated Statement Of Cash Flows

For the year ended 31 December 2020

	Notes	Group		Company	
		31 December 2020 N	31 DECEMBER 2019 N	31 December 2020 N	31 DECEMBER 2019 N
Cash flows from operating activities					
Premium received from policy holders	6.1	9,461,857,077	8,632,338,918	9,096,282,475	8,385,296,446
Reinsurance receipts in respect of claims		1,099,371,558	1,618,530,538	1,099,371,558	1,618,530,538
Commission received	29	402,856,705	587,202,514	402,856,705	587,202,514
Other operating receipts	33	91,162,556	29,560,781	61,797,712	18,176,973
Cash paid to and on behalf of employees	36a	(745,955,263)	(793,681,066)	(630,218,574)	(629,022,125)
Reinsurance premium paid	16	(3,553,764,554)	(3,820,601,964)	(3,553,764,554)	(3,820,601,964)
Claims paid	30a	(3,116,308,123)	(3,573,383,142)	(2,894,888,636)	(3,441,410,976)
Commission expenses	8	(1,335,814,155)	(1,380,982,363)	(1,305,884,169)	(1,352,554,409)
Maintenance expenses	31	(733,035,975)	(633,843,473)	(733,035,975)	(633,843,473)
Other operating cash payments		(1,159,366,740)	(944,269,207)	(1,040,495,683)	(989,036,253)
Company income tax paid	21.2	(124,258,062)	(83,835,000)	(110,780,655)	(66,907,751)
Net cash (used in)/ from operating activities		286,745,023	(362,963,462)	391,240,203	(324,170,481)
Cash flows from investing activities					
Purchase of property and equipment	13	(146,173,554)	(99,632,721)	(128,628,480)	(88,432,721)
Purchase of intangible asset	11	(21,448,064)	(11,480,127)	(13,585,913)	(8,985,773)
Additions to investment properties	12	(198,721,000)	(1,105,470)	(198,721,000)	(1,105,470)
Proceeds from sale of Investment properties		-	95,000,000	-	95,000,000
Increase in investment in subsidiaries	10.	-	-	(464,225,000)	-
Proceeds from sale of property and equipment	13	4,883,647	7,361,415	4,883,648	7,361,415
Purchase of financial assets	3.	(3,621,794,202)	(3,205,476,970)	(3,045,233,034)	(2,106,465,174)
Proceeds from sale of financial assets	3.	3,780,713,162	1,752,585,048	3,417,441,302	566,869,925
Dividend received	32	40,402,530	16,088,305	40,402,530	38,088,305
Rental Income received	32	9,816,808	3,695,333	9,816,808	3,695,333
Interest received	32	297,139,437	887,374,522	69,937,525	439,176,036
Net cash from investing activities		144,818,762	(555,590,665)	(307,911,614)	(1,054,798,123)
Cash flows from financing activities					
Proceeds on right issues	20.1 & 24	1,029,919,667	-	1,029,919,667	-
Proceeds from borrowing	17	2,000,000	104,168,381	-	-
Payment on borrowing (principal & Interest)	17	(7,435,484)	(161,249,909)	-	-
Refund of excess on right issue	20.1	-	-	-	-
Dividend paid	26	-	(162,600,000)	-	(162,600,000)
Net cash used in financing activities		1,024,484,183	(219,681,528)	1,029,919,667	(162,600,000)
Increase in cash and cash equivalents		1,456,047,968	(1,138,235,655)	1,113,248,256	(1,541,568,604)
Cash and cash equivalents at Beginning		1,810,591,031	2,948,826,686	1,154,788,206	2,696,356,810
Gross Cash and cash equivalent at End	2	3,266,638,999	1,810,591,031	2,268,036,462	1,154,788,206

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 2020

## 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 2020 N	December 2019 N	31 December 2020 N	December 2019 N
<b>2. Cash and cash equivalents</b>				
Cash in hand	10,950,034	1,649,776	10,950,034	1,649,776
Balance with banks	830,541,720	553,735,537	246,595,445	125,032,039
Call deposits	6,733,226	37,229,013	6,733,226	37,229,013
Fixed deposits (Note 2.1)	2,418,414,019	1,217,976,705	2,003,757,758	990,877,377
	3,266,638,999	1,810,591,031	2,268,036,462	1,154,788,206
Impairment charge (Note 2.2)	(92,722,923)	(92,722,593)	(92,722,923)	(92,722,593)
	3,173,916,076	1,717,868,438	2,175,313,539	1,062,065,613
Current	3,173,916,076	1,717,868,438	2,175,313,539	1,062,065,613
Non Current	92,722,923	92,722,593	92,722,923	92,722,593

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	92,722,593	-	92,722,593	-
Written off in the year	-	92,722,593	-	92,722,593
<b>At DECEMBER 2020</b>	<b>92,722,593</b>	<b>92,722,593</b>	<b>92,722,593</b>	<b>92,722,593</b>

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)	778,767,398	342,463,380	772,258,498	332,544,560
Loans and receivables measured at amortised cost (Note 3.2)	947,576,589	595,806,032	211,045,461	280,298,398
Available for sale (Note 3.3)	72,348,451	70,148,451	70,148,451	70,148,451
Held to maturity (Note 3.4)	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726
<b>Total</b>	<b>4,428,386,705</b>	<b>4,197,638,009</b>	<b>3,683,146,676</b>	<b>3,632,940,135</b>

### Movement in Financial Assets

Opening	4,197,638,009	2,626,123,540	3,632,940,135	1,907,505,062
Addition	3,621,794,202	3,205,476,970	3,045,233,034	2,106,465,174
Disposal	(3,780,713,162)	(1,752,585,048)	(3,417,441,302)	(566,869,925)
Interest Capitalised	348,883,834	292,956,177	348,883,834	267,551,183
Impairment (loss)/gain	(31,537,233)	(161,119,004)	-	(69,402,989)
Fair value gains/(loss)	72,321,055	(13,214,626)	73,530,975	(12,308,371)
<b>Closing</b>	<b>4,428,386,705</b>	<b>4,197,638,009</b>	<b>3,683,146,676</b>	<b>3,632,940,135</b>

### 3.1 At fair value through profit or loss

At 1 January	355,678,006	303,282,359	344,852,931	292,457,284
Additions	366,182,963	61,581,598	366,182,963	61,581,598
Disposals	(2,200,000)	(9,185,951)	-	(9,185,951)
	719,660,969	355,678,006	711,035,894	344,852,931
Fair value gains/(loss) (Note 3.5a)	59,106,429	(13,214,626)	61,222,604	(12,308,371)
<b>At DECEMBER 2020</b>	<b>778,767,398</b>	<b>342,463,380</b>	<b>772,258,498</b>	<b>332,544,560</b>

Current	778,767,398	342,463,380	772,258,498	332,544,560
Non Current	-	-	-	-

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

Financial assets at fair value through profit or loss of the Group represents investment where there is a ready 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 2020 N	December 2019 N	31 December 2020 N	December 2019 N
<b>3.2 Loans and receivables</b>				
Staff loans (Note 3.2.1a)	211,045,461	253,829,118	211,045,461	253,829,118
Loan issued to corporate individuals (Note 3.2.1b)	736,531,128	341,976,916	-	26,469,280
	<b>947,576,589</b>	<b>595,806,033</b>	<b>211,045,461</b>	<b>280,298,398</b>
Current	879,951,759	551,667,014	85,607,581	194,683,563
Non Current	67,624,831	44,139,019	125,437,880	85,614,835
<b>3.2.1a Staff loans</b>				
At 1 January	253,829,118	207,800,136	253,829,118	207,800,136
Addition	6,944,132	63,930,073	6,944,132	63,930,073
Repayment	(49,727,789)	(17,901,091)	(49,727,789)	(17,901,091)
	<b>211,045,461</b>	<b>253,829,118</b>	<b>211,045,461</b>	<b>253,829,118</b>
<b>3.2.1b Loan issued to corporate / individuals</b>				
At 1 January	503,095,920	1,094,779,635	95,872,269	361,581,237
Addition	634,718,433	986,541,757	60,357,265	126,801,381
Bad debts written off (Note 3.2.4)	(69,402,989)	-	(69,402,989)	-
Repayment	(208,626,986)	(1,578,225,472)	(86,826,546)	(392,510,349)
	<b>859,784,377</b>	<b>503,095,920</b>	<b>-</b>	<b>95,872,269</b>
Impairment on loans issued to corporate and individuals (Note 3.2.4)	(123,253,249)	(161,119,004)	-	(69,402,989)
<b>At the end</b>	<b>736,531,128</b>	<b>341,976,916</b>	<b>-</b>	<b>26,469,280</b>
<b>3.2.2 Analysis by performance:</b>				
Performing (Note 3.2)	947,576,589	595,806,033	211,045,461	280,298,398
Non-performing (Note 3.2.4)	123,253,249	161,119,004	-	69,402,989
	<b>1,070,829,838</b>	<b>756,925,037</b>	<b>211,045,461</b>	<b>349,701,387</b>
<b>3.2.3 Analysis by maturity:</b>				
Due within one year	879,951,758	551,667,014	85,607,581	194,683,563
Due within one - five years	190,878,080	135,855,035	125,437,880	85,614,835
Due after five years	-	69,402,989	-	69,402,989
	<b>1,070,829,838</b>	<b>756,925,037</b>	<b>211,045,461</b>	<b>349,701,387</b>
<b>3.2.4 Movement in impairment - loans and receivables :</b>				
At 1 January	161,119,004	114,910,115	69,402,989	89,505,121
Addition (Note 34)	31,537,233	66,311,021	-	-
Impairment written off	(69,402,989)	-	(69,402,989)	-
Provision no longer required (Note 34)	-	(20,102,133)	-	(20,102,133)
<b>At the end</b>	<b>123,253,249</b>	<b>161,119,004</b>	<b>-</b>	<b>69,402,989</b>
<b>3.3 Available for sale assets</b>				
At 1 January	70,148,451	60,950,000	70,148,451	60,950,000
Addition	2,200,000	9,198,451	-	9,198,451
Exchange gains	-	-	-	-
Impairment on available for sale	-	-	-	-
<b>At the end</b>	<b>72,348,451</b>	<b>70,148,451</b>	<b>70,148,451</b>	<b>70,148,451</b>
Current	-	-	-	-
Non Current	72,348,451	70,148,451	70,148,451	70,148,451

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)	2,925,501	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
<b>Company total</b>			<b>70,148,451</b>
Continental Re			2,200,000
<b>Group total</b>			<b>72,348,451</b>

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

The Group is exposed to financial risk through its financial assets (investments and loans). The key focus of financial risk management for the Group 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 Group. 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 2020 N	31 December 2019 N	31 December 2020 N	December 2019 N
3.4	<b>Held to maturity assets</b>				
	At 1 January	3,189,220,145	1,075,587,381	2,949,948,726	1,075,587,381
	At initial recognition - additions	2,611,748,674	2,084,225,091	2,611,748,674	1,844,953,672
		5,800,968,819	3,159,812,472	5,561,697,400	2,920,541,053
	Disposal	(3,268,303,680)	(147,272,534)	(3,029,032,261)	(147,272,534)
	Interest received	(251,854,707)	(116,275,969)	(251,854,707)	(90,870,976)
	Amortised interest	348,883,834	292,956,177	348,883,834	267,551,183
	<b>At the end</b>	<b>2,629,694,266</b>	<b>3,189,220,145</b>	<b>2,629,694,266</b>	<b>2,949,948,726</b>
a)	<b>Held to maturity assets are analysed as follows:</b>				
	Debts securities				
	Listed	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726
	Unlisted	-	-	-	-
	<b>At the end</b>	<b>2,629,694,266</b>	<b>3,189,220,145</b>	<b>2,629,694,266</b>	<b>2,949,948,726</b>
	Current	340,163,934	859,849,218	340,163,934	859,849,218
	Non-current	2,289,530,332	2,329,370,927	2,289,530,332	2,090,099,508
		<b>2,629,694,266</b>	<b>3,189,220,145</b>	<b>2,629,694,266</b>	<b>2,949,948,726</b>
b)	<b>At the reporting date, no held to maturity assets were past due or impaired</b>				
	NIGERIAN AVIATION HANDLING CO FIXED RATE				
	BOND SERIES2 NOV 27,2020	-	3,816,104	-	3,816,104
	FCMB NGN SERIES 2 BOND 2015/2020	-	54,828,767	-	54,828,767
	FCMB NGN SERIES 3 BOND 2016/2023	56,851,001	54,535,840	56,851,001	54,535,840
	C&I LEASING SERIES 1 BOND 2018/2023	29,303,395	36,095,811	29,303,395	36,095,811
	LAPO MFB SERIES 2 BOND 2020/2025	206,594,101	-	206,594,101	-
	DANGOTE BOND SERIES 1 2020/2025	108,270,125	-	108,270,125	-
	AXXELA SERIES 1 BOND 2020/2027	101,332,055	-	101,332,055	-
	FGN BOND (2020/2050) CORDROS	215,654,604	-	215,654,604	-
	FGN BOND (2020/2050) PLANET CAPITAL	116,173,128	-	116,173,128	-
	FGN BOND (2020/2024) MERISTEM	425,642,284	-	425,642,284	-
	FGN BOND (2020/2035) PLANET CAPITAL	101,905,302	-	101,905,302	-
	FGN BOND (2020/2037) PLANET CAPITAL	244,616,317	18,091,831	244,616,317	18,091,831
	FGN BOND (2020/2049) CORDROS	326,192,176	-	326,192,176	-
	8.625% FBN EUROBOND (2020/2050) FIRST ALLY	356,995,844	-	356,995,844	-
	COMMERCIAL PAPER (Note 4)	340,163,934	859,849,218	340,163,934	859,849,218
	ACCESS BANK COMMERCIAL PAPER	-	-	-	-
	TREASURY BILLS 14.90% JAN 25 2019-JAN 02	-	-	-	-
	2020 FSDH MERCHANT BANK LTD 342 DAYS	-	39,967,394	-	39,967,394
	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



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
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 364 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	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726

## 4.0 Commercial Paper

These are commercial papers issued by institutions with a minimum credit rating of bbb quoted on The Nigerian Stock Exchange or/and FMDQ.

## 5. Finance lease receivables

At 1 January	123,967,520	255,788,896	-	-
Addition	158,460,731	120,210,959	-	-
Repayment	(173,166,210)	(237,870,353)	-	-
Gross investment	109,262,041	138,129,502	-	-
Unearned income	-	(14,161,982)	-	-
Net investment (Note 5.1)	109,262,041	123,967,520	-	-
Impairment on finance lease receivables (Note 5.2)	(23,015,010)	(13,969,021)	-	-
At the end	86,247,031	109,998,499	-	-
5.1 Current	109,262,041	116,785,357	-	-
Non-current	-	7,182,163	-	-

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Analysis by performance				
Performing	86,247,031	109,998,499	-	-
Non-performing	23,015,010	13,969,021	-	-
<b>Total</b>	<b>109,262,041</b>	<b>123,967,520</b>	<b>-</b>	<b>-</b>
Analysis by maturity				
Due within one year	109,262,041	116,785,357	-	-
Due between one - five years	-	7,182,163	-	-
<b>Total</b>	<b>109,262,041</b>	<b>123,967,520</b>	<b>-</b>	<b>-</b>
<b>5.2 Movement in impairment - finance lease receivables:</b>				
At 1 January	13,969,021	5,794,089	-	-
Charge for the year	9,045,989	8,174,932	-	-
<b>At the end</b>	<b>23,015,010</b>	<b>13,969,021</b>	<b>-</b>	<b>-</b>
<b>6. Trade receivables</b>				
Due from insurance companies	251,473,770	129,468,880	251,473,770	129,468,880
Due from insurance brokers and agents	229,556,770	70,430,428	229,556,770	70,430,428
<b>Total</b>	<b>481,030,540</b>	<b>199,899,308</b>	<b>481,030,540</b>	<b>199,899,308</b>
Hallmark Health Services Ltd Receivable	126,657,776	93,848,688	-	-
	<b>607,688,316</b>	<b>293,747,996</b>	<b>481,030,540</b>	<b>199,899,308</b>
Current	607,688,316	293,747,996	481,030,540	199,899,308
Non-current	-	-	-	-
<b>6.1 Movement in Trade receivables</b>				
Opening	293,747,996	234,852,324	199,899,308	199,248,468
Gross Premium written	9,775,797,397	8,691,234,590	9,377,413,707	8,385,947,286
Premium received	(9,461,857,077)	(8,632,338,918)	(9,096,282,475)	(8,385,296,446)
Closing receivables	<b>607,688,316</b>	<b>293,747,996</b>	<b>481,030,540</b>	<b>199,899,308</b>
<b>Age Analysis of Trade receivable</b>				
> =1Day <= 30 Days	587,985,185	285,875,291	461,327,409	192,026,603
> =31Days <= 90 Days	14,055,081	3,504,700	14,055,081	3,504,700
Above 90 Days	5,648,050	4,368,005	5,648,050	4,368,005
	<b>607,688,316</b>	<b>293,747,996</b>	<b>481,030,540</b>	<b>199,899,308</b>

	Group		Company	
	31 December 2020 N	December 2019 N	31 December 2020 N	December 2019 N
<b>7. Reinsurance Assets</b>				
Prepaid reinsurance (Note 7.1a & 7.1b)	847,365,944	1,025,729,471	847,365,944	1,025,729,471
Reinsurers share of claims (Note 7.3)	2,170,714,673	1,662,816,336	2,170,714,673	1,662,816,336
<b>At the end</b>	<b>3,018,080,617</b>	<b>2,688,545,807</b>	<b>3,018,080,617</b>	<b>2,688,545,807</b>
Current	3,018,080,617	2,688,545,807	3,018,080,617	2,688,545,807
Non-current	-	-	-	-
Prepaid reinsurance	820,193,994	1,008,022,471	820,193,994	1,008,022,471
Prepaid Reinsurance Minimum Deposit	27,171,950	17,707,000	27,171,950	17,707,000
Reinsurance share of outstanding claims	1,200,949,611	241,986,785	1,200,949,611	241,986,785
Reinsurance share of IBNR	515,552,274	594,115,653	515,552,274	594,115,653
Reinsurance receivable on claims paid	454,212,788	826,713,898	454,212,788	826,713,898
<b>Total</b>	<b>3,018,080,617</b>	<b>2,688,545,807</b>	<b>3,018,080,617</b>	<b>2,688,545,807</b>

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.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

		Group		Company	
		31 December 2020 N	December 2019 N	31 December 2020 N	December 2019 N
7.1a	Prepaid Reinsurance				
	Fire	138,349,104	192,409,701	138,349,104	192,409,701
	General accident	155,645,178	190,444,010	155,645,178	190,444,010
	Motor	1,040,668	6,457,715	1,040,668	6,457,715
	Marine	65,065,507	63,959,301	65,065,507	63,959,301
	Bond	11,502,581	9,146,754	11,502,581	9,146,754
	Engineering	76,407,923	49,966,482	76,407,923	49,966,482
	Aviation	83,508,704	124,075,747	83,508,704	124,075,747
	Oil & gas	288,674,329	371,562,761	288,674,329	371,562,761
		820,193,994	1,008,022,471	820,193,994	1,008,022,471
7.1b	Prepaid Minimum Deposit				
	Fire	11,542,500	6,595,000	11,542,500	6,595,000
	General accident	1,540,000	1,250,000	1,540,000	1,250,000
	Motor	4,275,000	2,600,000	4,275,000	2,600,000
	Marine	2,451,000	1,700,000	2,451,000	1,700,000
	Engineering	7,363,450	5,562,000	7,363,450	5,562,000
		27,171,950	17,707,000	27,171,950	17,707,000
	Prepaid reinsurance	847,365,944	1,025,729,471	847,365,944	1,025,729,471
7.2 a	Reinsurers Share of Claims				
	Fire	910,744,124	232,032,721	910,744,124	232,032,721
	General accident	203,317,452	308,287,908	203,317,452	308,287,908
	Motor	34,043,019	12,886,029	34,043,019	12,886,029
	Marine	116,697,364	55,937,856	116,697,364	55,937,856
	Bond	6,544,397	12,798,668	6,544,397	12,798,668
	Engineering	159,001,803	42,449,070	159,001,803	42,449,070
	Aviation	70,071,266	10,748,715	70,071,266	10,748,715
	Oil & gas	216,082,460	160,961,471	216,082,460	160,961,471
		1,716,501,885	836,102,438	1,716,501,885	836,102,438
7.2b	Reinsurers share of paid claims				
	Fire	17,206,125	133,405,382	17,206,125	133,405,382
	General accident	226,494,440	265,366,586	226,494,440	265,366,586
	Motor	7,060,000	35,275,038	7,060,000	35,275,038
	Marine	9,505,771	8,630,063	9,505,771	8,630,063
	Bond	225,563	-	225,563	-
	Engineering	33,295,889	30,760,826	33,295,889	30,760,826
	Aviation	160,425,000	253,241,174	160,425,000	253,241,174
	Oil & gas	-	100,034,829	-	100,034,829
		454,212,788	826,713,898	454,212,788	826,713,898
7.3	Reinsurance Assets:				
	Movement in prepaid reinsurance:				
	At 1 January	1,025,729,471	519,199,961	1,025,729,471	519,199,961
	Additions during the year (Note 28)	3,513,496,175	3,864,065,511	3,513,496,175	3,864,065,511
		4,539,225,646	4,383,265,472	4,539,225,646	4,383,265,472
	Amortization during the year (Note 28)	(3,691,859,703)	(3,357,536,001)	(3,691,859,703)	(3,357,536,001)
	At the end	847,365,944	1,025,729,471	847,365,944	1,025,729,471
	Movement in claims recoverable:				
	At 1 January	1,662,816,336	1,512,527,257	1,662,816,336	1,512,527,257
	Additions during the period	1,778,804,248	1,768,819,617	1,778,804,248	1,768,819,617
		3,441,620,584	3,281,346,874	3,441,620,584	3,281,346,874
	Amortization during the period	(1,270,905,911)	(1,618,530,538)	(1,270,905,911)	(1,618,530,538)
	At the end	2,170,714,673	1,662,816,336	2,170,714,673	1,662,816,336
8.	Deferred Acquisition Cost				
	At 1 January	360,563,251	302,966,178	349,815,691	302,966,178
	Acquisition cost during the period	1,335,314,893	1,345,621,576	1,305,884,169	1,352,554,409
	Less: Amortisation during the period (Note 31)	(1,340,811,996)	(1,323,385,291)	(1,310,882,010)	(1,305,704,896)
	At the end	355,066,148	360,563,251	344,817,850	349,815,691
	Current	355,066,148	360,563,251	344,817,850	349,815,690
	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.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

	Group		Company	
	31 December 2020 N	December 2019 N	31 December 2020 N	December 2019 N
<b>8.1 Deferred Acquisition Cost Analysis</b>				
Fire	62,614,809	40,124,647	62,614,809	40,124,647
General accident	61,969,599	54,345,288	61,969,599	54,345,288
Motor	75,784,856	74,184,071	75,784,856	74,184,071
Marine	25,614,150	19,811,861	25,614,150	19,811,861
Bond	12,967,736	17,049,953	12,967,736	17,049,953
Engineering	26,363,758	45,940,607	26,363,758	45,940,607
Aviation	16,853,998	18,474,294	16,853,998	18,474,294
Oil & gas	62,648,944	79,884,970	62,648,944	79,884,970
Company Total	344,817,850	349,815,691	344,817,850	349,815,691
HMO Deferred acquisition	10,248,298	10,747,560		
Group Total	355,066,148	360,563,251	344,817,850	349,815,691
<b>9. Other Receivables and Prepayments</b>				
Staff advances & prepayment	35,554,032	44,638,224	35,554,032	44,638,224
Account receivables **	17,638,265	42,001,349	72,117,239	20,816,526
Intercompany Receivables (note 45)	-	-	213,683,342	148,602,859
Withholding tax credit	26,361,774	32,883,432	26,361,774	32,883,432
Prepayments (Note 9.1)	49,799,040	89,533,961	40,533,483	66,750,544
	129,353,111	209,056,966	388,249,870	313,691,585
Impairment allowance (Note 34)	-	-	-	-
	129,353,111	209,056,966	388,249,870	313,691,585
Current	129,353,111	209,056,966	388,249,870	313,691,585
Non-current	-	-	-	-
** Included in Account receivable is =N=45million deposited for loss participation and =N=18.7million being the balance of the amount deposited with lead underwriters for the purpose of settling claims based on MOU signed at the inception of the policies.				
<b>9.1 Prepayments</b>				
Prepaid rent	39,356,857	74,419,338	30,091,300	51,635,921
Other prepayments	10,442,183	15,114,623	10,442,183	15,114,623
	49,799,040	89,533,961	40,533,483	66,750,544
Current	49,799,040	89,533,961	40,533,483	66,750,544
Non-current	-	-	-	-
<b>10. Investment in Subsidiaries</b>				
CHI Capital (Note 10.1a)	-	-	130,000,000	130,000,000
Chi Microinsurance Limited (10.1b)	-	-	200,000,000	200,000,000
Grand Treasurers Limited	-	-	764,225,000	300,000,000
Hallmark Health Services Limited (10.1c)	-	-	400,000,000	400,000,000
	-	-	1,494,225,000	1,030,000,000
<b>Movement in Investment in subsidiaries</b>				
Opening	300,000,000	130,000,000	400,000,000	200,000,000
Addition	464,225,000	-	-	-
Disposal	-	-	-	-
Closing	764,225,000	130,000,000	400,000,000	200,000,000

N200 million The Board approved additional investment of N350million into Hallmark Health Services Ltd by increasing the paid up capital to N400million. Also, an approval was granted to increase equity share capital of CHI Micro Insurance Ltd from N50million to N200million. The Board approved and invested additional Capital of N200m in January 2020 and N264.225m in December 2020 totaling N464.225m into Grand Treasurers Limited.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

- 10.1a 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.
- 10.1b 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.
- 10.1c 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.

	CHI PLC N	CHI Capital Limited N	CHI Microinsurance N	Hallmark Health Ltd N	Grand Treasurers Ltd	Elimination N	Total N
<b>Condensed result of consolidated entities - 2020</b>							
<b>10.2 Condensed Financial Position</b>							
<b>Assets</b>							
Cash and cash equivalents	2,175,313,539	11,799,075	185,566,976	391,874,843	409,361,644	-	3,173,916,076
Financial assets	3,683,146,676	8,008,900	-	-	737,231,128	-	4,428,386,704
Deposit for shares	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	93,848,888	(7,601,857)	86,247,031
Trade receivables	481,030,540	-	-	126,657,775	-	-	607,688,316
Reinsurance assets	3,018,080,617	-	-	-	-	-	3,018,080,617
Deferred acquisition cost	344,817,850	-	-	10,248,299	-	-	355,066,149
Other receivables and prepayment	388,249,870	(156,701)	-	17,742,409	10,405,345	(286,887,812)	129,353,112
Investment in subsidiaries	1,494,225,000	26,398,930	-	-	-	(1,520,623,930)	-
Investment properties	948,826,470	93,661,000	-	-	-	-	1,042,487,470
Leasehold properties	-	-	-	9,968,479	-	-	9,968,479
Intangible Assets	30,480,413	-	-	2,158,239	3,936,004	-	36,574,657
Property and equipment	963,585,844	-	6,229,591	17,203,611	34,553,179	-	1,021,572,225
Statutory deposits	300,000,000	-	102,000,000	-	-	-	402,000,000
<b>Total assets</b>	<b>13,827,756,819</b>	<b>139,711,204</b>	<b>293,796,567</b>	<b>575,853,654</b>	<b>1,289,336,188</b>	<b>(1,815,113,599)</b>	<b>14,311,340,834</b>
<b>Liabilities</b>							
Insurance contract liabilities	5,014,339,773	-	-	193,893,379	-	-	5,208,233,151
Trade payables	13,972,733	-	-	-	-	-	13,972,733
Borrowing	-	-	-	-	5,013,052	-	5,013,052
Provision and other payables	208,764,373	4,546,385	50,346,957	63,906,732	478,606,022	(585,113,599)	221,056,870
Staff retirement benefit	2,253,607	-	-	-	1,875,919	-	4,129,526
Tax liabilities	289,145,971	7,829,346	-	1,095,771	61,388,032	-	359,459,121
Deferred tax	173,040,130	-	-	-	4,838,154	-	177,878,284
Share capital	5,420,000,000	130,000,000	200,000,000	400,000,000	500,000,000	(1,230,000,000)	5,420,000,000
Share Premium	168,933,834	-	-	-	-	-	168,933,834
Statutory reserve	2,136,621,663	-	-	-	45,964,378	-	2,182,586,041
Retained earnings	400,684,735	(2,664,527)	43,449,610	(83,042,228)	191,650,631	-	550,078,221
<b>Total liabilities and equity</b>	<b>13,827,756,819</b>	<b>139,711,204</b>	<b>293,796,567</b>	<b>575,853,654</b>	<b>1,289,336,188</b>	<b>(1,815,113,599)</b>	<b>14,311,340,834</b>



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

	CHI PLC N	CHI Capital N	CHI Microinsurance N	Hallmark Health Services LTD N	Grand Treasurers Limited	Elimination N	Total N
<b>10.2 Condensed result of consolidated entities - 2020</b>							
<b>Condensed profit and loss</b>							
Underwriting profit	1,756,878,147	-	-	117,152,252	-	(13,276,026)	1,860,754,373
Investment income	608,376,462	-	14,171,472	20,870,266	296,932,568	-	940,350,767
Other operating income	61,797,712	181,385	4,372,733	54,136	24,756,590	-	91,162,556
<b>Total operating income</b>	<b>2,427,052,321</b>	<b>181,385</b>	<b>18,544,205</b>	<b>138,076,653</b>	<b>321,689,158</b>	<b>(13,276,026)</b>	<b>2,892,267,696</b>
Impairment charge	-	-	-	(4,738,626)	(40,660,905)	-	(45,399,531)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	73,530,975	(1,409,920)	-	-	200,000	-	72,321,055
Management expenses	(1,794,138,119)	(1,120,693)	(18,531,204)	(125,551,990)	(220,558,956)	13,276,026	(2,146,624,937)
<b>Profit before taxation</b>	<b>706,445,177</b>	<b>(2,349,228)</b>	<b>13,001</b>	<b>7,786,037</b>	<b>60,669,297</b>	<b>-</b>	<b>772,564,283</b>
Taxation	(91,639,259)	-	-	(2,942,208)	-	-	(94,581,467)
<b>Profit after taxation</b>	<b>614,805,918</b>	<b>(2,349,228)</b>	<b>13,001</b>	<b>4,843,829</b>	<b>60,669,297</b>	<b>-</b>	<b>677,982,816</b>

	CHI PLC N	CHI Capital Limited N	CHI Microinsurance N	Hallmark Health Ltd N	Grand Treasurers Ltd	Elimination N	Total N
<b>10.2 Condensed Financial Position</b>							
<b>Assets</b>							
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
<b>Total assets</b>	<b>11,291,006,944</b>	<b>142,070,433</b>	<b>253,359,123</b>	<b>566,091,322</b>	<b>904,584,265</b>	<b>(1,415,288,797)</b>	<b>11,741,823,290</b>
<b>Liabilities</b>							
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
Deferred 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
<b>Total liabilities and equity</b>	<b>11,291,006,943</b>	<b>142,070,433</b>	<b>253,359,123</b>	<b>566,091,322</b>	<b>904,584,266</b>	<b>(1,415,288,797)</b>	<b>11,741,823,290</b>

<b>10.2 Condensed result of consolidated entities - 2018</b>							
<b>Condensed profit and loss</b>							
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)
<b>Profit after taxation</b>	<b>586,073,954</b>	<b>(2,119,771)</b>	<b>11,459,104</b>	<b>(34,018,209)</b>	<b>60,919,511</b>	<b>(22,000,000)</b>	<b>600,314,588</b>



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

	Group		Company	
	31 December 2020 N	31 December 2019 N	31 December 2020 N	31 December 2019 N
<b>11.0 Intangible assets</b>				
Cost				
At 1 January	52,669,875	41,189,748	48,901,607	39,915,834
Addition	21,448,064	11,480,127	13,585,913	8,985,773
Reclassification	-	-	-	-
31 December	74,117,939	52,669,875	62,487,520	48,901,607
Accumulated amortization				
At 1 January	26,582,849	18,826,757	24,281,248	17,722,843
Addition	10,960,433	7,756,092	7,725,859	6,558,405
31 December	37,543,282	26,582,849	32,007,107	24,281,248
Carrying amount 31 December	36,574,657	26,087,026	30,480,413	24,620,360
<b>12 Investment Properties</b>				
At 1 January	843,766,470	899,211,000	750,105,470	805,550,000
Addition	198,721,000	1,105,470	198,721,000	1,105,470
Disposal/transfer (Note 12.1b)	-	(56,550,000)	-	(56,550,000)
Fair value change	-	-	-	-
31 December	1,042,487,470	843,766,470	948,826,470	750,105,470

## 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. One 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 names to Consolidated Hallmark Insurance Plc.

The properties were professionally re-valued as at 30 November 2020, by Messrs Adegboyega Sanusi & Co.(FRC/2013/NIESV/00000001757) on the basis of open market values

- 12.1 The company property at Plot 3 Sea Gate Estate valued for =N=56,550,000 as at July 2019 was disposed during the year for =N=95,000,000 net of commission and fees.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
<b>Company</b>					
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
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.	141,921,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc
5	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
6	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
7	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	196,800,000	Chief Ugochukwu Romanus Orji	
			948,826,470		
<b>CHI Capital Limited</b>					
	Land	Thomas estate Ajah Lagos	93,661,000	CHI Capital Limited	Already exists in the name of CHI Capital Limited
	<b>Total</b>		1,042,487,470		

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 12.1b Movement on Investment Properties

S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
	<b>Company</b>						
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.	104,105,470		-	-	104,105,470
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	140,000,000	1,921,000	-	-	141,921,000
5	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	-	-	-	48,000,000
6	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	-	-	-	23,000,000
7	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	-	196,800,000	-	-	196,800,000
			<b>750,105,470</b>	<b>198,721,000</b>	-	-	<b>948,826,470</b>
	<b>CHI Capital Limited</b>						
		Thomas estate	<b>93,661,000</b>				<b>93,661,000</b>
	<b>Total</b>	<b>Ajah Lagos</b>	<b>843,766,470</b>	<b>198,721,000</b>	-	-	<b>1,042,487,470</b>

Addition to item no 4 as stated on the table above, represent amount paid for rebuilding of sewage tank and other improvement work carried out on the building premises.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 13.0 Property and Equipment 2020 13.1a The Group

Costs	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
At 1 January	286,099,948	541,339,722	104,916,000	142,158,254	524,541,736	230,159,488	1,829,215,148
Additions in the year	-	-	4,910,225	9,237,855	112,594,698	19,430,776	146,173,554
Transfer from Investment Property	-	-	-	-	-	-	-
Disposals in the year	-	-	-	(582,931)	(39,572,433)	(338,116)	(40,493,480)
<b>31 December</b>	<b>286,099,948</b>	<b>541,339,722</b>	<b>109,826,225</b>	<b>150,813,178</b>	<b>597,564,001</b>	<b>249,252,148</b>	<b>1,934,895,222</b>
<b>Accumulated depreciation</b>							
At 1 January 2020	-	139,690,665	81,808,948	115,302,649	309,424,673	201,977,509	848,204,444
Depreciation charge for the period	-	10,856,457	6,470,408	7,848,445	71,950,001	8,170,557	105,295,867
Disposals in the period	-	-	-	(582,930)	(39,569,652)	(24,733)	(40,177,315)
<b>31 December</b>	<b>-</b>	<b>150,547,122</b>	<b>88,279,356</b>	<b>122,568,164</b>	<b>341,805,022</b>	<b>210,123,332</b>	<b>913,322,997</b>
<b>Accumulated impairment losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>							
<b>31 December 2020</b>	<b>286,099,948</b>	<b>390,792,600</b>	<b>21,546,869</b>	<b>28,245,014</b>	<b>255,758,979</b>	<b>39,128,816</b>	<b>1,021,572,225</b>
At 31 December 2019	286,099,948	401,649,057	23,107,052	26,855,605	215,117,063	28,181,979	981,010,704

Some fixed assets were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Samusi & 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 2020, the landed property of CHI Capital Limited were professionally re-valued at N84 million by Messrs Adegboyega Samusi & 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.

Land is not depreciated and No Lien was placed on any of the fixed assets or used as collateral during the year. The Group assess fixed assets on a yearly basis to determine assets that have been impaired during the year and no impairment was detected.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 13.1b Property and Equipment The Group 2019

2019	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
At 1 January	286,099,948	541,339,722	97,822,420	123,410,865	549,378,736	234,429,595	1,832,481,286
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)
December	286,099,948	541,339,722	104,916,000	142,158,254	524,541,736	230,159,488	1,829,215,148
Accumulated depreciation							
At 1 January 2019	-	128,863,871	78,726,683	109,976,979	318,041,341	207,972,893	843,581,768
Depreciation charge for the period	-	10,826,794	5,355,708	5,325,670	69,228,772	7,005,401	97,742,344
Disposals in the period	-	-	(2,273,443)	-	(77,845,440)	(13,000,786)	(93,119,668)
December	-	139,690,665	81,808,948	115,302,649	309,424,673	201,977,509	848,204,444
Accumulated impairment losses	-	-	-	-	-	-	-
Carrying value							
31 December 2019	286,099,948	401,649,057	23,107,052	26,855,605	215,117,063	28,181,979	981,010,704
At 31 December 2018	286,099,948	412,475,851	19,095,737	13,433,886	231,337,395	26,456,702	988,899,518



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 13.2a Property and Equipment

### 2020 The Company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
<b>Costs</b>							
At 1 January	286,099,948	541,339,722	106,016,405	149,071,996	462,251,011	226,779,614	1,771,558,696
Additions	-	-	2,910,225	6,221,600	101,350,000	18,146,654	128,628,480
Transfer from Investment Property(12.1a)	-	-	-	-	-	-	-
Disposals	-	-	-	(582,931)	(39,572,433)	(338,116)	(40,493,480)
<b>31 December</b>	<b>286,099,948</b>	<b>541,339,722</b>	<b>108,926,630</b>	<b>154,710,665</b>	<b>524,028,579</b>	<b>244,588,152</b>	<b>1,859,693,696</b>
<b>Accumulated depreciation</b>							
At 1 January	-	139,690,665	81,911,134	117,080,520	291,704,211	201,849,191	832,235,721
Depreciation charge for the period	-	10,856,457	6,459,163	7,897,164	70,724,410	8,112,257	104,049,452
Disposals	-	-	-	(582,930)	(39,569,652)	(24,733)	(40,177,314)
<b>31 December</b>	<b>-</b>	<b>150,547,122</b>	<b>88,370,298</b>	<b>124,394,753</b>	<b>322,858,963</b>	<b>209,936,715</b>	<b>896,107,852</b>
<b>Carrying value</b>							
<b>31 December 2020</b>	<b>286,099,948</b>	<b>390,792,600</b>	<b>20,556,332</b>	<b>30,315,913</b>	<b>201,169,615</b>	<b>34,651,437</b>	<b>963,585,844</b>
At 31 December 2019	286,099,948	401,649,057	24,105,271	31,991,476	170,546,800	24,930,423	939,322,976

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.

Land is not depreciated and No Lien was placed on any of the fixed assets or used as collateral during the year. The Group assess fixed assets on a yearly basis to determine assets that have been impaired during the year and no impairment was detected.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## Property and Equipment (Cont'd)

2019

### The Company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
<b>At 1 January</b>	<b>286,099,948</b>	<b>541,339,722</b>	<b>98,922,825</b>	<b>130,324,607</b>	<b>498,288,011</b>	<b>231,049,721</b>	<b>1,786,024,834</b>
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)
<b>December</b>	<b>286,099,948</b>	<b>541,339,722</b>	<b>106,016,405</b>	<b>149,071,996</b>	<b>462,251,011</b>	<b>226,779,614</b>	<b>1,771,558,696</b>
<b>Accumulated depreciation</b>							
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	66,302,960	7,034,653	96,434,525
Disposals	-		(2,273,443)	-	(77,845,440)	(13,000,786)	(93,119,669)
<b>December</b>	<b>-</b>	<b>139,690,665</b>	<b>81,911,134</b>	<b>117,080,520</b>	<b>291,704,211</b>	<b>201,849,191</b>	<b>832,235,721</b>
<b>Carrying value</b>							
<b>31 December 2019</b>	<b>286,099,948</b>	<b>401,649,057</b>	<b>24,105,271</b>	<b>31,991,476</b>	<b>170,546,800</b>	<b>24,930,423</b>	<b>939,322,975</b>
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

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

13-3	Right-of-Use of Assets (Leased Assets)	Furniture & Fittings		Motor Vehicles		Office Equipment		Computer Equipment		Total
		N	N	N	N	N	N	N	N	
	Cost									
	Balance as at 1 January 2019	-	-	-	-	-	-	-	-	-
	Transferred from Property, Plant and Equipment	6,913,742		9,300,000		3,912,175		520,000		20,645,917
	Additions during the year	-	-	-	-	-	-	-	-	-
	Balance as at 31 December 2019/1 January 2020	6,913,742		9,300,000		3,912,175		520,000		20,645,917
	Additions during the year	-	-	-	-	-	-	-	-	-
	Balance as at 31 December 2020	<b>6,913,742</b>		<b>9,300,000</b>		<b>3,912,175</b>		<b>520,000</b>		<b>20,645,917</b>
	Accumulated Depreciation									
	Balance as at 1 January 2019	-	-	-	-	-	-	-	-	-
	Transferred from Property, Plant and Equipment	1,031,379		1,851,342		583,611		771,573		3,543,905
	Charge for the year	1,037,061		1,860,000		586,826		78,000		3,561,887
	Balance as at 31 December 2019/1 January 2020	2,068,440		3,711,342		1,170,437		155,573		7,105,792
	Charge for the year	1,039,903		1,865,097		588,434		78,213		3,571,647
	Balance as at 31 December 2020	<b>3,108,343</b>		<b>5,576,439</b>		<b>1,758,871</b>		<b>233,786</b>		<b>10,677,439</b>
	Carrying Amount									
	Cost	6,913,742		9,300,000		3,912,175		520,000		20,645,917
	Accumulated Depreciation	(2,068,440)		(3,711,342)		(1,170,437)		(155,573)		(7,105,792)
	Carrying amount as at 31 December 2019	<b>4,845,302</b>		<b>5,588,658</b>		<b>2,741,738</b>		<b>364,427</b>		<b>13,540,124</b>
	Cost	6,913,742		9,300,000		3,912,175		520,000		20,645,917
	Accumulated Depreciation	(3,108,343)		(5,576,439)		(1,758,871)		(233,786)		(10,677,439)
	Carrying amount as at 31 December 2020	<b>3,805,399</b>		<b>3,723,561</b>		<b>2,153,304</b>		<b>286,214</b>		<b>9,968,479</b>

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

		Group		Company	
		2020 N	2019 N	2020 N	2019 N
14.	<b>Statutory deposits</b>	<b>402,000,000</b>	300,000,000	<b>300,000,000</b>	300,000,000
This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2020.					
15.	<b>Insurance contract liabilities</b>				
	Reserve for outstanding claims (Note 15.1)	<b>2,802,994,272</b>	1,746,127,083	<b>2,798,868,569</b>	1,742,001,381
	Unearned premium reserve (Note 15.2)	<b>2,405,238,880</b>	2,358,956,675	<b>2,215,471,204</b>	2,181,825,507
	<b>Total</b>	<b>5,208,233,152</b>	4,105,083,758	<b>5,014,339,773</b>	3,923,826,888

## 15.1 Reserve for outstanding claims - 2020

	Group			Company		
	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	842,395,557	219,244,654	1,061,640,211	842,395,557	219,244,654	1,061,640,211
General accident	226,545,391	197,289,820	423,835,211	226,545,391	197,289,820	423,835,211
Motor	90,318,483	125,287,692	215,606,175	90,318,483	125,287,692	215,606,175
Marine	182,375,802	27,325,765	209,701,566	182,375,802	27,325,765	209,701,566
Bond	8,780,635	13,692,867	22,473,502	8,780,635	13,692,867	22,473,502
Engineering	165,469,298	83,597,519	249,066,817	165,469,298	83,597,519	249,066,817
Aviation	51,053,614	72,846,999	123,900,613	51,053,614	72,846,999	123,900,613
Oil & gas	329,185,170	163,459,305	492,644,475	329,185,170	163,459,305	492,644,475
	<b>1,896,123,949</b>	<b>902,744,620</b>	<b>2,798,868,569</b>	<b>1,896,123,948</b>	<b>902,744,621</b>	<b>2,798,868,569</b>
HMO - Outstanding claims	<b>4,125,703</b>	-	<b>4,125,703</b>	-	-	-
<b>Total</b>	<b>1,900,249,652</b>	<b>902,744,620</b>	<b>2,802,994,272</b>	<b>1,896,123,948</b>	<b>902,744,621</b>	<b>2,798,868,569</b>

## Reserve for outstanding claims - 2019

	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
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
	<b>625,485,060</b>	<b>1,116,516,320</b>	<b>1,742,001,380</b>	<b>625,485,061</b>	<b>1,116,516,320</b>	<b>1,742,001,381</b>
HMO - Outstanding claims	<b>4,125,703</b>	-	<b>4,125,703</b>	-	-	-
<b>Total</b>	<b>629,610,763</b>	<b>1,116,516,320</b>	<b>1,746,127,083</b>	<b>625,485,061</b>	<b>1,116,516,320</b>	<b>1,742,001,381</b>

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

		Group		Company	
		2020 N	2019 N	2020 N	2019 N
15.2	<b>Unearned premium reserve</b>				
	Fire	322,981,528	212,035,356	322,981,528	212,035,356
	General accident	360,220,432	284,040,315	360,220,432	284,040,315
	Motor	679,007,369	694,561,211	679,007,369	694,561,211
	Marine	130,494,659	113,103,396	130,494,659	113,103,396
	Oil & Gas	411,555,319	430,322,716	411,555,319	430,322,716
	Engineering	136,111,708	225,889,321	136,111,708	225,889,321
	Aviation	108,010,647	130,648,627	108,010,647	130,648,627
	Bond	67,089,542	91,224,565	67,089,542	91,224,565
	<b>Total</b>	<b>2,215,471,204</b>	<b>2,181,825,507</b>	<b>2,215,471,204</b>	<b>2,181,825,507</b>
	HMO - Unearned premium reserve	189,767,676	177,131,168	-	-
	<b>Total</b>	<b>2,405,238,880</b>	<b>2,358,956,675</b>	<b>2,215,471,204</b>	<b>2,181,825,507</b>

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), certified firm of actuaries, carried out by Messrs Olurotimi O. 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 2020

## AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2020

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	37,942,976	34,602,954	11,057,107	12,073,204	18,688,175	114,364,417
250,001-500,000	14,708,174	6,516,738	3,816,720	4,939,000	16,956,350	46,936,982
500,001-1,500,000	25,304,399	8,878,228	9,200,000	11,536,821	31,317,955	86,237,403
1,500,001-2,500,000	12,395,186	1,903,450	24,900,000	3,065,000	21,031,437	63,295,073
2,500,001-5,000,000	25,873,823	64,774,000	14,880,225	15,323,000	47,558,697	168,409,746
ABOVE 5,000,000	623,071,764	337,729,000	228,000,000	145,759,814	82,319,750	1,416,880,328
TOTAL	739,296,323	454,404,370	291,854,052	192,696,839	217,872,365	1,896,123,948

## 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	625,485,063

## Number of claimants in each category

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
At December 2020	659	319	251	285	940	2,454
At December 2019	525	327	315	253	1,218	2,638

## 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	-	-	-	-	-	-
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	-	-	-	-	-	-

## OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	-	390,000	230,000	533,600	1,715,026	2,868,626
250,001-500,000	-	-	316,720	-	-	316,720
500,001-1,500,000	-	1,350,000	-	-	-	1,350,000
1,500,001-2,500,000	-	-	1,800,000	-	-	1,800,000
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	-	1,740,000	2,346,720	533,600	1,715,026	6,335,346

## OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	36,066,687	13,732,954	10,591,699	11,407,544	36,628,153	108,427,037
250,001-500,000	12,857,758	6,516,738	3,500,000	4,939,000	16,956,350	44,769,846
500,001-1,500,000	23,256,399	7,528,228	9,200,000	11,536,821	28,359,525	79,880,974
1,500,001-2,500,000	6,623,750	1,903,450	23,100,000	3,065,000	15,491,500	50,183,700
2,500,001-5,000,000	22,330,213	64,774,000	14,880,225	15,323,000	44,328,000	161,635,439
ABOVE 5,000,000	602,054,764	337,729,000	228,000,000	145,759,814	82,319,750	1,395,863,328
TOTAL	703,189,573	432,184,370	289,271,924	192,031,179	224,083,278	1,840,760,323

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

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## OUTSTANDING CLAIMS (BEING ADJUSTED)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	1,662,515	480,000	235,408	132,060	294,995	2,804,978
250,001-500,000	646,050					646,050
500,001-1,500,000	2,048,000		2,958,429		-	5,006,429
1,500,001-2,500,000	1,683,500				-	1,683,500
2,500,001-5,000,000			8,770,635		-	8,770,635
ABOVE 5,000,000	5,670,000					5,670,000
TOTAL	11,710,065	480,000	11,964,472	132,060	294,995	24,581,592

## 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	263,774	-	-	-	-	263,774
250,001-500,000	1,204,366	-	-	-	-	1,204,366
500,001-1,500,000		-	-	-	-	-
1,500,001-2,500,000	4,087,936	-	-	-	-	4,087,936
2,500,001-5,000,000	3,543,610	-	-	-	-	3,543,610
ABOVE 5,000,000	15,347,000	-	-	-	-	15,347,000
TOTAL	24,446,686	-	-	-	-	24,446,686

Please note that, the Group does 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 2020

		Group		Company	
		2020 N	2019 N	2020 N	2019 N
15.4	<b>Funds representing insurance contract liabilities</b>				
	Balance with banks	246,595,445	125,032,039	246,595,445	125,032,039
	Fixed placement	1,892,159,984	880,899,920	1,892,159,984	880,899,920
	Treasury bill & Bonds	2,629,694,266	2,713,842,853	2,629,694,266	2,713,842,853
	Recoverable from reinsurance company	2,170,714,673	-	2,170,714,673	-
	At fair value through profit or loss	772,258,498	332,544,560	772,258,498	332,544,560
		7,711,422,866	4,052,319,372	7,711,422,866	4,052,319,372
16.	<b>Trade payables</b>				
	Due to insurance companies	-	-	-	-
	Due to reinsurance companies - local	13,972,733	54,241,112	13,972,733	54,241,112
	Other trade payables	-	-	-	-
		13,972,733	54,241,112	13,972,733	54,241,112
	Current	13,972,733	54,241,112	13,972,733	54,241,112
	Non-current	-	-	-	-
	<b>Movement in Trade payables</b>				
	Opening	54,241,112	10,777,565	54,241,112	10,777,565
	Reinsurance during the year	3,513,496,175	3,864,065,511	3,513,496,175	3,864,065,511
	Payment	(3,553,764,554)	(3,820,601,964)	(3,553,764,554)	(3,820,601,964)
	Closing	13,972,733	54,241,112	13,972,733	54,241,112
17	<b>Borrowing</b>				
	At 1 January	10,448,536	67,530,064	-	-
	Addition	2,000,000	104,168,381	-	-
	Repayment	(15,048,403)	(167,310,401)	-	-
	Interest capitalised	7,612,919	6,060,492	-	-
	As At 31 December	5,013,052	10,448,536	-	-
18.	<b>Other payables and provision</b>				
	Audit fees	9,037,500	8,500,000	7,037,500	6,500,000
	VAT payable	100,000	-	100,000	-
	Withholding tax payable	5,813,998	784,633	5,813,998	784,633
	Unclaimed dividend payable (Note 18.1)	80,662,912	99,002,078	80,662,912	99,002,078
	Accrued expenses***	58,483,667	15,443,263	36,089,500	5,089,500
	Unearned Commission received(Note 18.2)	26,383,647	116,900,695	26,383,647	116,900,695
	Staff Cooperative	34,923,889	31,357,463	34,923,889	31,357,463
	Sundry creditors **	5,651,257	112,061,518	17,752,927	83,772,344
		221,056,870	384,049,650	208,764,373	343,406,713
	Current	221,056,870	384,049,650	208,764,373	343,406,713
	Non-current	-	-	-	-

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

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

Accrued expenses in the 2020 is made up of Performance driven payments of N31million due to employees as at 31 December 2020 and Accrued office rent expenses of N5,089,500

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 2020

18.2	Unearned Commission Reserve	Group		Company	
		2020 N	2019 N	2020 N	2019 N
	Fire	303,286	28,161,492	303,286	28,161,492
	General accident	232,744	49,947,809	232,744	49,947,809
	Motor	182,117	1,136,628	182,117	1,136,628
	Marine	22,865,491	16,377,041	22,865,491	16,377,041
	Oil & Gas	-	2,343,214	-	2,343,214
	Engineering	2,730,195	13,617,774	2,730,195	13,617,774
	Aviation	-	949,255	-	949,255
	Bond	69,814	4,367,482	69,814	4,367,482
		26,383,647	116,900,695	26,383,647	116,900,695

			Group		Company	
			2020 N	2019 N	2020 N	2019 N
19.	Retirement benefit obligation					
	Defined contribution pension plan					
	At 1 January		7,290,620	6,403,628	6,690,086	5,833,280
	Provision during the period (Note 36a)		46,692,927	45,052,162	42,824,690	42,545,803
	Payment during the period		(49,854,021)	(44,165,170)	(47,261,169)	(41,688,997)
	31 December		4,129,526	7,290,620	2,253,607	6,690,086
19.a	Employer contribution	10%	2,294,181	4,050,345	936,712	3,459,113
	Employees contribution	8%	1,835,345	3,240,275	1,316,895	3,230,973
			4,129,526	7,290,620	2,253,607	6,690,086

21.	Taxation	Group		Company	
		2020 N	2019 N	2020 N	2019 N
21.1	Income tax expense				
	Income tax	137,577,543	239,841,235	134,635,334	211,527,158
	Education tax	39,510,636	19,575,234	39,510,636	19,575,234
	Under/(over)provision in previous year	(129,797,807)	(107,358,904)	(129,797,807)	(107,358,904)
		47,290,372	152,057,565	44,348,164	123,743,488
		47,291,095	(40,897,690)	47,291,095	(42,435,710)
	Deferred tax (Note 22)	94,581,467	111,159,875	91,639,259	81,307,778

21.1.1 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.

21.2	Current income tax liabilities	Group		Company	
		2020 N	2019 N	2020 N	2019 N
	At 1 January	436,426,812	368,204,247	355,578,462	298,742,725
	Payments during the period	(124,258,063)	(83,835,000)	(110,780,655)	(66,907,751)
		312,168,749	284,369,247	244,797,807	231,834,974
	Charge for the period	47,290,372	152,057,565	44,348,164	123,743,488
	31 December	359,459,121	436,426,812	289,145,971	355,578,462

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

21.3	<b>Reconciliation of effective tax rate</b>				
	Profit after tax	677,982,816	600,314,588	614,805,918	586,073,953
	<b>Total income tax expense</b>				
	Income	137,577,543	239,841,235	134,635,334	211,527,158
	Education	39,510,636	19,575,234	39,510,636	19,575,234
	(Over)/under-provision	(129,797,807)	(107,358,904)	(129,797,807)	(107,358,904)
	Deferred tax (Note 22)	47,291,095	(40,897,690)	47,291,095	(42,435,710)
		94,581,467	111,159,875	91,639,259	81,307,778
	<b>Profit for the period before income tax</b>	772,564,284	711,474,464	706,445,176	667,381,731
	Effective tax rate	12%	16%	13%	12%
22	<b>Deferred tax liabilities</b>				
	At 1 January	130,587,189	171,484,878	125,749,035	168,184,745
	Charge for the period (Note 21.1)	47,291,095	(40,897,690)	47,291,095	(42,435,710)
	31 December	177,878,284	130,587,188	173,040,130	125,749,035

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

	Group		Company	
	2020 N	2019 N	2020 N	2019 N
23.	<b>Share capital</b>			
	<b>Authorised:</b>			
	20 billion ordinary shares of 50k each	10,000,000,000	7,500,000,000	10,000,000,000
23.1	<b>Issued and fully paid:</b>			
	10.840 billion ordinary shares of 50k each			
	31 December	5,420,000,000	4,065,000,000	5,420,000,000
	Opening	4,065,000,000	4,065,000,000	4,065,000,000
	Addition: Right issue	1,016,250,000	-	1,016,250,000
	Bonus issued	338,750,000	-	338,750,000
	Closing	5,420,000,000	4,065,000,000	5,420,000,000

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.

The Company declared bonus issue of 1 share for every 15 Shares from 2019 Financials. The bonus issue was approved at the hybrid AGM held on 26th August 2020 by proxy at the Company Head office situated at No 266 Ikorodu road Lagos and via Zoom. The Bonus issue declared was allotted during the year.

	Group		Company	
	2020	2019	2020	2019
24	<b>Share Premium</b>			
	Number (units) of shares issued	2,032,500,000	-	2,032,500,000
	Issue price	52kobo	-	52kobo
	Opening	155,264,167	155,264,167	155,264,167
	Addition	40,650,000	-	40,650,000
	Issue expenses	(26,980,333)	-	(26,980,333)
	Share Premium	168,933,834	155,264,167	168,933,834

The share premium arose from the right issue of 2,032,500,000 shares @ the price of 52kobo which is above the nominal value of 50kobo. The excess amount after deducting all charges is stated as share premium

25.	<b>Other reserves</b>				
25.1.	<b>Contingency reserve</b>				
	At 1 January	1,855,299,252	1,603,720,833	1,855,299,252	1,603,720,833
	Transfer from income statement (Note 26)	281,322,411	251,578,419	281,322,411	251,578,419
	31 December	2,136,621,663	1,855,299,252	2,136,621,663	1,855,299,252

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=281,322,411 is based on 3% of total premium.



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>25.2 Statutory reserve</b>				
At 1 January	36,863,982	27,726,056	-	-
Transfer from income statement (Note 26)	9,100,396	9,137,925	-	-
<b>31 December</b>	<b>45,964,378</b>	<b>36,863,982</b>	<b>-</b>	<b>-</b>

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.

<b>26. Retained earnings</b>				
At 1 January	501,268,212	324,269,968	405,951,229	234,055,695
Bonus share issued based on 2019 published accounts	(338,750,000)	(162,600,000)	(338,750,000)	(162,600,000)
Transfer to contingency reserve (Note 25.1)	(281,322,411)	(251,578,419)	(281,322,411)	(251,578,419)
Transfer from income statement	677,982,816	600,314,588	614,805,918	586,073,953
Transfer to statutory reserve (Note 25.2)	(9,100,396)	(9,137,925)	-	-
<b>31 December</b>	<b>550,078,221</b>	<b>501,268,212</b>	<b>400,684,735</b>	<b>405,951,229</b>

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

<b>26.1. Profit before taxation</b>				
Profit before taxation is stated after charging/crediting:				
Depreciation of property and equipment	105,295,867	109,818,684	104,049,451	99,538,115
Auditors' remuneration	11,326,808	8,500,000	7,326,808	6,500,000
Directors' remuneration:				
- Fees	9,450,000	9,450,000	9,450,000	9,450,000
Profit on disposal of property and equipment	-	-	-	-
Foreign exchange (gains)/loss	(56,648,517)	(17,768,240)	(56,648,517)	(17,768,240)

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

	<----- 2020 ----->			
	Direct premium N	Inward reinsurance premium N	Increase/decrease in unearned premium N	Gross premium earned N
<b>27. Gross premium earned analysed as follows:</b>				
Fire	1,095,317,994	23,067,680	(110,946,172)	1,007,439,502
General accident	1,282,145,424	5,051,994	(76,180,117)	1,211,017,301
Motor	2,095,582,855	24,126,933	15,553,842	2,135,263,630
Aviation	928,319,008	276,251	22,637,980	951,233,240
Oil & Gas	2,585,171,145	41,921,129	18,767,397	2,645,859,671
Marine	597,581,298	5,261,502	(17,391,263)	585,451,537
Engineering	508,274,182	5,998,574	89,777,613	604,050,369
Bond	179,317,737	-	24,135,023	203,452,760
<b>Company Total</b>	<b>9,271,709,644</b>	<b>105,704,063</b>	<b>(33,645,697)</b>	<b>9,343,768,010</b>
Premium from HMO Business	385,107,664	-	(29,881,965)	355,225,699
<b>Group Total</b>	<b>9,656,817,308</b>	<b>105,704,063</b>	<b>(63,527,662)</b>	<b>9,698,993,709</b>

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
<b>Company Total</b>	<b>8,166,460,145</b>	<b>219,487,140</b>	<b>(308,051,327)</b>	<b>8,077,895,958</b>
Premium from HMO Business	305,287,305	-	(80,374,840)	224,912,465
<b>Group Total</b>	<b>8,471,747,450</b>	<b>219,487,140</b>	<b>(388,426,167)</b>	<b>8,302,808,423</b>

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

		Group		Company	
		2020 N	2019 N	2020 N	2019 N
28.	<b>Reinsurance expense</b>				
	The reinsurance expense is analysed as follows:				
	Reinsurance premium cost (Note 7.3)	3,513,496,175	3,864,065,511	3,513,496,175	3,864,065,511
	(Increase)/decrease in prepaid reinsurance	178,363,528	(506,529,510)	178,363,528	(506,529,510)
	Reinsurance expense (Note 7.3)	3,691,859,703	3,357,536,001	3,691,859,703	3,357,536,001
29.	<b>Fee and commission</b>				
	Fire	167,369,503	225,885,440	167,369,503	225,885,440
	General accident	141,960,976	116,059,633	141,960,976	116,059,633
	Motor	1,646,597	8,851,222	1,646,597	8,851,222
	Aviation	32,955,008	50,560,875	32,955,008	50,560,875
	Oil & Gas	2,713,202	22,693,455	2,713,202	22,693,455
	Marine	70,316,076	33,264,266	70,316,076	33,264,266
	Engineering	68,063,419	59,936,882	68,063,419	59,936,882
	Bond	8,348,972	2,386,256	8,348,972	2,386,256
		493,373,753	519,638,029	493,373,753	519,638,029
	<b>Movement - Fee and commission</b>				
	Opening Unearned commission (Note 18.2)	116,900,695	49,336,209	116,900,695	49,336,209
	Commission received	402,856,705	587,202,514	402,856,705	587,202,514
	Commission earned	(493,373,753)	(519,638,029)	(493,373,753)	(519,638,029)
	Closing Unearned commission (Note 18.2)	26,383,647	116,900,695	26,383,647	116,900,695

		Group		Company	
		Claims expenses 31 December 2020 N	Claims expenses 31 December 2019 N	Claims expenses 31 December 2020 N	Claims expenses 31 December 2019 N
30.1	<b>Claims expenses</b>				
	Claims paid during the year	3,116,308,122	3,573,383,141	2,894,888,636	3,441,410,976
	Opening IBNR and outstanding claims (Note 15.1)	(1,742,001,381)	(1,867,293,863)	(1,742,001,381)	(1,867,293,863)
	Closing IBNR and outstanding claims (Note 15.1)	2,798,868,569	1,742,001,381	2,798,868,569	1,742,001,381
	Gross claims expenses	4,173,175,310	3,448,090,659	3,951,755,823	3,316,118,494
	Gross claims expenses excluding IBNR				
	Claims paid during the year	3,116,308,122	3,573,383,142	2,894,888,636	3,441,410,976
	Opening outstanding claims	(625,485,061)	(1,174,448,330)	(625,485,061)	(1,174,448,330)
	Closing outstanding claims (Note 14.1)	1,896,123,948	625,485,061	1,896,123,948	625,485,061
	Gross claims expenses excluding IBNR	4,386,947,009	3,024,419,873	4,165,527,523	2,892,447,707
30.2	<b>Claims &amp; IBNR recoverable from Reinsurance</b>				
	Claims recovered	1,099,371,558	1,618,530,538	1,099,371,558	1,618,530,538
	Opening claims recoverable (Note 7.3)	(1,662,816,336)	(1,512,527,257)	(1,662,816,336)	(1,512,527,257)
	Closing claims recoverable	2,170,714,673	1,662,816,336	2,170,714,673	1,662,816,336
	Net recoverable	1,607,269,895	1,768,819,617	1,607,269,895	1,768,819,617

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31.	Underwriting expenses	Group		Company		Overview
		Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses	
		N	N	N	N	
	Underwriting expenses- 2020					
	Fire	172,392,396	58,067,801	172,392,396	58,067,801	
	General accident	202,697,733	81,166,475	202,697,733	81,166,475	
	Motor	239,001,995	273,926,124	239,001,995	273,926,124	
	Aviation	118,857,334	120,024,950	118,857,334	120,024,950	
	Oil & Gas	352,156,569	110,100,223	352,156,569	110,100,223	
	Marine	87,277,355	42,844,782	87,277,355	42,844,782	
	Engineering	108,042,201	32,864,186	108,042,201	32,864,186	
	Bond	30,456,428	14,041,435	30,456,428	14,041,435	
	Total	1,310,882,010	733,035,975	1,310,882,010	733,035,975	
	HMO Acquisition expenses	29,929,986	-	-	-	
	Total	1,340,811,996	733,035,975	1,310,882,010	733,035,975	
	Underwriting expenses- 2019	Acquisition expenses	Maintenance expenses	Acquisition expenses	Maintenance expenses	
		N	N	N	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	
	Total	1,305,704,897	633,843,473	1,305,704,897	633,843,473	
	HMO Acquisition expenses	17,680,393	-	-	-	
	Total	1,323,385,290	633,843,473	1,305,704,897	633,843,473	
	Underwriting expenses	Group		Company		Corporate Governance
		31 December 2020	31 December 2019	31 December 2020	31 December 2019	
		N	N	N	N	
	Acquisition Expenses	1,340,811,996	1,323,385,290	1,310,882,010	1,305,704,897	
	Maintenance Expenses	733,035,975	633,843,473	733,035,975	633,843,473	
	Total	2,073,847,971	1,957,228,763	2,043,917,985	1,939,548,370	
32.	Investment income	Group		Company		Financial Statement
		31 December 2020	31 December 2019	31 December 2020	31 December 2019	
		N	N	N	N	
	Interest on fixed deposit	408,384,261	635,509,776	139,520,998	254,666,244	
	Interest received on corporate loan	18,278,205	48,709,473	18,278,205	48,709,473	
	Interest accrued	114,585,130	44,945,061	51,474,088	44,945,061	
	Amortised gain(loss) on held to maturity (Note 3.4)	348,883,834	292,956,177	348,883,834	267,551,183	
	Gain on disposal of investment property	-	38,450,000	-	38,450,000	
	Rent income on investment properties	9,816,808	3,695,333	9,816,808	3,695,333	
	Dividend received	40,402,530	16,088,305	40,402,530	38,088,305	
	Total	940,350,767	1,080,354,125	608,376,462	696,105,599	
32.1	Investment income	Group		Company		Appendix
		31 December 2020	31 December 2019	31 December 2020	31 December 2019	
		N	N	N	N	
	Investment income attributable to policyholders' fund	348,883,834	356,723,692	348,883,834	356,723,692	
	Investment income attributable to shareholders' fund	591,466,933	723,630,433	259,492,628	339,381,907	
	Total	940,350,767	1,080,354,125	608,376,462	696,105,599	

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

		Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
33.	<b>Other operating income</b>				
	Profit (Loss) on disposal of property and equipment	4,567,482	(2,417,775)	4,567,482	(2,417,775)
	Interest on staff receivables	-	7,826,502	-	7,826,502
	Exchange gain (Note 33.1)	56,648,517	12,342,581	56,648,517	12,342,581
	Other income	29,946,559	11,809,473	581,713	425,665
	<b>Total</b>	<b>91,162,556</b>	<b>29,560,781</b>	<b>61,797,712</b>	<b>18,176,973</b>
33.1	<b>Exchange gain</b>				
	Gain on disposal of foreign currency	-	17,130,000	-	17,130,000
	Gain/ (loss) from valuation of closing foreign currency balances	56,648,517	(4,787,419)	56,648,517	(4,787,419)
	<b>Total</b>	<b>56,648,517</b>	<b>12,342,581</b>	<b>56,648,517</b>	<b>12,342,581</b>
34.	<b>Impairment charged</b>				
	Cash and cash equivalent (Note 2.2)	-	92,722,594	-	92,722,594
	Loans and receivables (Note 3.2)	(31,537,233)	66,311,021	-	-
	Finance Lease receivable (Note 5.1)	(9,045,989)	8,174,932	-	-
	Trade receivables (Note 6.1)	(4,738,626)	-	-	-
	Other receivables (Note 9)	(77,683)	15,715	-	15,715
	Inventories (Note 11)	-	-	-	-
	<b>Total</b>	<b>(45,399,531)</b>	<b>(167,224,262)</b>	<b>-</b>	<b>(92,738,308)</b>
	<b>Impairment no longer required</b>				
	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)	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>20,102,133</b>	<b>-</b>	<b>20,102,133</b>
	<b>Impairment (charge)/write back</b>	<b>(45,399,531)</b>	<b>(147,122,129)</b>	<b>-</b>	<b>(72,636,175)</b>

		Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
35.	<b>Net fair value gain (loss) at fair value through profit or loss</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>
	Financial assets at fair value through profit or loss	72,321,055	(11,848,771)	73,530,975	(10,942,516)
	Investment property (Note 12.o)	-	-	-	-
	Others	-	-	-	-
	<b>Fair value gains/(loss)</b>	<b>72,321,055</b>	<b>(11,848,771)</b>	<b>73,530,975</b>	<b>(10,942,516)</b>
	This represents increase in the value of financial assets and investment properties at fair value through profit or loss during the year.				
35a	<b>Financial Asset at fair value through profit or loss (Note 3.1)</b>				
	Opening balance	(13,214,626)	(1,365,855)	(12,308,371)	(1,365,855)
	Addition charged to profit or loss	72,321,055	(11,848,771)	73,530,975	(10,942,516)
	Disposal	-	-	-	-
	<b>Closing balance (Note 3.1)</b>	<b>59,106,429</b>	<b>(13,214,626)</b>	<b>61,222,604</b>	<b>(12,308,371)</b>

Financial Assets at fair value through profit or loss were measured using The Nigeria Stock Exchange and NASD price lost as at the close of business on 31st December 2020.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 36. Operating & Administrative expenses

Employee cost (Note 36)	745,955,263	793,681,066	630,218,574	629,022,125
Rent, insurance and maintenance	149,112,359	125,950,005	138,155,691	105,993,337
Depreciation of property and equipment	105,295,867	97,742,344	104,049,451	96,434,525
Amortisation of intangible assets	10,960,433	7,756,092	7,725,859	6,558,405
Auditors' remuneration	11,326,808	8,500,000	7,326,808	6,500,000
Directors' remuneration:	-	-	-	-
- Fees	9,000,000	9,000,000	9,000,000	9,000,000
- Allowance & Expenses	27,675,983	52,799,519	27,035,833	50,515,989
Professional charges**	126,392,277	154,758,476	100,901,278	154,267,477
Printing and telecommunication	71,710,478	48,060,138	49,133,134	37,482,795
Advertising	367,996,547	323,491,451	317,944,007	300,051,083
Travelling and motor vehicle expenses	101,777,316	139,015,907	62,280,806	90,243,296
Rates, Insurance levy and utilities	106,148,322	43,410,484	92,567,260	27,493,726
Information Technology (note 20)	7,064,452	6,673,817	7,064,452	6,673,817
Office running and bank charges	50,877,298	70,992,319	32,042,773	50,472,932
Donation	46,231,024	22,874,442	46,221,024	22,864,442
Office security expenses	35,523,082	35,735,411	33,379,590	29,173,523
Brand management	154,098,048	109,412,940	113,314,236	85,968,637
Legal and Filing fees	18,460,419	17,925,774	14,758,382	7,656,780
Penalty (Contraventions) (Note 43)	1,018,961	100,000	1,018,961	100,000
<b>Total</b>	<b>2,146,624,937</b>	<b>2,067,880,186</b>	<b>1,794,138,119</b>	<b>1,716,472,888</b>

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

	Group		Company	
	31 December 2020 N	31 December 2019 N	31 December 2020 N	31 December 2019 N
<b>36a. Employee cost</b>				
Wages and salaries				
Medical	587,489,952	612,424,528	481,107,666	469,034,138
Staff training	6,228,212	26,123,677	18,314,046	24,933,485
Defined contribution pension plan (Note 17)	105,544,172	110,080,699	87,972,172	92,508,699
	46,692,927	45,052,162	42,824,690	42,545,803
<b>Total</b>	<b>745,955,263</b>	<b>793,681,066</b>	<b>630,218,574</b>	<b>629,022,125</b>
<b>36b. Chairman's and Directors' emoluments, pensions and compensation for loss of office</b>				
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

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

37.		Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Basic/diluted earnings per share				
	Profit/(loss) after taxation	677,982,816	600,314,588	614,805,918	470,193,391
	Number of shares	10,840,000,000	8,130,000,000	10,840,000,000	8,130,000,000
	<b>Movement in Numbers of Share Capital</b>				
	Opening	8,130,000,000	8,130,000,000	8,130,000,000	8,130,000,000
	Right issue	2,032,500,000	-	2,032,500,000	-
	Bonus Issue	677,500,000	-	677,500,000	-
	Private placement	-	-	-	-
	Closing	10,840,000,000	8,130,000,000	10,840,000,000	8,130,000,000
	<b>Weighted Average nos of share</b>				
	Opening	8,130,000,000	8,130,000,000	8,130,000,000	8,130,000,000
	Right issue ( full year)	1,016,250,000	-	1,016,250,000	-
	Bonus Issue	677,500,000	-	677,500,000	-
	Private placement	-	-	-	-
	Weighted Average nos of share	9,823,750,000	8,130,000,000	9,823,750,000	8,130,000,000
	Basic/diluted earnings per share (kobo)	6.90	7.38	6.26	5.78

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		Group		Company	
		31 December 2020	December 2019	31 December 2020	December 2019
	<b>Reconciliation of net cashflow from operating activities</b>				
	Profit before tax	772,564,284	711,474,464	706,445,177	667,381,731
	Adjustment for the following:				
	Add, Depreciation & amortisation	105,295,867	116,016,964	104,049,451	102,992,929
	other non cash transaction				
	Net fair value loss on financial assets at fair value through profit or loss	72,321,055	(11,848,771)	73,530,975	10,942,516
	Less :				
	Profit /Loss on disposal	(4,567,482)	2,417,775	(4,567,482)	2,417,775
	Investment income	(899,948,237)	(1,064,265,819)	(567,973,932)	(658,017,294)
	Dividend received	(40,402,530)	(16,088,305)	(40,402,530)	(38,088,305)
	Impairment	45,399,531	147,122,129	-	72,636,175
		50,662,488	(91,474,022)	271,081,658	160,265,527
	Changes in working capital:				
	Increase(decrease) in trade receivable	(313,940,320)	(58,895,671)	(281,131,232)	(650,839)
	Increase(decrease) in reinsurance assets	(329,534,810)	(656,818,589)	(329,534,810)	(656,818,589)
	Increase(decrease) in deferred acquisition	5,497,103	(53,218,331)	4,997,841	(46,849,513)
	Increase(decrease) in other receivable	79,703,855	(13,895,855)	(74,558,285)	(102,878,050)
	Increase(decrease) in finance lease receivable	23,751,468	139,996,309	-	-
	Increase(decrease) in inventory	3,571,645	-	-	-
	Increase(decrease) in trade payable	(40,268,378)	43,463,548	(40,268,378)	43,463,548
	Increase(decrease) in Borrowing	(5,435,485)	(57,081,527)	-	-
	Increase(decrease) in insurance contract liabilities	1,103,149,393	301,506,781	1,090,512,885	182,758,845
	Increase(decrease) in provision & other payable	(162,992,780)	166,401,904	(134,642,340)	162,589,535
	Increase(decrease) in retirement benefits	(3,161,094)	886,992	(4,436,479)	856,807
	Tax paid	(124,258,062)	(83,835,000)	(110,780,655)	(66,907,751)
	<b>Net cash (used in)/from operating activities</b>	<b>286,745,023</b>	<b>(362,963,462)</b>	<b>391,240,203</b>	<b>(324,170,481)</b>



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

		Group		Company		Overview
		2020 Number	2019 Number	2020 Number	2019 Number	
39.	Staff					Performance Report
	Average number of persons employed in the financial year were as follows:					
	Managerial	31	26	26	24	
	Senior staff	124	111	110	105	
	Junior staff	23	108	16	104	
		178	245	152	233	
39a.	The number of Directors excluding the Chairman whose emoluments were within the following ranges were:					Performance Report
	N					
	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	
	<b>Emolument</b>					
	Number of Directors who have waived their rights to receive emoluments	Nil	Nil	Nil	Nil	
39b.	<b>Employees remunerated at higher rates</b>					Corporate Governance
	The number of employees in respect of emoluments within the following ranges were:					
	N					
	200,001 - 300,000	7	7	6	6	
	300,001 - 400,000	30	30	26	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	63	133	46	123	
		178	245	152	233	
40a.	<b>Capital commitments</b>					Financial Statement
	There were no capital commitments as at 31 December 2020.					
40b.	<b>Contingent liabilities</b>					Financial Statement
	There no contingent liability against Consolidated Hallmark Insurance as at 31 December 2020.					
41.	<b>Comparative figures</b>					Appendix
	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

For the year ended 31 December 2020

## 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 N	Finance and support services N	Elimination N	Total N
<b>At DECEMBER 2020</b>				
Operating income	2,652,465,528	279,999,718	(13,276,026)	2,919,189,220
Operating expenses	(1,938,221,312)	(221,679,650)	13,276,026	(2,146,624,936)
Operating profit	714,244,216	58,320,068	-	772,564,284
Taxation	(94,581,467)	-	-	(94,581,467)
<b>Profit for the period</b>	<b>619,662,749</b>	<b>58,320,068</b>	<b>-</b>	<b>677,982,817</b>
<b>Total assets</b>	<b>14,697,407,041</b>	<b>1,429,047,392</b>	<b>(1,815,113,599)</b>	<b>14,311,340,834</b>
<b>Total liabilities</b>	<b>6,010,759,427</b>	<b>564,096,909</b>	<b>(585,113,599)</b>	<b>5,989,742,737</b>
<b>Share capital and reserves</b>	<b>8,686,647,614</b>	<b>864,950,482</b>	<b>(1,230,000,000)</b>	<b>8,321,598,096</b>
Depreciation	111,775,310	4,480,990	-	116,256,300
ROCE	8%	7%	-	9%
<b>At 31 December 2019</b>				
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)
<b>Profit for the period</b>	<b>563,514,848</b>	<b>58,799,741</b>	<b>(22,000,000)</b>	<b>600,314,588</b>
<b>Total assets</b>	<b>12,110,457,390</b>	<b>1,046,654,698</b>	<b>(1,415,288,797)</b>	<b>11,741,823,291</b>
<b>Total liabilities</b>	<b>5,088,392,187</b>	<b>425,024,286</b>	<b>(385,288,797)</b>	<b>5,128,127,676</b>
<b>Share capital and reserves</b>	<b>7,022,065,201</b>	<b>621,630,412</b>	<b>(1,030,000,000)</b>	<b>6,613,695,614</b>
Depreciation	102,992,929	6,067,396	-	109,060,325
ROCE	9%	14%	0%	11%

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 43. Contraventions

The Group contravened late filing of Bonus Shares Application to SEC the penalty paid was N390,000.00 and N628,961.25 Penalty for late payment of FRC subscriptions for the Directors.

## 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 2019.

## 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 99.99% interest in CHI Capital Limited, 100% in Micro Insurance Limited and 100% in Hallmark Health 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	2020 31 December	2019 31 December
Due from Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	-	34,422,575
Due from Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC	-	896,511
Due from Hallmark Health Services Limited	Grand Treasurers Limited	7,601,857	-
Medical Expenses paid to Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC	13,276,026	6,609,500
Loan to Wakanow .com Limited (Director)	Wakanow.com Limited	-	147,313,181
Due from CHI Microinsurance Limited	Consolidated Hallmark Insurance PLC	49,413,172	-
Fund placement with Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	-	247,215,144
Fund placement with Grand Treasurers Limited	Hallmark Health Services Limited	-	164,242,973
Due from Chi Capital Limited	Consolidated Hallmark Insurance PLC	26,007,142	-
Due from Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	121,013,028	34,422,575
Due from Hallmark Health Services Limited	Consolidated Hallmark Insurance PLC	17,250,000	896,511

### Group

### Company

	31 December 2020 N	31 December 2019 N	31 December 2020 N	31 December 2019 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:

No event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

## 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

For the year ended 31 December 2020

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 necessary.

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 2020 maintained admissible assets of N12,667,799,035 which exceeded the total admissible liabilities of N5,528,476,457. 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 N4,139,322,578 in excess of the minimum requirement of N3billion for General Insurance Business by 137.98%. Thus, the solvency margin above satisfies the requirement of the regulatory requirement.

## 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 2020	Insurance fund	Shareholders funds	December 2020
	N	N	N
<b>ASSETS</b>			
Cash and cash equivalents	2,138,755,429	1,035,160,647	3,173,916,076
Financial assets	-	-	-
- At fair value through profit or loss	772,258,498	6,508,900	778,767,398
- Loans and receivables	-	947,576,589	947,576,589
- Available for sale	-	72,348,451	72,348,451
-Held -to-maturity	2,629,694,266	-	2,629,694,266
Deposit for shares	-	-	-
Finance lease receivables	-	86,247,031	86,247,031
Trade receivables	-	607,688,316	607,688,316
Reinsurance assets	2,170,714,673	-	3,018,080,617
Deferred acquisition cost	-	355,066,148	355,066,148
Other receivables and prepayments	-	129,353,111	129,353,111
Investment in subsidiaries	-	-	-
Intangible Asset	-	36,574,657	36,574,657
Inventories	-	9,968,479	9,968,479
Investment properties	-	1,042,487,470	1,042,487,470
Property and equipment	-	1,021,572,225	1,021,572,225
Statutory deposit	-	402,000,000	402,000,000
<b>TOTAL ASSETS</b>	<b>7,711,422,867</b>	<b>5,752,552,024</b>	<b>14,311,340,833</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	5,208,233,152	-	5,208,233,152
Trade payable	-	13,972,733	13,972,733
Other payables and Provision	-	221,056,870	221,056,870
Retirement benefit obligations	-	4,129,526	4,129,526
Income tax liabilities	-	359,459,121	359,459,121
Deferred income tax	-	177,878,284	177,878,284
<b>TOTAL LIABILITIES</b>	<b>5,208,233,152</b>	<b>776,496,533</b>	<b>5,984,729,685</b>
<b>SURPLUS</b>	<b>2,503,189,715</b>	<b>4,976,055,491</b>	<b>8,326,611,148</b>

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## Group 2019

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

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## Company 2020

	Insurance fund	Shareholders funds	December 2020
<b>ASSETS</b>			
Cash and cash equivalents	2,138,755,429	36,558,109	2,175,313,539
Financial assets			
– At fair value through profit or loss	772,258,498	-	772,258,498
- Loans and receivables	-	211,045,461	211,045,461
– Available for sale	-	70,148,451	70,148,451
-Held-to-maturity	2,629,694,266	-	2,629,694,266
Deposit for shares		-	-
Trade receivables		481,030,540	481,030,540
Reinsurance assets	2,170,714,673	847,365,943	3,018,080,617
Deferred acquisition cost	-	344,817,850	344,817,850
Other receivables and prepayments		388,249,870	388,249,870
Intangible Asset		30,480,413	30,480,413
Investment in subsidiaries		1,494,225,000	1,494,225,000
Investment properties		948,826,470	948,826,470
Property, plant and equipment		963,585,844	963,585,844
Statutory deposit		300,000,000	300,000,000
<b>TOTAL ASSETS</b>	<b>7,711,422,867</b>	<b>6,116,333,952</b>	<b>13,827,756,820</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	5,014,339,773	-	5,014,339,773
Trade payable		13,972,733	13,972,733
Provision and Other payables		208,764,373	208,764,373
Retirement benefit obligations		2,253,607	2,253,607
Income tax liabilities		289,145,971	289,145,971
Deferred income tax		173,040,130	173,040,130
<b>TOTAL LIABILITIES</b>	<b>5,014,339,773</b>	<b>687,176,814</b>	<b>5,701,516,587</b>
<b>SURPLUS</b>	<b>2,697,083,094</b>	<b>5,429,157,138</b>	<b>8,126,240,233</b>



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For the year ended 31 December 2020

## 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
<b>TOTAL ASSETS</b>	<b>6,740,865,178</b>	<b>4,550,141,767</b>	<b>11,291,006,944</b>
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
<b>TOTAL LIABILITIES</b>	<b>3,923,826,888</b>	<b>885,665,407</b>	<b>4,809,492,296</b>
<b>SURPLUS</b>	<b>2,817,038,290</b>	<b>3,664,476,359</b>	<b>6,481,514,648</b>

## 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. Observable 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.

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 2020

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	3,173,916,076	3,173,916,076			3,173,916,076
Financial assets at fair value through profit and loss	778,767,398	778,767,398	-	-	778,767,398
Held to maturity	2,629,694,266	-	2,629,694,266	-	2,629,694,266
Available for sale	72,348,451	-	-	72,348,451	72,348,451
Finance lease receivables	86,247,031			86,247,031	86,247,031
Trade receivables	607,688,316			607,688,316	607,688,316
Reinsurance assets	3,018,080,617			3,018,080,617	3,018,080,617

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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			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

Company 31 December 2020

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,175,313,539	2,175,313,539			2,175,313,539
Financial assets at fair value through profit and loss	772,258,498	772,258,498	-	-	772,258,498
Held to maturity	2,629,694,266	-	2,629,694,266	-	2,629,694,266
Available for sale	70,148,451	-	-	70,148,451	70,148,451
Trade receivables	481,030,540			481,030,540	481,030,540
Reinsurance assets	3,018,080,617			3,018,080,617	3,018,080,617

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

## 51. 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.

"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 Committee 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.

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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 Office (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.

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.

## a(I) 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. Certain reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for unearned 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.

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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.

## 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 N"	"Gross IBNR N"	"Percentage of GEP N"
31 December, 2020	9,343,768,010	902,744,621	10%
31 December, 2019	8,077,895,958	1,116,516,320	14%

The Gross IBNR estimated as at 31st December 2020 is N902.74 million, a 19% decrement from last year's estimate

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 N"	"Net IBNR N"	"Percentage of NEP N"
31 December, 2019	5,651,908,307	522,400,667	9%
31 December, 2018	4,720,359,956	392,326,836	11%

## Results summary

We estimate that the total Gross Technical Liability is N5.014 billion, comprising N2.798 billion for Gross Claims Reserves and N2.215 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 (N)"	Reinsurance Assets (N)	"Net (N)"
Claims	2,798,868,569	(1,716,501,885)	1,082,366,683
UPR	2,215,471,204	(847,365,944)	902,744,618
Total	5,014,339,773	(2,563,867,830)	1,985,111,301
31 December, 2019	3,923,826,888	(1,603,819,225)	1,475,520,132

Table 6.1: Basic Chain Ladder Method

Class of Business	"Gross Outstanding Claims N"	"Estimated Reinsurance Recoveries N"	"Net Outstanding Claims N"
General Accident	423,835,211	(203,317,452)	220,517,759
Engineering	249,066,817	(159,001,803)	90,065,014
Fire	1,061,640,211	(910,744,124)	150,896,087
Marine	209,701,566	(116,697,364)	93,004,202
Motor	215,606,174	(34,043,019)	181,563,155
Aviation*	123,900,613	(70,071,266)	53,829,347
Bond*	22,473,501	(6,544,397)	15,929,104
Oil & Gas*	492,644,475	(216,082,460)	276,562,015
31 December, 2020	2,798,868,568	(1,716,501,885)	1,082,366,683
31 December, 2019	1,742,001,381	(836,102,438)	905,898,943

\*Estimated using Expected Loss Ratio method and discounted

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## Incurred But Not Reported (IBNR) Table

Table 6.2: IBNR Table

Class of Business	Outstanding Claim Reserves N	Outstanding Reported Claim Reserves N	IBNR N
General Accident	423,835,211	226,545,391	197,289,820
Engineering	249,066,817	165,469,298	83,597,519
Fire	1,061,640,211	842,395,557	219,244,654
Marine	209,701,566	182,375,802	27,325,764
Motor	215,606,174	90,318,483	125,287,691
Aviation	123,900,613	51,053,614	72,846,999
Bond	22,473,501	8,780,635	13,692,866
Oil & Gas	492,644,475	329,185,170	163,459,305
TOTAL	2,798,868,568	1,896,123,950	902,744,618

## Reinsurance IBNR Table

Table 6.3: Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries N	Outstanding Reported Reinsurance Recoveries N	Reinsurance IBNR N
General Accident	203,317,452	144,482,617	58,834,835
Engineering	159,001,803	113,934,060	45,067,743
Fire	910,744,124	770,728,660	140,015,464
Marine	116,697,364	98,598,273	18,099,091
Motor	34,043,019	-	34,043,019
Aviation	70,071,266	-	70,071,266
Bond	6,544,397	6,000	6,538,397
Oil & Gas	216,082,460	73,200,000	142,882,460
TOTAL	1,716,501,885	1,200,949,610	515,552,275

## UPR (Gross and Reinsurance UPR) – Result Table

Table 6.4: Estimated UPR (net of reinsurance)

Class of Business	Gross UPRN	Reinsurance UPRN	NET UPRN
General Accident	360,220,432	(157,185,178)	203,035,254
Engineering	136,111,708	(76,407,923)	59,703,785
Fire	322,981,528	(149,891,604)	173,089,924
Marine	130,494,659	(67,516,507)	62,978,152
Motor	679,007,369	(5,315,668)	673,691,701
Aviation	108,010,647	(83,508,704)	24,501,943
Bond	67,089,542	(18,866,031)	48,223,511
Oil & Gas	411,555,319	(288,674,329)	122,880,990
Total	2,215,471,204	(847,365,944)	1,368,105,260

## 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	DACN	DARN
General Accident	61,969,599	232,744
Engineering	26,363,758	2,730,195
Fire	62,614,809	303,286
Marine	25,614,150	22,865,491
Motor	75,784,856	182,117
Aviation	16,853,998	-
Bond	12,967,736	69,814
Oil & Gas	62,648,944	-
Total	344,817,850	26,383,647



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## 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	"AURRN"
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

### 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 additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 3.

### 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 Chainladder 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 chainladder 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 Bornhuetter Ferguson (BF) method was used



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

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.

## 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

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

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 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.

## 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 5.1: Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident	423,835,211	(203,317,452)	220,517,759
Engineering	249,066,817	(159,001,803)	90,065,014
Fire	1,061,640,211	(910,744,124)	150,896,087
Marine	209,701,566	(116,697,364)	93,004,202
Motor	215,606,174	(34,043,019)	181,563,155
Aviation*	123,900,613	(70,071,266)	53,829,347
Bond*	22,473,501	(6,544,397)	15,929,104
Oil & Gas*	492,644,475	(216,082,460)	276,562,015
		-	-
			-
<b>TOTAL</b>	<b>2,798,868,568</b>	<b>(1,716,501,885)</b>	<b>1,082,366,683</b>
Accounts (Outstanding Claims)	1,896,123,950	(1,200,949,610)	695,174,340
Difference	902,744,618	(515,552,275)	387,192,343

\*Estimated using Expected loss ratio method

\*\*Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery

a) (vi) 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:

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

Sensitivity Analysis - Claims:		2020(M)	2019(M)
Gross Premium Earned		9,344	8,078
Reinsurance cost		3,692	3,358
Gross Claim incurred		3,952	3,316
Claims ratio		42%	41%
5% increase in claims		4,149	3,482
Claims ratio		44%	43%
5% reduction in claims		3,754	3,150
Claims ratio		40%	39%
PBT		706	667
5% increase in claims		(198)	(166)
PBT		508	501
SHF		8,126	6,482
5% increase in claims		(198)	(166)
SHF		7,928	6,316

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.

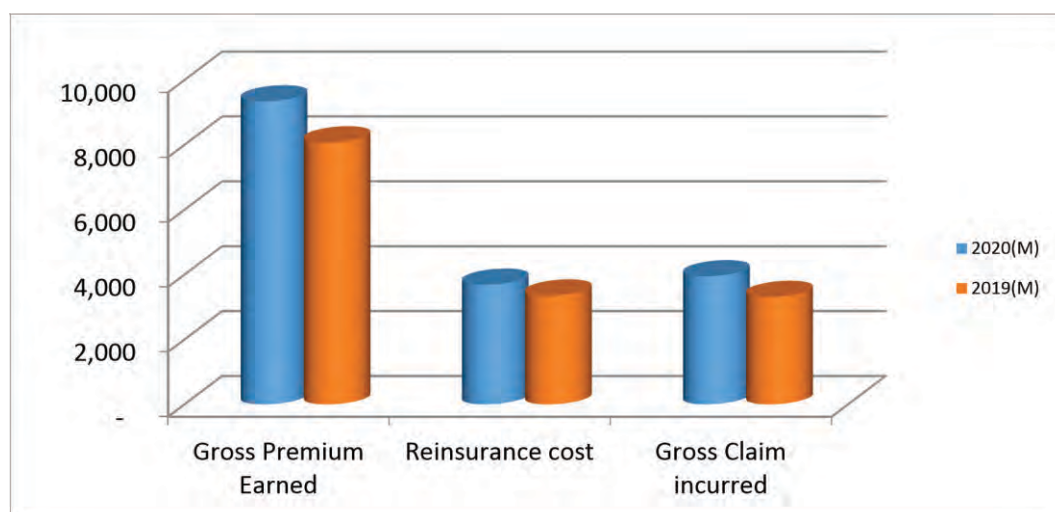


Figure 1: Gross Premium earned vs Reinsurance Cost vs Gross Claim incurred. (2020 & 2019)

## 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, 2020

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	1,007	531	477
General Accident	1,211	595	616
Motor	2,135	21	2,115
Aviation	951	421	530
Oil & Gas	2,646	1,532	1,114
Marine	585	230	355
Engineering	604	285	319
Bond	203	78	125
	9,344	3,692	5,652

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

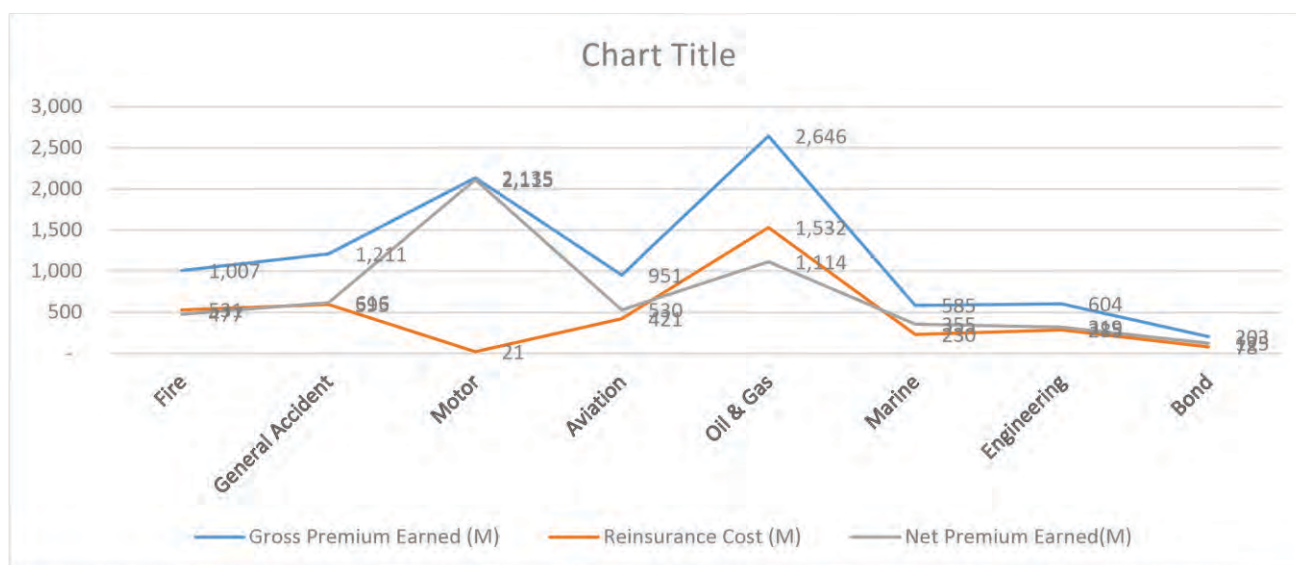


Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2020)

Year ended 31st December, 2019

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
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
	<b>8,078</b>	<b>3,358</b>	<b>4,720</b>

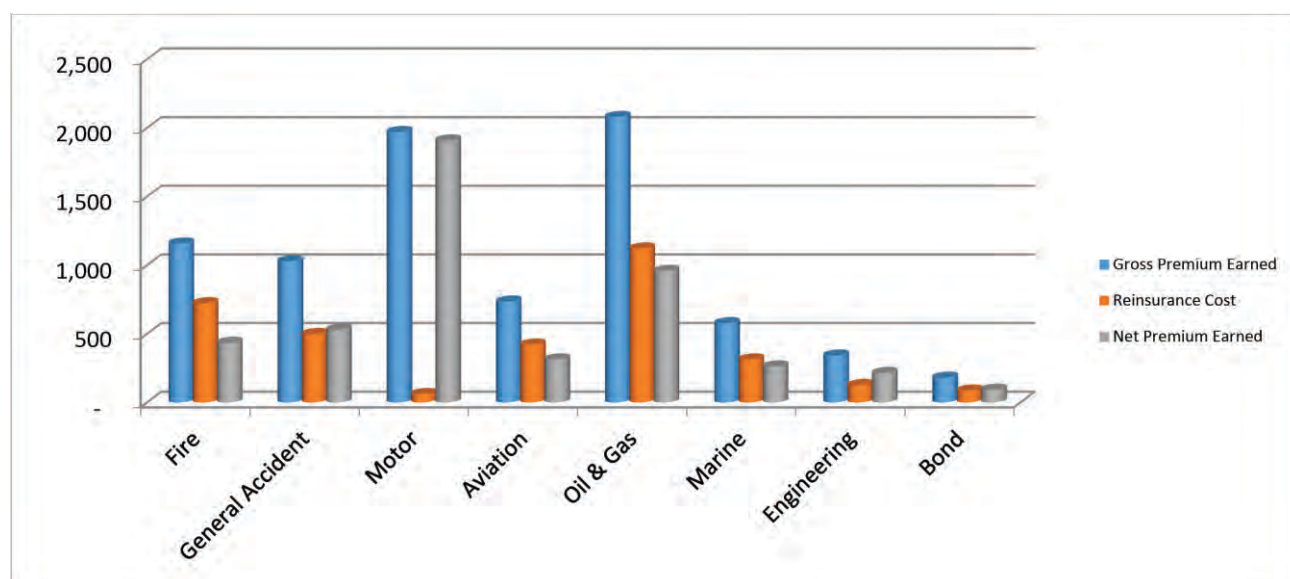


Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2019)

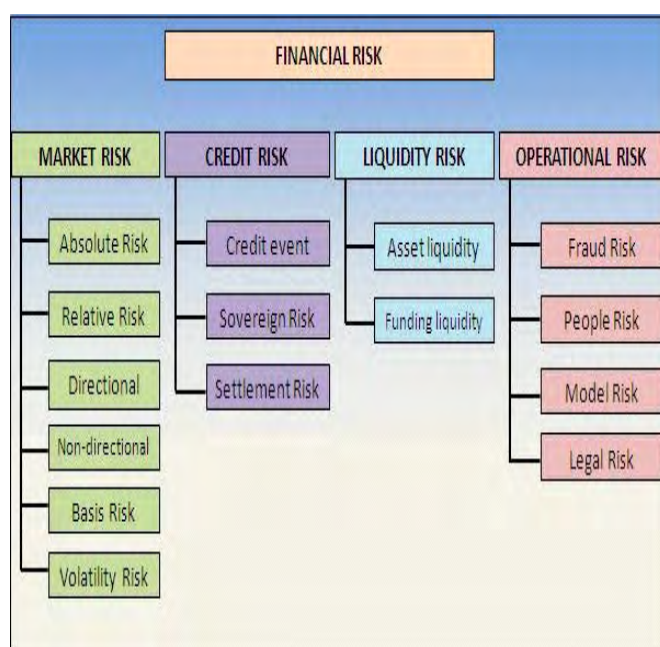
# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 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, Reputational 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:



## 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,



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

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	
	2020	2019	2020	2019
Overall credit risk				
Reinsurance contracts	3,018,080,617	2,688,545,807	3,018,080,617	2,688,545,807
Loans and receivables	947,576,589	595,806,033	211,045,461	280,298,398
Trade receivables	607,688,316	293,747,996	481,030,540	199,899,308
Short-term funds treated as investment	2,418,414,019	1,217,976,705	2,003,757,758	990,877,377
Treasury bills	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726
Equity investment	778,767,398	342,463,380	772,258,498	332,544,560
Cash and bank	848,224,980	592,614,327	264,278,704	163,910,829

The table below analyses end of the year values of the above exposures:

	Fair value as at 2020	Fair value as at 2019	Fair value as at 2020	Fair value as at 2019
Reinsurance contracts	3,018,080,617	2,688,545,807	3,018,080,617	2,688,545,807
Loans and receivables	947,576,589	595,806,033	211,045,461	280,298,398
Trade receivables	607,688,316	293,747,996	481,030,540	199,899,308
Short-term funds treated as investment	2,418,414,019	1,217,976,705	2,003,757,758	990,877,377
Treasury bills	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726
Equity investment	778,767,398	342,463,380	772,258,498	332,544,560
Cash and bank	848,224,980	592,614,327	264,278,704	163,910,829
	11,248,446,185	8,920,374,392	9,380,145,844	7,606,025,005

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  
Balance as at 31st December  
Impairment on loans issued to corporate  
and individuals (Note 3.2.4)

	859,784,377	503,095,920	95,872,269
	(123,253,249)	(161,119,004)	(69,402,989)
	736,531,128	341,976,916	26,469,280

Maximum exposure to credit risk before collateral held or other credit enhancements:

31-Dec-19	2020 =N='000	2019 =N='000	2020 =N='000	2019 =N='000
Neither past due nor impaired	3,865,219	4,282,928	3,299,138	3,683,986
Past due but not impaired	607,688	185,050	481,031	130,000
Impaired	123,253	161,135	-	69,403
Gross	4,596,160	4,629,113	3,780,169	3,883,389
Impairment allowance - collective	(229,808)	(231,456)	(189,008)	(194,169)
Net	4,366,352	4,397,657	3,591,161	3,689,220



# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## Credit quality of financial assets per asset class-Group

31-Dec-20	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	3,173,916,076	607,688,316	912,633,132	2,629,694,266
Past due but not impaired	-	-	250,543,600	-
Impaired	-	-	123,253,249	-
Gross	3,173,916,076	607,688,316	1,286,429,981	2,629,694,266
Impairment allowance - collective	-	(30,384,416)	(64,321,499)	-
Net	3,173,916,076	577,303,900	1,222,108,482	2,629,694,266

## 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	-	-	161,134,719	-
Gross	1,717,868,438	293,747,996	1,075,996,216	3,189,220,145
Impairment allowance - collective	-	(14,687,400)	(53,799,811)	-
Net	1,717,868,438	279,060,596	1,022,196,405	3,189,220,145

## Credit quality of financial assets per asset class-Company

31-Dec-20	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	2,175,313,539	481,030,540	508,794,831	2,629,694,266
Past due but not impaired	-	-	90,500,500	-
Impaired	-	-	-	-
Gross	2,175,313,539	481,030,540	599,295,331	2,629,694,266
Impairment allowance - collective	-	(24,051,527)	(29,964,767)	-
Net	2,175,313,539	456,979,013	569,330,564	2,629,694,266

## 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	189,904,343	630,223,323	2,949,948,726

### (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 assets 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 sovereign rate.

# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

Group	A+	AA-	BBB-	Below BBB	Not rated
31-Dec-20					
Cash and cash equivalents	780,627,676	407,784,388	1,223,940,670	238,088,984	523,474,359
Trade receivables	-	-	-	-	607,688,316
Loans and other receivables	-	-	-	-	947,576,589
Other assets	-	-	-	-	129,353,111
Reinsurance assets	-	-	-	3,018,080,617	-
Debt securities	-	-	-	2,629,694,266	-
	780,627,676	407,784,388	1,223,940,670	5,885,863,867	2,208,092,375

Group	A+	A	BBB-	Below BBB	Not rated
31-Dec-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	6,249,942,982	1,622,085,353

Company	A+	A	BBB-	Below BBB	Not rated
31-Dec-20					
Cash and cash equivalents	315,361,707	407,784,388	1,223,940,670	14,114,520	214,112,254
Trade receivables	-	-	-	-	481,030,540
Loans and other receivables	-	-	-	-	211,045,461
Other assets	-	-	-	-	388,249,870
Reinsurance assets	-	-	-	3,018,080,617	-
Debt securities	-	-	-	2,629,694,266	-
	315,361,707	407,784,388	1,223,940,670	5,661,889,403	1,294,438,125

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	5,732,401,421	1,017,363,650

## (b) Age Analysis financial assets past due but not impaired

Group	< 90 days	91-180 days	181-270 days	271-365 days	Above 365days
31-Dec-20					
Trade receivables	602,040,266	5,648,050	-	-	-
Total	602,040,266	5,648,050	-	-	-

Profile	99%	1%	0%	0%	0%
Group					
31-Dec-19					
< 90 days					1-2 yr
Trade receivables	289,379,991	4,368,005.00	-	-	-
Total	289,379,991	4,368,005.00	-	-	-
Profile	99%	1%	0%	0%	0%

Company	< 90 days	91-180 days	181-270 days	271-365 days	Above 365days
31-Dec-20					
Trade receivables	475,382,490	5,648,050	-	-	-
Total	475,382,490	5,648,050	-	-	-
Profile	99%	1%	0%	0%	0%

Company	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
31-Dec-19					
Trade receivables	195,531,303	4,368,005.00	-	-	-
Total	195,531,303	4,368,005.00	-	-	-
Profile	98%	2%	0%	0%	0%

*For the year ended 31 December 2020*

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Consolidated Hallmark Insurance Plc utilizing data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk is consistent with the overall risk appetite as established by the Group.

## Overview

## Performance Report

At 31 December	2020	2019	2020	2019
Lagos & Western region (Nigeria)	457,600,589	183,040,500	354,809,820	154,367,890
Eastern region (Nigeria)	40,567,500	31,050,230	35,680,950	23,879,028
Northern region (Nigeria)	109,520,227	20,761,594	90,539,770	21,652,390
Total	607,688,316	234,852,324	481,030,540	199,899,308

At 31 December	2020	2019	2020	2019
Lagos & Western region (Nigeria)	457,600,589	183,040,500	354,809,820	154,367,890
Eastern region (Nigeria)	40,567,500	31,050,230	35,680,950	23,879,028
Northern region (Nigeria)	109,520,227	20,761,594	90,539,770	21,652,390
Total	607,688,316	234,852,324	481,030,540	199,899,308

## Corporate Governance

"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.

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# Notes To The Consolidated Financial Statements

For the year ended 31 December 2020

## 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.

## 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 its 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 2020

	2020 N	%	2019 N	%
Gross premium income	9,698,993,709		8,302,808,423	
Reinsurance, claims and Commissions & Others - local	(8,075,178,295)		(6,688,592,569)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
<b>Value added</b>	<b>1,623,815,414</b>	<b>100</b>	<b>1,614,215,854</b>	<b>100</b>
<b>Applied as follows:</b>				
<b>To pay employees</b>				
Salaries, pension and welfare	745,955,263	46	793,681,066	49
<b>To pay government</b>				
Company income taxation	94,581,467	6	111,159,875	7
<b>To pay providers of capital</b>				
Shareholders as dividend/Bonus	338,750,000	21	162,600,000	10
<b>Retained for future maintenance of assets and future expansion of business:</b>				
- Contingency & Statutory reserve	290,422,808	18	260,716,344	16
- Depreciation of fixed assets	105,295,867	6	109,060,325	7
- Retained earnings for the year	48,810,009	3	176,998,244	11
<b>Value added</b>	<b>1,623,815,414</b>	<b>100</b>	<b>1,614,215,854</b>	<b>100</b>

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.

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# Statement Of Value Added - Company

For the year ended 31 December 2020

	2020 N	%	2019 N	%
Gross premium income	9,343,768,010		8,077,895,958	
Reinsurance, claims and Commissions & Others - local	(7,903,054,808)		(6,678,499,173)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	1,440,713,202	100	1,399,396,785	100
<b>Applied as follows:</b>				
<b>To pay employees</b>				
Salaries, pension and welfare	630,218,574	43	629,022,125	45
<b>To pay government</b>				
Company income taxation	91,639,259	6	81,307,778	6
<b>To pay providers of capital</b>				
Shareholders as dividend	338,750,000	24	162,600,000	12
<b>Retained for future maintenance of assets and future expansion of business</b>				
Contingency reserve	281,322,411	20	251,578,419	18
Depreciation of property and equipment	104,049,451	7	102,992,929	7
Retained earnings for the year	(5,266,494)	(0)	171,895,535	12
Value added	1,440,713,202	100	1,399,396,786	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 2020 N	31 December 2019 N	31 December 2018 N	31 December 2017 N	31 December 2016 N
<b>Assets</b>					
Cash and cash equivalent	3,173,916,076	1,717,868,438	2,948,826,686	1,921,271,578	1,836,824,537
Financial assets:					
- At fair value through profit or loss	778,767,398	342,463,380	301,916,504	170,256,830	170,013,089
- Loans and receivables	947,576,589	595,806,033	1,187,669,655	408,385,061	237,335,789
- Available for sale	72,348,451	70,148,451	60,950,000	60,950,000	60,950,000
- Held-to-maturity	2,629,694,266	3,189,220,145	1,075,587,381	2,260,597,511	1,654,142,565
Deposit for shares	-	-	-	-	-
Finance lease receivables	86,247,031	109,998,499	249,994,807	229,440,306	162,290,265
Trade receivables	607,688,316	293,747,996	234,852,324	150,356,282	182,091,091
Reinsurance assets	3,018,080,617	2,688,545,807	2,031,727,218	1,655,890,085	546,323,978
Deferred acquisition cost	355,066,148	360,563,251	307,344,920	257,664,385	229,579,067
Other receivables and prepayments	129,353,111	209,056,966	195,161,111	174,488,859	177,968,732
Investment in subsidiaries	-	-	-	-	-
Inventories	-	-	-	-	3,920,887
Intangible Assets	36,574,657	26,087,026	22,362,991	24,621,130	13,119,349
Investment properties	1,042,487,470	843,766,470	899,211,000	899,661,000	893,882,395
Property and equipment	1,021,572,225	981,010,704	1,006,001,531	976,591,367	974,022,626
Right-of-Use assets	9,968,479	13,540,124	-	-	-
Statutory deposits	402,000,000	300,000,000	300,000,000	300,000,000	300,000,000
<b>Total assets</b>	<b>14,311,340,834</b>	<b>11,741,823,290</b>	<b>10,821,606,128</b>	<b>9,490,174,394</b>	<b>7,442,464,370</b>
<b>Liabilities</b>					
Insurance contract liabilities	5,208,233,152	4,105,083,759	3,803,576,977	3,532,407,618	2,410,701,988
Trade payables	13,972,733	54,241,112	10,777,564	26,482,944	87,511,062
Borrowing	5,013,052	10,448,536	67,530,064	-	-
Other payables and provision	221,056,870	384,049,650	217,647,746	207,368,924	179,731,068
Deposit for shares	-	-	-	500,456,779	-
Retirement benefit obligations	4,129,526	7,290,620	6,403,628	5,574,664	151,314
Current income tax liabilities	359,459,121	436,426,812	368,204,246	297,205,965	191,465,212
Deferred tax liabilities	177,878,284	130,587,188	171,484,879	231,671,385	170,103,017
<b>Total liabilities</b>	<b>5,989,742,738</b>	<b>5,128,127,677</b>	<b>4,645,625,104</b>	<b>4,801,168,279</b>	<b>3,039,663,661</b>
<b>Equity &amp; reserves</b>					
Issued and paid up share capital	5,420,000,000	4,065,000,000	4,065,000,000	3,000,000,000	3,000,000,000
Share Premium	168,933,834	155,264,167	155,264,167	-	-
Contingency reserves	2,136,621,663	1,855,299,252	1,603,720,833	1,400,446,908	1,230,030,314
Statutory reserves	45,964,378	36,863,982	27,726,056	16,304,970	9,279,386
Retained earnings	550,078,221	501,268,212	324,269,968	272,254,237	163,491,009
<b>Total equity</b>	<b>8,321,598,096</b>	<b>6,613,695,613</b>	<b>6,175,981,024</b>	<b>4,689,006,115</b>	<b>4,402,800,709</b>
<b>Total liabilities and equity &amp; reserves</b>	<b>14,311,340,834</b>	<b>11,741,823,290</b>	<b>10,821,606,128</b>	<b>9,490,174,394</b>	<b>7,442,464,370</b>

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## Five Year Financial Summary - Group Statement Of Comprehensive Income

	31 December 2020 N	31 December 2019 N	31 December 2018 N	31 December 2017 N	31 December 2016 N
Gross premium written	9,775,797,397	8,691,234,590	6,864,879,525	5,680,553,122	5,826,950,292
Gross premium income	9,698,993,709	8,302,808,423	6,512,335,014	5,542,732,729	5,708,277,060
Reinsurance premium expenses	(3,691,859,703)	(3,357,536,001)	(2,239,421,340)	(1,859,540,653)	(2,199,995,287)
Net premium income	6,007,134,006	4,945,272,421	4,272,913,674	3,683,192,076	3,508,281,773
Fee and commission income	493,373,753	519,638,029	356,385,052	370,550,419	203,707,669
Net underwriting income	6,500,507,759	5,464,910,450	4,629,298,727	4,053,742,495	3,711,989,442
Claims expenses	(4,173,175,310)	(3,448,090,659)	(4,787,135,023)	(3,354,056,803)	(1,730,652,330)
Claims recoveries from reinsurers	1,607,269,895	1,768,819,617	2,987,313,881	1,931,112,704	343,508,618
Claims incurred	(2,565,905,415)	(1,679,271,042)	(1,799,821,142)	(1,422,944,099)	(1,387,143,712)
Underwriting expenses	(2,073,847,971)	(1,957,228,763)	(1,622,040,692)	(1,384,738,653)	(1,256,318,222)
Underwriting profit	1,860,754,373	1,828,410,645	1,207,436,893	1,246,059,744	1,068,527,508
Investment income	940,350,767	1,080,354,125	939,953,832	796,219,129	473,662,943
Other operating income	91,162,556	29,560,781	25,923,716	74,861,221	183,860,805
Impairment charge	(45,399,531)	(147,122,129)	(11,745,127)	770,516	(10,683,607)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	72,321,055	(11,848,771)	151,362,024	(4,674,531)	(6,783,170)
Management expenses	(2,146,624,937)	(2,067,880,186)	(1,778,493,631)	(1,472,184,057)	(1,340,451,352)
Profit/(loss) before taxation	772,564,284	711,474,463	534,437,706	641,052,022	368,133,127
Income tax (expense)/credit	(94,581,467)	(111,159,875)	(127,726,964)	(234,846,616)	(173,145,284)
Profit/(loss) after taxation	677,982,817	600,314,588	406,710,742	406,205,406	194,987,843
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the year	677,982,817	600,314,588	406,710,742	406,205,406	194,987,843
Profit/(loss) attributable to:					
Equity holders of the parent	677,982,817	600,314,588	406,710,742	406,205,406	194,987,843
Non-controlling interest	-	-	-	-	-
	677,982,817	600,314,588	406,710,742	406,205,406	194,987,843
Basic and diluted earnings/(loss) per share (kobo)	6.90	7.38	5.79	6.77	3.25

# Five Year Financial Summary - Company

31 December

	2020 N	2019 N	2018 N	2017 N	2016 N
<b>Assets</b>					
Cash and cash equivalent	2,175,313,539	1,062,065,613	1,850,386,963	1,587,501,284	2,780,220,924
<b>Financial assets:</b>					
- At fair value through profit or loss	772,258,498	332,544,560	161,850,795	163,699,494	177,671,643
- Loans and receivables	211,045,461	280,298,398	248,623,854	211,761,875	70,851,262
- Available for sale	70,148,451	70,148,451	60,950,000	60,950,000	60,950,000
- Held-to-maturity	2,629,694,266	2,949,948,726	2,260,597,511	1,654,142,565	497,905,166
Deposit for shares	-	-	-	180,000,000	-
Trade receivables	481,030,540	199,899,308	150,356,282	182,091,091	81,030,026
Reinsurance assets	3,018,080,617	2,688,545,807	1,655,890,085	546,323,978	691,913,416
Deferred acquisition cost	344,817,850	349,815,691	257,664,385	229,579,067	190,525,298
Other receivables and prepayments	388,249,870	313,691,585	166,066,755	213,530,118	135,266,048
Investment in subsidiaries	1,494,225,000	1,030,000,000	530,000,000	300,000,000	250,000,000
Intangible Assets	30,480,413	24,620,360	18,458,195	12,383,037	15,592,433
Investment properties	948,826,470	750,105,470	806,000,000	809,221,395	803,359,000
Property and equipment	963,585,844	939,322,976	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
<b>Total assets</b>	<b>13,827,756,819</b>	<b>11,291,006,944</b>	<b>9,393,327,840</b>	<b>7,392,512,630</b>	<b>6,964,209,568</b>
<b>Liabilities</b>					
Insurance contract liabilities	5,014,339,773	3,923,826,888	3,532,407,618	2,410,701,988	2,218,670,079
Trade payables	13,972,733	54,241,112	26,482,944	87,511,062	112,060,913
Other payables and provision	208,764,373	343,406,713	244,704,571	195,101,601	171,540,123
Deposit for share	-	-	500,456,779	-	-
Retirement benefit obligations	2,253,607	6,690,086	5,169,023	13,502	4,430
Current income tax liabilities	289,145,971	355,578,462	252,351,030	162,558,597	93,162,912
Deferred tax liabilities	173,040,130	125,749,035	230,003,867	169,625,075	139,693,165
<b>Total liabilities</b>	<b>5,701,516,587</b>	<b>4,809,492,296</b>	<b>4,791,575,832</b>	<b>3,025,511,825</b>	<b>2,735,131,622</b>
<b>Equity &amp; reserves</b>					
Issued and paid share capital	5,420,000,000	4,065,000,000	3,000,000,000	3,000,000,000	3,000,000,000
	168,933,834	155,264,167	-	-	-
Contingency reserves	2,136,621,663	1,855,299,252	1,400,446,908	1,230,030,314	1,058,782,003
Statutory reserves	-	-	-	-	-
Retained earnings	400,684,735	405,951,229	201,305,100	136,970,491	170,295,943
<b>Shareholders' fund</b>	<b>8,126,240,232</b>	<b>6,481,514,648</b>	<b>4,601,752,008</b>	<b>4,367,000,805</b>	<b>4,229,077,946</b>
<b>Total liabilities and equity &amp; reserves</b>	<b>13,827,756,819</b>	<b>11,291,006,944</b>	<b>9,393,327,840</b>	<b>7,392,512,630</b>	<b>6,964,209,568</b>

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# Five Year Financial Summary - Company

31 December

	2020 N	2019 N	2018 N	2017 N	2016 N
Gross premium written	9,377,413,707	8,385,947,285	6,775,797,496	5,680,553,122	5,826,950,292
Gross premium income	9,343,768,010	8,077,895,958	6,481,636,218	5,542,732,729	5,708,277,060
Reinsurance premium expenses	(3,691,859,703)	(3,357,536,001)	(2,239,421,340)	(1,859,540,653)	(2,199,995,287)
<b>Net premium income</b>	<b>5,651,908,307</b>	<b>4,720,359,957</b>	<b>4,242,214,878</b>	<b>3,683,192,076</b>	<b>3,508,281,773</b>
Fee and commission income	493,373,753	519,638,029	356,385,052	370,550,419	203,707,669
<b>Net underwriting income</b>	<b>6,145,282,059</b>	<b>5,239,997,985</b>	<b>4,598,599,931</b>	<b>4,053,742,495</b>	<b>3,711,989,442</b>
Claims expenses	(3,951,755,823)	(3,316,118,494)	(4,770,447,651)	(3,354,056,803)	(1,730,652,330)
Claims recoveries from reinsurers	1,607,269,895	1,768,819,617	2,987,313,881	1,931,112,704	343,508,617
<b>Claims incurred</b>	<b>(2,344,485,928)</b>	<b>(1,547,298,877)</b>	<b>(1,783,133,770)</b>	<b>(1,422,944,099)</b>	<b>(1,387,143,713)</b>
Underwriting expenses	(2,043,917,985)	(1,939,548,370)	(1,620,609,007)	(1,387,920,776)	(1,271,473,425)
<b>Underwriting profit</b>	<b>1,756,878,146</b>	<b>1,753,150,739</b>	<b>1,194,857,154</b>	<b>1,242,877,621</b>	<b>1,053,372,304</b>
Investment income	608,376,462	696,105,599	617,407,797	672,917,451	472,289,663
Other operating income	61,797,712	18,176,973	25,487,990	68,681,215	122,768,443
Impairment charge	-	(72,636,175)	-	3,390,424	693,030
Net fair value gains/(loss) on financial assets at fair value through profit or loss	73,530,975	(10,942,516)	151,362,024	(4,674,531)	(6,783,170)
Management expenses	(1,794,138,119)	(1,716,472,888)	(1,529,426,707)	(1,418,512,790)	(1,281,059,193)
<b>Profit/(loss) before taxation</b>	<b>706,445,177</b>	<b>667,381,731</b>	<b>459,688,259</b>	<b>564,679,389</b>	<b>361,281,077</b>
Income tax (expenses)/credit	(91,639,259)	(81,307,778)	(83,663,738)	(209,928,186)	(163,358,219)
<b>Profit/(loss) after taxation</b>	<b>614,805,918</b>	<b>586,073,953</b>	<b>376,024,521</b>	<b>354,751,203</b>	<b>197,922,858</b>
Other comprehensive income net of tax	-	-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>	<b>614,805,916</b>	<b>586,073,953</b>	<b>376,024,521</b>	<b>354,751,203</b>	<b>197,922,858</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the parent	614,805,916	586,073,953	376,024,521	354,751,203	197,922,858
Contingency reserve	(281,322,411)	(251,578,419)	(203,273,925)	(170,416,594)	(171,248,311)
	<b>333,483,505</b>	<b>334,495,534</b>	<b>172,750,596</b>	<b>184,334,609</b>	<b>26,674,547</b>
Basic and diluted earnings/(loss) per share (kobo)	6.26	5.78	6.27	5.91	3.30

# Revenue Account

For the year ended 31 December 2020

	Motor N	Fire N	Bond N	Gen. Accident N	Marine N	Aviation N	Oil & Gas N	Engineering N	Total N	Total N
<b>Income</b>										
Direct premium	2,095,582,855	1,095,317,994	179,317,737	1,282,145,424	597,581,298	928,319,008	2,585,171,145	508,274,182	9,271,709,644	8,166,460,145
Inward reinsurance premium	24,126,933	23,067,680	-	5,051,994	5,261,502	276,251	41,921,129	5,998,574	105,704,063	219,487,140
<b>Gross written premium</b>	2,119,709,788	1,118,385,673	179,317,737	1,287,197,418	602,842,800	928,595,260	2,627,092,274	514,272,756	9,377,413,707	8,385,947,285
(Increase)/decrease in unexpired premium reserve	15,553,842	(110,946,172)	24,135,023	(76,180,117)	(17,391,263)	22,637,980	18,767,397	89,777,613	(33,645,697)	(308,051,327)
<b>Gross premium earned</b>	2,135,263,630	1,007,439,501	203,452,760	1,211,017,301	585,451,537	951,233,240	2,645,859,671	604,050,370	9,343,768,010	8,077,895,958
<b>Deduct:</b>										
Outward reinsurance premiums (Increase)/decrease in prepaid reinsurance	(16,875,218)	(481,457,208)	(80,850,312)	(560,281,501)	(232,073,688)	(380,172,636)	(1,448,878,433)	(312,907,180)	(3,513,496,175)	(3,864,065,511)
<b>Reinsurance cost</b>	(3,742,047)	(49,113,097)	2,355,827	(34,508,832)	1,857,206	(40,567,043)	(82,888,432)	28,242,891	(178,363,528)	506,529,510
	(20,617,265)	(530,570,305)	(78,494,485)	(594,790,333)	(230,216,482)	(420,739,679)	(1,531,766,865)	(284,664,289)	(3,691,859,703)	(3,357,536,002)
<b>Net premium earned</b>	2,114,646,365	476,869,196	124,958,275	616,226,968	355,235,055	530,493,560	1,114,092,806	319,386,081	5,651,908,307	4,720,359,956
Commission received	692,085	139,511,297	4,051,305	92,245,911	76,804,526	32,005,753	369,988	57,175,840	402,856,705	587,202,514
(Increase)/decrease in unearned commission	954,511	27,858,206	4,297,668	49,715,065	(6,488,450)	949,254	2,343,214	10,887,579	90,517,048	(67,564,486)
<b>Total Income</b>	2,116,292,962	644,238,699	133,307,247	758,187,944	425,551,131	563,448,567	1,116,806,008	387,449,500	6,145,282,060	5,239,997,985
<b>Gross Claims Paid</b>	(728,304,295)	(300,495,948)	(10,283,460)	(1,024,755,557)	(81,806,097)	(212,183,903)	(359,758,596)	(177,300,779)	(2,894,888,636)	(3,441,410,976)
(Increase)/decrease in outstanding claims provision	33,994,607	(759,047,519)	25,287,354	(68,983,055)	(87,899,855)	(21,556,784)	(2,827,479)	(175,834,457)	(1,056,867,188)	125,292,482
<b>Gross claims incurred</b>	(694,309,688)	(1,059,543,467)	15,003,894	(1,093,738,613)	(169,705,953)	(233,740,687)	(362,586,076)	(353,135,236)	(3,951,755,824)	(3,316,118,494)
Reinsurance claims recovered	57,968,480	564,619,298	3,354,744	240,576,183	49,047,347	84,664,450	5,459,095	93,681,962	1,099,371,558	1,618,530,538
(Increase)/decrease in reinsurance recoveries	(7,058,048)	562,512,146	(6,028,708)	(143,842,602)	61,635,216	(33,493,623)	(44,913,810)	119,087,797	507,898,338	150,289,079
<b>Net claims incurred</b>	(643,399,256)	(67,587,976)	12,329,930	(997,005,032)	(59,023,391)	(182,569,859)	(402,040,821)	(140,365,477)	(2,344,485,928)	(1,547,298,878)
Acquisition expenses (Increase)/decrease in commission expenses	(240,602,780)	(194,882,558)	(26,374,211)	(210,322,044)	(93,079,644)	(117,237,037)	(334,920,543)	(88,465,352)	(1,305,884,169)	(1,352,554,409)
Maintenance/operating expenses	1,600,785	22,490,162	(4,082,217)	7,624,311	5,802,289	(1,620,296)	(17,236,026)	(19,576,849)	(4,997,841)	46,849,512
	(273,926,124)	(58,067,801)	(14,041,435)	(81,166,475)	(42,844,782)	(120,024,950)	(110,100,223)	(32,864,186)	(733,035,975)	(633,843,473)
<b>Total expenses</b>	(1,156,327,374)	(162,872,221)	(32,167,933)	(1,280,869,240)	(189,145,527)	(421,452,143)	(864,297,613)	(281,271,864)	(4,388,403,913)	(3,486,847,248)
<b>Underwriting profit/(loss)</b>	959,965,588	481,366,477	101,139,313	(522,681,296)	236,405,604	141,996,424	252,508,395	106,177,637	1,756,878,147	1,753,150,737



## Shareholder Information

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# 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	
2020	2,500,000,000	10,000,000,000	1,355,000,000	5,420,000,000	Increase in Authorised Share Capital, Rights issue and bonus issue

## 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
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
2019	2020	Nil	Nil

## Photo News



Flashback to 2020 AGM- Chairman, Board of Directors, Mr. Obinna Ekezie (centre) flanked by Group Managing Director/CEO, Consolidated Hallmark Insurance Plc (right) Mr. Eddie Efekoha and Company Secretary/Legal Adviser Mrs Rukevwe Falana at the 2020 AGM



Chairman of the Board, Mr. Obinna Ekezie with the Group Managing Director, Mr. Eddie Efekoha, some professional partners and shareholder representatives at the 2020 Annual General Meeting of the company.




Group Managing Director/CEO Mr. Eddie Efekoha (centre) with Executive Director, Finance, Systems and Investments, Mr Babatunde Daramola (first from Right) and Executive Director, Operations, Mrs. Mary Adeyanju with some guests at an Interactive Session with Brokers



Group Managing Director/CEO Mr. Eddie Efekoha (centre) with Executive Director, Finance, Systems and Investments, Mr Babatunde Daramola (first from left) and Executive Director, Operations, Mrs. Mary Adeyanju at the Strategic Management Retreat of the company.

# Branch Network

	
<b>CORPORATE HEAD OFFICE</b> 266, Ikorodu Road Obanikoro, Lagos Tel: +234-1-2912543 0700CHINSURANCE 070024467872 e-mail: info@chiplc.com website: www.chiplc.com	<b>VICTORIA ISLAND OFFICE</b> Plot 33D Bishop Aboyade Cole Street Victoria Island Lagos Tel: 01-4618222 Fax 01-4618380 e-mail: info@chiplc.com website: www.chiplc.com
<b>REGIONAL OFFICES</b>	
<b>PORT-HARCOURT</b> 52, Emekuku Street Amazing Grace Plaza Tel: 09092861724, 09033543581 porthacourt@chiplc.com	<b>ABUJA</b> Metro Plaza Annex B Plot 991/992 Zakariya Maimalari Street Central Business District Tel: 09-2347965 Fax: 097804398 abuja@chiplc.com
<b>BRANCH OFFICES</b>	
<b>ABA</b> 4, Eziukwu Road, Tel: 08180001164 aba@chiplc.com	<b>KADUNA</b> NK 9, Constitution Road Kaduna Tel: 08180001148 kaduna@chiplc.com
<b>OWERRI</b> 5B Okigwe Road Opp Govt College Owerri Tel: 08180001162 owerri@chiplc.com	<b>KANO</b> 17, Zaria Road Gyadi Gyadi Tel: 08180001146 kano@chiplc.com
<b>ENUGU</b> 77, Ogui Road Tel: 08180001142 enugu@chiplc.com	<b>AKURE</b> 3rd floor Bank of industry(BOI) House Alagbaka Akure Tel: 08180001154 akure@chiplc.com
<b>ONITSHA</b> 41, New Market Road Onitsha Tel: 08180001139 onitsha@chiplc.com	<b>IBADAN</b> 1st Floor, Navada Plaza 140/142 Liberty Stadium Road Tel: 08180001152 ibadan@chiplc.com
<b>WARRI</b> 179, Jakpa Road, Effurun Tel: 08180001157 warri@chiplc.com	

Overview

Performance Report

Corporate Governance

Financial Statement

Appendix

## Notice to shareholders on e-copy of Annual Report & Accounts

Dear Shareholder,

In view of modern trends and realities, the Company is desirous of taking 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](http://www.chiplc.com/financials)

If you wish to receive an e-copy of the 2020 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

1. [info@chiplc.com](mailto:info@chiplc.com)
2. [info@meristemregistrars.com](mailto:info@meristemregistrars.com)
3. [investorrelations@chiplc.com](mailto: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**

**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)

Joint/Company's Signatories

Company Seal (If applicable)

TICK	NAME OF COMPANY	SHARE A/C NO
<input type="checkbox"/>	ACAP INCOME FUND	
<input type="checkbox"/>	AFRINVEST EQUITY FUND	
<input type="checkbox"/>	BERGER PAINTS NIG PLC	
<input type="checkbox"/>	CEAT FIXED INCOME FUND	
<input type="checkbox"/>	CHELLARAMS BOND	
<input type="checkbox"/>	CONOIL PLC	
<input type="checkbox"/>	CONSOLIDATED HALLMARK INS. PLC	
<input type="checkbox"/>	CUSTODIAN & ALLIED PLC	
<input type="checkbox"/>	COVENANT SALT NIGERIA LIMITED	
<input type="checkbox"/>	EMPLOYEE ENERGY LIMITED	
<input type="checkbox"/>	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
<input type="checkbox"/>	eTRANZACT INTERNATIONAL PLC	
<input type="checkbox"/>	FIDSON HEALTHCARE PLC	
<input type="checkbox"/>	FOOD CONCEPTS PLC	
<input type="checkbox"/>	FREE RANGE FARMS PLC	
<input type="checkbox"/>	FTN COCOA PROCESSORS PLC	
<input type="checkbox"/>	GEO-FLUIDS PLC	
<input type="checkbox"/>	INTERNATIONAL ENERGY INSURANCE PLC	
<input type="checkbox"/>	JUBILEE LIFE MORTGAGE BANK LTD	
<input type="checkbox"/>	MAMA CASS RESTAURANTS LIMITED	
<input type="checkbox"/>	MCN DIOCESE OF REMO	
<input type="checkbox"/>	MCN LAGOS CENTRAL	
<input type="checkbox"/>	MCN TAILORING FACTORY [NIGERIA] LIMITED	
<input type="checkbox"/>	MULTI-TREX INTEGRATED FOODS PLC	
<input type="checkbox"/>	MUTUAL BENEFITS ASSURANCE PLC	
<input type="checkbox"/>	NASSARAWA STATE GOVT BOND	
<input type="checkbox"/>	NASCON ALLIED INDUSTRIES PLC	
<input type="checkbox"/>	NEIMETH INT'L PHARMS PLC	
<input type="checkbox"/>	NEWREST ASL NIGERIA PLC	
<input type="checkbox"/>	NIGER INSURANCE PLC	
<input type="checkbox"/>	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
<input type="checkbox"/>	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
<input type="checkbox"/>	ONWARD PAPER MILLS PLC	
<input type="checkbox"/>	PACAM BALANCED FUND	
<input type="checkbox"/>	PAINTS & COATINGS MANUFACTURERS NIG PLC	
<input type="checkbox"/>	PROPERTYGATE DEVT. & INVEST. PLC	
<input type="checkbox"/>	R.T. BRISCOE NIGERIA PLC	
<input type="checkbox"/>	REGENCY ALLIANCE INSURANCE PLC	
<input type="checkbox"/>	SMART PRODUCTS NIGERIA PLC	
<input type="checkbox"/>	SOVEREIGN TRUST INSURANCE PLC	
<input type="checkbox"/>	TANTALIZERS PLC	
<input type="checkbox"/>	THOMAS WYATT PLC	
<input type="checkbox"/>	VITAFOAM NIGERIA PLC	
<input type="checkbox"/>	ZENITH EQUITY FUND	
<input type="checkbox"/>	ZENITH ETHICAL FUND	
<input type="checkbox"/>	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4



Meristem Registrars And Probate Services Limited

Web: [www.meristemregistrars.com](http://www.meristemregistrars.com); email: [info@meristemregistrars.com](mailto:info@meristemregistrars.com)

Affix N50.00  
Postage Stamp  
Here

Meristem Registrars & Probate Services Limited  
213, Herbert Macaulay Street,  
Adekunle, Yaba Lagos



# Proxy Form

26th Annual General Meeting to be held at **Four Points by Sheraton - Lagos, Plot 9/10 Block 2, Oniru Chieftaincy Estate, Victoria-Island Lagos State**, on 2nd September 2021, 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	Sir Sunny Nwosu	Shareholders Representative	
4	Ms. Titilola Omisore	Shareholders Representative	
5	Mr. Francis Udubor	Shareholders Representative	
6	Mr. Temowo Abayomi	Shareholders Representative	
7	Mr. Omah Odoh-Tadafé	Shareholders Representative	

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 2nd September 2021 and any adjournment thereof.

Dated this .....day of .....2021

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 whether 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, Dr. Layi Fatona is retiring by rotation at this meeting and being eligible offers himself for re-election. Please note that the biographical details of Dr. Layi Fatona who is seeking re-election is provided in the Annual Report.

✂-----Tear off from here-----

## ADMISSION SLIP

Please admit .....to the Annual General Meeting of

Consolidated Hallmark Insurance Plc which will hold at **Four Points by Sheraton - Lagos, Plot 9/10 Block 2, Oniru Chieftaincy Estate, Victoria-Island Lagos.**

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 .....

ORDINARY BUSINESS		FOR	AGAINST
1	To lay before the members the Audited Financial Statement for the year ended 31st December 2020 together with the reports of the Directors, Auditors and Audit Committee thereon.		
2	To re-elect a retiring Director.		
	Dr. Layi Fatona		
3	To re-appoint the Auditors		
4	To authorize the Directors to determine the remuneration of the Auditors.		
5	To disclose the remuneration of Managers of the Company		
6	To elect members of the Audit Committee.		
SPECIAL BUSINESS			
a	To approve the remuneration of the Directors.		
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.			



## Notes

[illegible]

## Notes

[illegible]

# Before You Drive Your Precious Car On That Long, Risky Road...

MAKE MOTOR INSURANCE  
YOUR NEW RESOLUTION.

**Let's Insure Your Assets.**

#ResolveToInsure #CHInsure



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