



## **Great Nigeria Insurance Plc**

Consolidated and Separate Financial Statements  
31 December 2015

**Table of contents**

	<b>Page</b>
Corporate information	1
Directors' report	3
Corporate governance report	7
Audit Committee report	16
Statement of directors' responsibilities	17
Independent auditors' report	18
Group information and statement of significant accounting Policies	19
Consolidated and separate statement of financial position	49
Consolidated and separate statement of profit or loss and other comprehensive income	50
Consolidated and separate statement of changes in equity	51
Consolidated and separate statement of cash flows	55
Notes to the consolidated and separate financial statements	56
Financial risk management	84
Segment report	123
General business accounts	125
Life business accounts	128
Statement of value added	133
Five year financial summary	134



**Corporation Information****Certificate of incorporation number:** RC 2107**NAICOM license number:** RIC 014**Directors, Officers and Advisors**

Mr. Olatokunbo Talabi	Chairman	Resigned 30 June, 2015
Mrs. Cecilia O. Osipitan	Managing Director/CEO	
Mr. Rotimi Olukorede	Executive Director	Resigned 20 April, 2015
Mrs. Roselyn Ulaeto	Executive Director	
Mr. Bade Aluko	Non-Executive Director	
Mrs. Foluso Onabowale	Non-Executive Director	Resigned 30 June, 2015
Mr. James Kayode Naiyeju	Non-Executive Director	
Mr. Dapo Otunla	Non-Executive Director	
Archbishop Felix Alaba Job	Non-Executive Director	
Mr. Olugbenga Awosode	Non-Executive Director	Appointed 5 December, 2015
Mr. Akin Ajayi	Non-Executive Director	Appointed 8 October, 2015
Mrs. Abimbola Onakomaiya	Independent Director	Appointed 8 October, 2015
Mr. Shamusideen kareem	Non-Executive Director	Appointed 3 December, 2015

**Company secretary:** Mrs. Abiola Mosuro

**Corporate head office :** Great Nigeria Insurance PLC  
**GNI Complex**  
 8, Omo-Osagie Street  
 Off Awolowo Road  
 Ikoyi, Lagos  
 Telephone: +234 01 2670423, 01 7300015  
 Email: info@gniplc.com, info@greatnigeriaplc.com  
 Website: www.gniplc.com, www.greatnigeriaplc.com

**Independent Auditors:** Akintola Williams Deloitte  
 Civic Towers,  
 Plot GA 1, Ozumba Mbadiwe Avenue,  
 Victoria Island,  
 Lagos, Nigeria  
 Telephone: +234 1 2717800  
 Website: www.deloitte.com.ng

**Registrars:** GTL Registrars Limited  
 2, Burma Road  
 Apapa  
 PMB 12717, Lagos  
 Lagos  
 Telephone: +234 01 2793161-2, 01-8131925

**Bankers**

Wema Bank PLC  
First Bank Nigeria Limited  
Skye Bank PLC  
Sterling Bank PLC  
Ecobank PLC  
Zenith Bank PLC  
United Bank for Africa PLC  
First City Monument Bank PLC  
Access Bank PLC  
Diamond Bank PLC  
Union Bank PLC  
Unity Bank PLC  
Heritage Bank Plc  
Barclays Bank Group, London

**Re-insurers**

Nigeria Reinsurance Company  
Africa Reinsurance Corporation  
Continental Reinsurance PLC

**Consulting actuaries**

HR Nigeria Limited  
7th floor, AIICO Plaza  
Afribank street, Victoria Island  
Lagos  
Telephone: +234 1 2800917, 2800918, 4616768  
FRC/NAS/00000000738

**Estate surveyor and valuer:**

Ubosi Eleh & Co.  
FRC/2013/NISEV/00000001493  
2nd floor, 27 Obafemi Awolowo Way  
P. O. Box 3413, Ikeja  
Lagos

**Directors' Report**

The directors have pleasure in presenting their annual report on the affairs of Great Nigeria Insurance PLC ("the Company" or "GNI PLC") and subsidiary (the Group) together with the audited financial statements and the auditor's report for the year ended 31 December 2015.

**Legal form and principal activity:**

The Company was incorporated in Nigeria as a private limited liability company on 28th February 1960 as a wholly owned subsidiary of Odu'a Investment Company Limited, to transact insurance business as a composite insurer, until September 2005 when; Global Fleet Group bought the majority shares. With the divestment of the shares held by the Global Fleet Group and sale of substantial part of the holdings of Odu'a Investment Company Limited to Wema Assets Management Limited in September 2006, it became a member of the Wema Bank Plc Group. In line with the Central Bank of Nigeria (CBN) guidelines to banks in Nigeria, Wema Bank Plc divested from the Company effective November 2013 and sold its controlling shares to a consortium of investors.

On 4 July, 2013, the Company acquired 97.5% ordinary shares of GNI Healthcare Limited formally known as GAMMA Health Limited. GNI Healthcare Limited was incorporated as a private limited liability company on 24 July, 2012 and its principal activity involves provision of basic and supplemental health maintenance and treatment services.

The financial results of the subsidiary have been consolidated in these financial statements from the date that the Company started exercising control over the subsidiary.

**Operating results:**

The highlights of the Group's and Company's operating results for the year ended 31 December 2015 were as follows:

	<b>Group 2015 N'000</b>	<b>Group 2014 N'000</b>	<b>Company 2015 N'000</b>	<b>Company 2014 N'000</b>
Gross premium written	<u>3,115,620</u>	<u>2,791,128</u>	<u>3,022,321</u>	<u>2,731,967</u>
Profit/(loss) before taxation	249,549	(60,566)	283,467	(67,952)
Income tax	<u>276,987</u>	<u>(34,934)</u>	<u>254,960</u>	<u>(33,744)</u>
Profit after taxation	526,536	(95,500)	538,427	(101,696)
Transfer to statutory contingency reserve	<u>(124,324)</u>	<u>(57,489)</u>	<u>(124,324)</u>	<u>(62,239)</u>
Transfer to retained earnings	<u>402,212</u>	<u>(152,989)</u>	<u>414,103</u>	<u>(163,935)</u>
Shareholders' funds	<u>5,886,648</u>	<u>5,296,313</u>	<u>5,881,840</u>	<u>5,318,378</u>
Basic earnings/(loss) per share (k)	<u>13.76</u>	<u>(2.50)</u>	<u>14.07</u>	<u>(2.66)</u>



**Directors and their interests:**

The directors who served during the year were as follows:

<b>Name</b>	<b>Units of Ordinary Shares Held</b>	<b>Designation</b>
Mr. Olatokunbo Talabi	-	Chairman
Mrs. Cecilia O. Osipitan	55,000,000	Managing Director/CEO
Mr. Rotimi Olukorede	-	Executive Director
Mrs. Roselyn Ulaeto	-	Executive Director
Bade Aluko	-	Non-Executive Director
Mrs. Foluso Onabowale	-	Non-Executive Director
James Kayode Naiyeju	-	Non-Executive Director
Dapo Otunla	-	Non-Executive Director
Archbishop Felix Alaba Job	-	Non-Executive Director
Mr. Olugbenga Awosode	-	Non-Executive Director
Mr. Akin Ajayi	-	Non-Executive Director
Mrs. Abimbola Onakomaiya	-	Non-Executive Director
Mr. Shamusideen kareem	-	Non-Executive Director

According to the register of members as at 31 December 2015, the following shareholders held 5% or more of the issued share capital of the Company during the year:

<b>Shareholders</b>	<b>No of shares</b>	<b>% shareholding</b>
Wema Asset Management Limited	2,870,614,035	75
Odu'a Investment Company Limited	344,473,684	9
Others	612,397,661	16
<b>Total</b>	<b>3,827,485,380</b>	<b>100</b>

<b>2015</b>						
<b>Share range</b>	<b>No of shareholders</b>	<b>Percentage of shareholders</b>	<b>No of holdings</b>	<b>Percentage of holdings</b>		
1 - 1,000	1,641	30.43%	1,490,849	0.04%		
1,001 - 5,000	2,125	39.40%	6,445,914	0.17%		
5,001 - 10,000	639	11.85%	5,942,476	0.16%		
10,001 - 50,000	535	9.92%	15,276,758	0.40%		
50,001 - 100,000	143	2.65%	12,809,738	0.33%		
100,001 - 500,000	199	3.69%	54,502,393	1.42%		
500,001 - 1,000,000	47	0.87%	42,395,788	1.11%		
1,000,001 - 5,000,000	41	0.76%	106,677,430	2.79%		
5,000,001 - 10,000,000	10	0.19%	76,116,260	1.99%		
10,000,001 - 50,000,000	9	0.17%	221,265,680	5.78%		
50,000,001 - 100,000,000	2	0.04%	165,809,935	4.33%		
100,000,001 and above	2	0.04%	3,118,752,159	81.48%		
<b>Total</b>	<b>5,393</b>	<b>100%</b>	<b>3,827,485,380</b>	<b>100%</b>		

		2014			
Share range		No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
1 -	1,000	1,641	30.43%	1,490,849	0.04%
1,001 -	5,000	2,125	39.40%	6,445,914	0.17%
5,001 -	10,000	639	11.85%	5,942,476	0.16%
10,001 -	50,000	535	9.92%	15,276,758	0.40%
50,001 -	100,000	143	2.65%	12,809,738	0.33%
100,001 -	500,000	199	3.69%	54,502,393	1.42%
500,001 -	1,000,000	47	0.87%	42,395,788	1.11%
1,000,001 -	5,000,000	41	0.76%	106,677,430	2.79%
5,000,001 -	10,000,000	10	0.19%	76,116,260	1.99%
10,000,00 -	50,000,000	9	0.17%	221,265,680	5.78%
50,000,001 -	100,000,00	2	0.04%	165,809,935	4.33%
100,000,001 and above		2	0.04%	3,118,752,159	81.48%
Total		5,393	100%	3,827,485,380	100%

**Acquisition of own shares:**

The Company did not acquire any of its own shares during the year ended 31 December 2015 (2014: Nil).

**Directors' interests in contracts:**

In accordance with section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors have notified the Company of any declarable interest in contracts deliberated by the Company during the year.

**Property, plant and equipment:**

Information relating to changes in property, plant and equipment is given in Note 15 to the financial statements.

**Donations and charitable gifts:**

Donation was made to non-political and charitable organisations during the year as follows:

**Non-political and charitable organisations:**

	N
Sponsorship of NAIPCO's end of the year party	50,000
2015 XMAS Concert of Wesley School	93,600
Insurance Golf tournament	100,000
Sponsorship of 47th CIIN Conference - August 2015	300,000
Maintenance of the General Secretariat, LOME and Nigerian National Bureau	323,992
	<u>867,592</u>

**Employment of disabled persons:**

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Group has no persons on its staff list with physical disability.

**Health, safety and welfare of employees:**

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

**Employee involvement and training:**

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Group provides opportunities where employees deliberate on issues affecting the Group and employee interests, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, the Group sponsored its employees for various training courses both locally and overseas in the year under review.

**Events after year end:**

There are no events after the reporting year which could have a material effect on the state of affairs of the Group as at 31 December, 2015 and the profit for the year ended that have not been adequately provided for and/or disclosed.

**Auditors:**

In accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria, Messrs Akintola Williams Deloitte have indicated their willingness to continue in office as auditors.

**BY ORDER OF THE BOARD**

**Mrs. Abiola Mosuro**  
FRC/2012/NBA/00000000608  
Company Secretary  
GNI Complex  
8, Omo-Osagie Street  
Off Awolowo Road  
Ikoyi  
Lagos  
20 October, 2016



**Corporate Governance Report****The Company**

The company was incorporated in Nigeria as a private limited liability company on 28 February, 1960 as a wholly owned subsidiary of Odu'a Investment Company Limited, until September, 2005 when the Global Fleet Group bought the majority shares. With the divestment of the Global Fleet Group and sale of substantial part of the holdings of Odu'a Investment Company Limited to Wema Asset Management Limited in September, 2006 it became a member of Wema Bank Plc Group. Wema Asset Management Limited divested from the company in 2013 through Management Buy Out. However the regulatory procedures for the divestment have not been concluded as at date.

Consequent to this, the current major shareholders are still:

- Wema Asset Management Limited
- Odu'a Investment Company Limited

The principal business activities of the company include the provision of risk underwriting and related financial services in life and non-life insurance business to both corporate and individual customers.

**Vision**

"To be the insurance company of choice for keeping promises to stakeholders"

**Mission**

"Giving you peace of mind by keeping our promises"

**Business Philosophy**

The company's business philosophy includes:

- Professionalism
- Passion for Customers
- Team Spirit
- Precision
- Empathy
- Innovation

**Background of the assignment**

In February 2009, the National Insurance Commission (NAICOM) and the Securities & Exchange Commission in January 2011 respectively issued a code of Good Corporate Governance for the Insurance Industry in Nigeria ("the NAICOM Code") and all public companies in Nigeria ("the SEC Code"), mandating them to perform an annual review/appraisal of their Boards of Directors by an external consultants to ensure excellent performance. In its commitment to good corporate governance best practices and the NAICOM and SEC Codes, the Board of Directors of GNI ("the Board") commissioned PROSEC Corporate & Business Services Limited ("PROSEC") to carry out Board Appraisal for the financial year ended 31 December, 2015.

Our assignment of evaluating the performance of the Board of Directors of the Company was based on Global Best Practices and in accordance with the provisions of the Codes of Corporate Governance. The assignment also involves evaluation of the structure and composition, responsibilities, processes and relationships of the Board of Directors for the financial year ended December 31, 2015 as well as compliance with regulatory requirements. Our report on the assignment is based on the spot assessment, examination, analysis and review of relevant documents. The report is also based on the quantitative analysis of self-assessment questionnaires and interviews with the Directors and key management staff. However, few of the non-executive Directors could not be interviewed but sent their responses on the questionnaires sent to them. The Chairman of the company has resigned and the Board has not appointed a new substantive Chairman.



The Board of Directors is responsible to the shareholders for creating and delivering sustainable shareholders' value through its oversight functions. The Board has a formal charter as required which covers policies regarding Board memberships and composition, Board procedures, conduct of directors, risk management, remuneration, Board evaluation and induction. The Board of Directors at the time of this report is made up of ten (10) members comprising eight (8) Non-Executive and two (2) Executive Directors including the Managing Director/CEO. This is in line with international best practice, which stipulates the number of non-executive directors should be more than that of executive directors. The Chairman of the Board who is a non-executive Director and Managing Director/CEO are separate individuals and the Chairman has no executive responsibilities in the Company in compliance with the Codes of Corporate Governance.

The Chairman leads the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. Non-Executive Directors have been operating in such a way that their executive independence has not been impaired. Non-executive Directors based on their breadth and depth of knowledge and experience are able to challenge, monitor and approve the strategic policies recommended by management.

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer (CEO).

The Chairman acts as the communicator for Board decisions, where appropriate. The concept of separation of the role of the Chairman from that of the CEO implies that the Chairman should be independent from management and free from any interest and any business or other relationship that could interfere with the Chairman's independent judgement other than interests resulting from Company shareholdings and remuneration.

Mr. Tokunbo Talabi resigned as a Director and Chairman of the company on June 30, 2015. Archbishop Alaba Job was appointed the acting Chairman of the company. Similarly, Mrs. Foluso Onabowale also resigned from the Board.

The Managing Director/CEO, ably assisted by the Executive Directors and other top management constitute the Executive Management Committee. The Committee is saddled with the responsibilities of the day to day management of the affairs of the Company in accordance with agreed laid down guidelines. The Executive Management Committee is responsible and accountable to the Board of Directors for the implementation of the resolutions of the Board including but not limited to the approved strategies and policies.

The Managing Director / CEO is responsible for leading the development and execution of the Company's long-term strategy with a view to creating sustainable shareholder value. The mandate of the CEO is to manage the day-to-day operations of the company and ensure that operations are consistent with the policies developed by the Board of Directors and are carried out effectively. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long- and short-term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of the management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

Mr. Rotimi Olukorede who was an Executive Director, Retail & Micro Insurance resigned on April 20, 2015. Messrs Akintola Olusola Ajayi and Shamusideen Kareem were appointed Non-executive Directors representing Insurance Resourcy and Consultancy Services Limited during the year. Mrs. Abimbola Mercy Onakomaiya was appointed an Independent Director during the year. All the appointments followed the approved procedures for appointment of Directors.



The current composition of the Board of Directors is as follows:

<b>Directors</b>	<b>Designation</b>
Felix Alaba Job	Acting Chairman
James Naiyeju	Non-Exec. Director
Bade Aluko	Non-Exec. Director
Dapo Otunla	Non-Exec. Director
Olugbenga Awosode	Non-Exec. Director
Akintola Olusola Ajayi	Non-Exec. Director
Shamusideen Kareem	Non-Exec. Director
Abimbola Mercy Onakomaiya	Independent Director
Cecilia Osipitan (Mrs.)	Managing Director/CEO
Roselyn Ulaeto (Mrs.)	Executive Director

The Board committees were reconstituted during the year and the names of the Directors and their committee membership are presented below:

<b>Name of Director</b>	<b>Role</b>	<b>Committees</b>				
		<b>Governance</b>	<b>Finance &amp; Investment</b>	<b>General Purpose</b>	<b>Risk Mgt &amp; Compliance</b>	<b>Audit</b>
Felix Alaba	Non-Executive Director					
Cecilia Osipitan	Managing Director					
Roselyn Ulaeto	Executive Director					
James Naiyeju	Non-Executive Director					
Bade Aluko	Non-Executive Director					
Dapo Otunla	Non-Executive Director					
Olugbenga Awosode	Non-Executive Director					
Akintola O. Ajayi	Non-Executive Director					
Abimbola Onakomaiya	Independent Director					

**Key**

	<b>Member</b>
	<b>Chairman</b>

**Board of Directors Meetings' Attendance**

Meetings held	1	2	3	4
Names	12-Mar-15	30-Jun-15	8-Oct-15	3-Dec-15
Olatokunbo Talabi	✓	✓	N/A	N/A
James Naiyeju	✓	X	X	✓
Bade Aluko	✓	✓	✓	✓
Felix Alaba Job	✓	✓	✓	✓
Foluso Onabowale	✓	✓	NA	N/A
Dapo Otunla	✓	✓	X	✓
Ougbenga Awosode	✓	✓	✓	✓
Cecilia Osipitan (Mrs.)	✓	✓	✓	✓
Rotimi Olukorede	✓	N/A	N/A	N/A
Roselyn Ulaeto (Mrs.)	✓	✓	✓	✓
Akintola Olusola Ajayi	N/A	N/A	N/A	✓
Abimbola Onakomaiya	N/A	N/A	N/A	✓
Shamsideen Kareem	N/A	N/A	N/A	✓

<b>Key:</b>	✓ - Present	X - Absent
-------------	-------------	------------

**BOARD COMMITTEES****GOVERNANCE COMMITTEE**

The Committee met four (4) times during the year. The responsibilities of the Committee as provided in the committee charter are as follows:

- Reviewing the company's disclosure and insider trading policies and similar policies & practices as required;
- Assessing the effectiveness of the Board as a whole including any committee as well as discussing the contribution of individual members;
- Considering issues of management succession;
- Assessing the performance of the CEO;
- Periodically assessing the company's governance;
- Considering and approving proposals by the Board to engage outside advisors on behalf of the Board as a whole or on behalf of the independent directors of the Board;
- Proposing new nominees for appointment to the Board where applicable;
- Recommending to the Board resignation or removal of directors where their current or past conduct is or has been improper or liable to adversely affect the company or its reputation;
- Orientation of new Directors and providing continuing education for existing directors.

**Committee Meetings' attendance**

Meetings held	1	2	3	4
Names	11-Mar-15	29-Jun-15	7-Oct-15	2-Dec-15
Felix Alaba Job	✓	✓	✓	✓
Bade Aluko	✓	✓	✓	✓
Foluso Onabowale (Mrs.)	✓	✓	N/A	N/A
James Kayode Naiyeju	✓	X	X	✓
Olugbenga Awosode	✓	✓	✓	✓
Bimbo Onakomaiya	N/A	N/A	N/A	✓

<b>Key:</b>	✓ - Present	X - Absent
-------------	-------------	------------

**RISK MANAGEMENT & COMPLIANCE COMMITTEE****Committee Meetings' attendance**

Meetings held	1	2	3	4
Names	11-Mar-15	26-Jun-15	7-Oct-15	2-Dec-15
Bade Aluko	✓	✓	✓	✓
Felix Alaba Job	✓	✓	✓	✓
Foluso Onabowale (Mrs)	✓	✓	N/A	N/A
Otunla Dapo	X	✓	X	✓
Cecilia Osipitan (Mrs)	✓	✓	✓	✓
Rotimi Olukorede	✓	N/A	N/A	N/A
Roselyne Ulaeto (Mrs)	✓	✓	✓	✓
Akin Ajayi	N/A	N/A	N/A	✓

<b>Key:</b>	✓ - Present	X - Absent
-------------	-------------	------------



**FINANCE & INVESTMENT COMMITTEE**

The basic responsibilities of Finance & Investment Committee are:

- Review policies and strategies for financing of the Company's capital, including issuance and management of debt, common and preferred stock and such other capital instrument as the company shall consider or utilise.
- Provide oversight of the Company's financial condition, including their assets, capital, surplus and liabilities to ensure that the Company's assets, capital, surplus and liabilities are within the limits prescribed by the Board and the applicable law.
- Review policies and strategies for investing the Company's assets for investment return, including the purchase, sale and management of bonds, mortgages, investment in real estate, and such other investment instruments as the Company shall consider or utilize.
- Develop an investment strategy for the Company and each Subsidiary.
- Review and analyze possible investment opportunities for the Company and periodically to recommend potentially advantageous investments to the Board for approval in accordance with applicable law.
- Maintain a full record of each investment recommended to the Board and the rationale behind such recommendation, and to provide such record to the Board as applicable, for inclusion in the minutes and proceedings of the Board.
- Analyse and evaluate any market or industry trends or changes with respect to lines of business of the Company and to recommend potentially advantageous changes or modifications to such lines of business to the Board as applicable.
- Carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.
- Carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time in relation to the purpose of the Committee.
- Have authority to retain external legal, accounting or other advisors as deemed appropriate in the performance of its duties, including the authority to approve the fees payable to such advisors and any other terms of engagement.
- Work through a subcommittee by delegation of any responsibility the Committee deemed appropriate to delegate at its discretion.
- Perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter.
- Review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable

**Committee Meetings' attendance**

Meetings held	1	2	3	4
Names	10-Jan-15	26-Jun-15	6-Oct-15	1-Dec-15
Foluso O. Onabowale	✓	✓	N/A	N/A
Bade Aluko	✓	✓	✓	✓
Felix Alaba Job	✓	✓	✓	X
Otunla Dapo	✓	✓	X	✓
Olugbenga Awosode	✓	✓	✓	✓
Cecilia Osipitan	✓	✓	✓	✓
Roselyn Ulaeto	N/A	N/A	N/A	✓
Rotimi Olukorede	✓	N/A	N/A	N/A
Akin Ajayi	N/A	N/A	N/A	✓

<b>Key:</b>	<b>✓ - Present</b>	<b>X - Absent</b>
-------------	--------------------	-------------------



**GENERAL PURPOSE COMMITTEE**

The responsibilities of the committee are:

- Develop and recommend for Board considerations; policies and plans for employees' selection, recruitment, evaluation and succession.
- Develop and oversee policies and program for talent acquisition, deployment and development.
- Recommend to the Board salary and compensation levels including fringe benefits for all levels of staff.
- Review the company's operating performance relative to the bonus and incentive programmes.
- Ensure that Company's remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.
- Assess the effectiveness of the Company's Remuneration Policy, including remuneration structure, retention and termination policies for staff.
- Review and make recommendations to the Board on the structure of remuneration paid by the Company to third parties.
- Recommend to the Board policies, the form and content of employees codes of conduct and ethical practices as well as monitoring the implementation, operation and effectiveness of such codes.
- Overseeing the investigation of any alleged breaches of the codes other than breaches regarding financial matters.
- Consult with and support the Audit Committee with respect to the establishment of (a) procedures for receipt, retention and treatment of complaints regarding the Company's accounting, internal controls and auditing matters; and (b) procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Receive any report or complaints concerning actual or threatened retaliatory actions against employees for filing complaints or making reports concerning violation of the company's code of conduct and ethical practices.
- Act and advise the Board on all matters of estate acquisition, development or disposal as well as the efficient utilisation of estate and other physical resources, in the delivery of the Company's strategies and mission.
- Review and make recommendations for appointment of service providers.
- Advise on all matters of health and safety and equality and diversity policy and procedure.
- Have oversight of the Company's major external operations including the administration of the Company's wholly-owned companies and the governance oversight of the Company's participation in associated major ventures.
- Review and approve consulting arrangements outside the scope of authority granted to the Managing Director/CEO.
- Periodically review and recommend revisions, as appropriate, to the Company's director orientation program.
- Monitor, plan and support the budget for continuing education activities of the directors.
- Conduct or authorise investigations into any matters within the committees' scope or responsibilities.
- Empowered to retain independent counsel, accountants and other professionals to assist in the conduct of any such investigation and to set and pay compensation of these advisors.
- Perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter.
- Perform other special and general assignments as may be delegated by the Board of Directors from time to time.
- Review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable.

**Committee Meetings' attendance**

Meetings held	1	2	3	4
Names	11-Mar-15	29-Jun-15	7-Oct-15	2-Dec-15
James K. Naiyeju	✓	X	X	✓
Bade Aluko	✓	✓	✓	✓
Felix Alaba Job	✓	✓	✓	X
Olugbenga Awosode	✓	✓	✓	✓
Foluso Onabowale	✓	✓	N/A	N/A
Cecilia Osipitan	✓	✓	✓	✓
Roselyne Ulaeto	✓	✓	✓	✓
Akin Ajayi	N/A	N/A	N/A	✓

<b>Key:</b>	<b>✓ - Present</b>	<b>X - Absent</b>
-------------	--------------------	-------------------

**AUDIT COMMITTEE**

The committee was established in accordance with the Companies and Allied Matters Act of Nigeria (CAMA). The Committee consists of three shareholder representatives and three Non-Executive Directors. All the members of the Committee are independent of the Company. The Committee's responsibilities as contained under section 359(6) of the Companies and Allied Matters Act include the following:

- Ascertaining whether the accounting and reporting policies of the company are in accordance with the legal requirements and agreed ethical practices
- Reviewing the scope and planning of audit requirements
- Reviewing the findings on management matters as reported by the external auditors and departmental responses thereon.
- Reviewing the effectiveness of the company's system of accounting and internal control
- Making recommendations to the Board in regards to the appointment, removal and remuneration of the external auditors of the company.
- Authorising the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.

**Committee Meetings' attendance**

Meetings held	1	2	3	4
Names	10-Mar-15	29-Jun-15	6-Oct-15	1-Dec-15
Christie Otusorochukwu Vincent	✓	✓	✓	✓
Bisi Bakare	✓	✓	X	✓
J. K. Naiyeju	✓	X	X	✓
Foluso Onabowale (Mrs)	✓	✓	N/A	N/A
Bade Aluko	✓	✓	✓	✓
Adio O. Simeon	✓	✓	✓	✓
Abimbola Onakomaiya	N/A	N/A	N/A	✓

<b>Key:</b>	<b>✓ - Present</b>	<b>X - Absent</b>
-------------	--------------------	-------------------



## **Shareholders**

The Board under the prevailing circumstance has made tremendous efforts in ensuring ideal corporate governance best practices particularly strengthening the capacity of the Board and key management of the company. During the year, highly skilled and experienced people were appointed to the Board. A Chief Technical Officer with many years of experience in insurance industry was employed to strengthen the management. A robust software was acquired to enhance timely reporting and submission to regulatory authorities.

The annual General Meeting provides a unique opportunity to communicate with members and other stakeholders of the Company. They are given opportunities to express their opinion on the financials and state of affairs of the Company. The Board ensures the protection of the rights of the shareholders. The shareholders through their representatives on the Audit Committee have been kept abreast of the challenges of the delay in holding the annual general meetings of the previous years and efforts being made to hold the meeting as and when due.

We have highlighted in our main report to the Board the areas that the Board and management need to give more attention and make recommendations for improvements.

We have no doubt that all the efforts of the Board and management will begin to yield positive results that will enable the company to overcome most of the recurring challenges, particularly payment of avoidable penalties.

The operating environment is getting tougher. However, with the level of commitment, transparency and accountability of the Board and management we are of the opinion that the company will continue to perform well and sustain the continuing improvement in the corporate governance practices.

  
William Biyi Fagorusi  
FRC/2014/ICSAN/00000007379  
**PROSEC CORPORATE & BUSINESS SERVICES LIMITED**

### Report of the Audit Committee

To the Members of **Great Nigeria Insurance Plc**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria 1990, the members of the Audit Committee of Great Nigeria Insurance Plc hereby report as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria, 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Group and Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2015 were satisfactory and reinforce the Group's internal control system.

We are satisfied that the Group has complied with the provisions of National Insurance Commission Circulars and Guidelines.

We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to their recommendations for improvement and with the effectiveness of the Company's system of accounting and internal control.

### SIGNED ON BEHALF OF THE COMMITTEE BY:



Ms. Christie O. Vincent  
FRC/2013/ICAN/00000002666  
18 October 2016

### Members of the Audit Committee are:

Ms. Christie O. Vincent	Chairman
Mrs. Folusho Onabowale	Member
Mr. James. K. Naiyeju	Member
Mr. Bade Aluko	Member
Mrs. Bisi Bakare	Member
Adio O. Simeon	Member



## Statement of Directors' Responsibilities

### For the preparation and approval of the Consolidated and Separate Financial Statements

The Directors of Great Nigeria Insurance Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2015, and the results of its operations, statements of cash flows and changes in equity for the year ended 31 December 2015, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

### Going Concern:

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

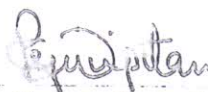
The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2015 were approved by the board of directors on 20 October 2016.

On behalf of the Directors of the Group



Mr. Akin Ajayi  
Director

FRC/2013/IODN/00000004485



Mrs. Cecilia O. Osipitan  
Managing Director/CEO

FRC/2012/CIIN/00000000596



## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GREAT NIGERIA INSURANCE PLC

Tel: +234 (1) 904 1700  
www.deloitte.com.ng

### Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of **GREAT NIGERIA INSURANCE PLC** (the company) and its subsidiary (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 31 December 2015, the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004, the Financial Reporting Council of Nigeria Act 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of **GREAT NIGERIA INSURANCE PLC** and its subsidiary as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act 2011.

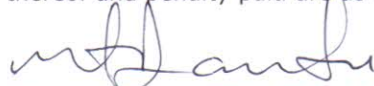
### Other reporting responsibilities

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

### Contravention

The Company contravened certain sections of NAICOM circulars and guidelines during the year, the particulars thereof and penalty paid are as disclosed in Note 46 to the financial statements.



**Michael Daudu, FCA -FRC/2013/ICAN/00000000845**

For: Akintola Williams Deloitte  
Chartered Accountants  
Lagos, Nigeria  
15 March 2017





**Group information and statement of significant accounting policies****1 Reporting Entity**

Great Nigeria Insurance PLC ("the Company") underwrites life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Company also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. The Company does business in Nigeria. The Company is a limited liability company incorporated and domiciled in Nigeria. The address of its registered office is No 8 Omo-Osagie Street, Ikoyi, Lagos. The Company is listed on the Nigerian Stock Exchange.

**1.2 Principal activities**

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

**1.3 Going concern**

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

**2 Application of new and revised International Financial Reporting Standards (IFRS)****2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements**

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015.

**2.1.1 Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

*(Effective for annual periods beginning on or after 1 July 2014)*

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan. According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they affect the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 (for the gross benefits). If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

The amendment requires retrospective application.



**Group information and statement of significant accounting policies****Annual Improvements to IFRSs 2010 - 2012 Cycle***(Effective for annual periods beginning on or after 1 July 2014, except as detailed below)*

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.

Standard	Subject of amendment	Details
IFRS 2 Share-based Payment	Definition of vesting condition	<p>The amendment is to clarify the definition of vesting condition and market condition to ensure the consistent classification of conditions attached to a share-based payment. It also adds definitions for 'performance condition' and 'service condition' which were previously included as part of the definition of 'vesting condition'. Specifically,</p> <ul style="list-style-type: none"> <li>• For 'market condition', the amendment indicates that it is a performance condition that relates to the market price or value of the entity's equity instruments or the equity instruments of another entity in the same group. A market condition requires the counterparty to complete a specified period of service.</li> <li>• For 'performance condition', the amendment specifies that the period over which the performance target is achieved should not extend beyond the service period and that it is defined by reference to the entity's own operations or activities of another entity in the same group.</li> </ul> <p>The amendment requires prospective application, i.e. entities should apply the amendment prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.</p>
IFRS 3 Business Combinations	Accounting for contingent consideration in a business combination	<p>The amendment clarifies that contingent consideration should be measured at fair value at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of IFRS 9 or IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognised in profit and loss. The amendment to IFRS 3 requires prospective application, i.e. entities should apply the amendment prospectively to business combinations for which the acquisition date is on or after 1 July 2014.</p>
IFRS 8 Operating Segments	<p>i) Disclosure about judgements involved in deciding whether or not to aggregate operating segments</p> <p>(ii) When reconciliation of the total of the reportable segments' assets to the entity's assets is required</p>	<p>The amendment (i) requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments share similar economic characteristics; and (ii) clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if information about the amount of the segment assets are regularly provided to the chief operating decision-maker.</p>

**Group information and statement of significant accounting policies**

Standard	Subject of amendment	Details
IFRS 13 Fair Value Measurement	Short-term receivables and payables	The amendment to the basis for conclusions of IFRS 13 clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. This amendment does not include any effective date because this is just to clarify the intended meaning in the basis for conclusions.
IAS 16 Property, Plant and Equipment;	Revaluation method— proportionate restatement of accumulated depreciation	The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
IAS 38 Intangible Assets	(amortisation)	
IAS 24 Related Party Disclosures	Key management personnel	The amendment clarifies that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of compensation to key management personnel that is paid by the management entity to the management entity's employees or directors is not required.

**Annual Improvements to IFRSs 2011 - 2013 Cycle***(Effective for annual periods beginning on or after 1 July 2014)*

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.

Standard	Subject of amendment	Details
IFRS 3 Business Combinations	Scope exceptions for joint ventures	The amendment clarifies that IFRS 3 does not apply to the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself.
IFRS 13 Fair Value Measurement	Scope of paragraph 52 (portfolio exception)	The amendment clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.



**Group information and statement of significant accounting policies**

Standard	Subject of amendment	Details
IAS 40 Investment Property	Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	<p>The amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether:</p> <p>(a) the property meets the definition of investment property in accordance with IAS 40; and</p> <p>(b) the transaction meets the definition of a business combination in accordance with IFRS 3.</p> <p>An entity should apply the amendment prospectively for acquisitions of investment property from the beginning of the first period for which it adopts the amendment. Consequently, accounting for acquisitions of investment property in prior periods should not be restated. However, an entity may choose to apply the amendment to individual acquisitions of investment property that occurred prior to the beginning of the first annual period occurring on or after the effective date (i.e. 1 July 2014) if and only if information needed to apply the amendment to earlier transactions is available to the entity.</p>

As mentioned above, the amendment requires an entity to assess whether the acquisition of an investment property is an asset acquisition or a business combination in accordance with IFRS 3. IFRS 3 defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participants. Specifically, IFRS 3 states that a business consists of inputs and processes that have the ability to create outputs. To qualify for the definition of a business, the integrated set of activities and assets should have two essential elements – inputs and processes; outputs are not necessarily required (although businesses usually have outputs).

In considering whether the acquisition of an investment property is an asset acquisition or a business combination, significant judgement is required taking into account the specific facts and circumstances surrounding each transaction. Below is a summary of key accounting differences between an asset acquisition and a business combination.

**Group information and statement of significant accounting policies**

	<b>Acquisition of asset(s)</b>	<b>Business combination</b>
What is the applicable standard?	Various IFRSs (e.g. IAS 40, IAS 16 Property, Plant and Equipment, IAS 2 Inventories) IFRS 3.2(b) scopes out acquisition of an asset or a group of assets that does not constitute a business from IFRS 3.	IFRS 3
How to account for the consideration for the acquisition?	Consideration paid and payable would be allocated among the assets acquired.	Both consideration paid and payable as well as assets acquired have to be measured at fair value at the date of business combination.
How to account for the transaction costs?	Follow the applicable IFRSs (e.g. IAS 40, IAS 16 and IAS 2). For example, IAS 2, IAS 16 and IAS 40 require properties to be initially measured at cost which generally include directly attributable transaction costs.	IFRS 3 generally requires transaction costs to be expensed in profit or loss immediately.
Would the acquisition give rise to any goodwill/bargain purchase?	No	Any excess of the consideration over the identifiable net assets of the acquiree should be recognised as goodwill. Annual impairment assessment on goodwill is required. Any excess of the identifiable net assets of the acquiree over the consideration should be recognised in profit or loss as a gain on bargain purchase (after reassessment per IFRS 3.36).
Is there any additional deferred tax to be recognised at the date of the acquisition?	No. IAS 12.15(b) and 24(b) prohibit the recognition of a deferred tax liability (asset) for taxable temporary (deductible) difference respectively if it arises from the initial recognition of an asset in a transaction which is not a business combination and does not affect either accounting profit or IFRS 3.2(b) scopes out acquisition of an asset or a group of assets that does not constitute a business from IFRS 3.	Yes, deferred tax assets or liabilities should be recognised at the date of business combination in relation to, for example, fair value adjustments made at the date of business combination.



**Group information and statement of significant accounting policies****New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended 31 December 2015**

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2015:

- IFRS 9 Financial Instruments;
- IFRS 14 Regulatory Deferral Accounts;
- IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 1 Disclosure Initiative;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants;
- Amendments to IAS 27 Equity Method in Separate Financial Statements;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception; and
- Annual Improvements to IFRSs 2012-2014 Cycle.

**IFRS 9 Financial Instruments (as revised in 2014)**

*(Effective for annual periods beginning on or after 1 January 2018)*

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

**Phase 1: Classification and measurement of financial assets and financial liabilities**

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.



**Group information and statement of significant accounting policies**

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

**Phase 2: Impairment methodology**

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

**Phase 3: Hedge accounting**

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under redeliberation at the time of writing.

**Transitional provisions**

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.



**Group information and statement of significant accounting policies****IFRS 14 Regulatory Deferral Accounts**

*(Effective for first annual IFRS financial statements with annual periods beginning on or after 1 January 2016)*

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

IFRS 14 is effective for an entity's first annual IFRS financial statements for annual periods beginning on or after 1 January 2016, with earlier application permitted.

**IFRS 15 Revenue from Contracts with Customers**

*(Effective for annual periods beginning on or after 1 January 2018)*

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over



**Group information and statement of significant accounting policies**

time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

**iv. Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations**

*(Effective for annual periods beginning on or after 1 January 2016)*

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. Earlier application is permitted.

**v. Amendments to IAS 1 Disclosure Initiative**

*(Effective for annual periods beginning on or after 1 January 2016)*

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.
- In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following items:
  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and
  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. Application of the amendments need not be disclosed.



**Group information and statement of significant accounting policies****vi. Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation***(Effective for annual periods beginning on or after 1 January 2016)*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold from the mine until total cumulative revenue from the sale of gold reaches CU2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or
- b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

**vii. Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants***(Effective for annual periods beginning on or after 1 January 2016)*

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16, instead of IAS 41.

In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted. As a transitional provision, entities need not disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period. However, quantitative information for each prior period presented is still required. Also, on the initial application of the amendments, entities are permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognised in opening retained earnings at the beginning of the earliest period presented.

**viii. Amendments to IAS 27 Equity Method in Separate Financial Statements***(Effective for annual periods beginning on or after 1 January 2016)*

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements.

- at cost,
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9), or
- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.



**Group information and statement of significant accounting policies**

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

**ix. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

*(Effective for annual periods beginning on or after 1 January 2016)*

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.
- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after 1 January 2016 with earlier application permitted. In the June 2015 IASB meeting, the IASB tentatively decided to defer the mandatory effective date of these amendments. No exposure draft has yet been issued at the time of writing.

**Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception**

*(Effective for annual periods beginning on or after 1 January 2016)*

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.



**Group information and statement of significant accounting policies**

Standard	Subject of amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	(i) Servicing contracts (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements
IAS 19 Employee Benefits	Discount rate: regional market issue
IAS 34 Interim Financial Reporting	Disclosure of information included 'elsewhere in the interim financial report'

The directors of the company do not anticipate that the application of these amendments will have a material effect on the financial statements.

**3 SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1 January, 2015.

The consolidated and separate financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP I17 LFN 2004, the Financial Reporting Council Act, 2011 and the Guidelines issued by the National Insurance Commission to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

**(b) Basis of measurement**

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange transactions except for certain investments whose valuation was based on observable input from asset managers.

These consolidated and separate financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

- (i) Financial instruments designated at fair value through profit or loss are measured at fair value;
- (ii) Available for sale financial instruments are measured at fair value;
- (iii) Loans and receivables, held to maturity financial assets and financial liabilities are measured at amortised cost;
- (iv) Land and building are carried at revalued amounts;
- (v) Investment properties are carried at fair value;

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

The financial statements for the year ended 31 December 2015 were approved for issue by the Board of Directors on 20 October 2016.

**(c) Functional and presentation currency**

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



**Group information and statement of significant accounting policies****(d) Use of estimates and judgement**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**(e) Regulatory authority and financial reporting**

The Group is regulated by the National Insurance Commission of Nigeria (NAICOM) under the Insurance Act and NAICOM circulars and guidelines. The Act specifies certain provisions which have impact on financial reporting as follows:

- i) Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;
- ii) Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;
- iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 3.30 to cover fluctuations in securities and variation in statistical estimates;
- iv) Section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;
- v) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act;
- (vi) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria;
- (vii) Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the Insurance Act CAP I17 LFN 2004 which conflict with the provisions of IFRS have not been adopted:

- i) Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 3.22(1)(b) on accounting policy for outstanding claims.
- ii) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3.14(b) on accounting policy for unexpired risk and unearned premium.



**Group information and statement of significant accounting policies****3.1 Basis of Consolidation****(i) Business combination**

Business combination are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group (see 3.1(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3.14(a)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent are recognised in profit or loss.

**(ii) Non-controlling interest**

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

**(iii) Subsidiaries**

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. The Group financial statements incorporates the assets, liabilities and result of GNI healthcare Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(iv) Loss of Control**

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**(v) Transaction eliminated on consolidation**

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



**Group information and statement of significant accounting policies****3.2 Foreign currency****(a) Foreign currency translation**

Transactions in foreign currencies are translated into the respective functional currency of the Group at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available for sale equity instruments are recognised in Other Comprehensive Income.

**3.3 Interest**

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective interest rate, the group estimates future cash flow considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to that acquisition or issue of a financial asset or financial liability. Interest income and expense presented in the statement of total comprehensive income include:

- Interest on financial asset and financial liabilities measured at amortised cost calculated on an effective interest basis;
- Interest on available-for-sale investment securities calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the group's trading operation and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

**3.4 Commission**

Commissions are recognized on ceding business to the re-insurer, and are credited to income statement over the period the service is provided.

**3.5 Investment, other operating income and fee income**

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within 'investment income' and 'finance costs' in the income statement using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument. When a receivable is



**Group information and statement of significant accounting policies**

impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

Fees income include fee for service and administration fees. The fee for service represents amount received from National Health Insurance Scheme (NHIS) in respect of healthcare coverage for public enrollees under the scheme. Administration fee represents fees earned from the NHIS for administering capitation and fee-for-service payments in respect of public sector enrollees.

Capitation represents money received by health maintenance organization (HMOs) from the NHIS for onward disbursements to the primary healthcare providers (HCPs) on behalf of a contributor for services to be rendered by the HCPs. This payment is made regularly and in advance irrespective of whether the enrollee utilizes the service or not.

Fees income are credited to the profit or loss account over the period the service is provided.

**3.6 Dividend**

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for quoted securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

**3.7 Leases****(a) Lease payments-lessee**

Payments made under operating leases are charged against income on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

**(b) Lease assets - lessee**

Assets held by the group under leases that are transfer to the Group substantially all of the risk and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the assets.

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

**(c) Lease assets - lessor**

If the Group is the lessor in agreement that transfers substantially all of the risks and rewards incidental to ownership of the assets to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

**3.8 Income tax**

Income tax expense comprises current tax and deferred tax. It is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

**(a) Current tax**

"Current tax" comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend.



**Group information and statement of significant accounting policies****(b) Deferred taxation**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date.

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

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

**3.9 Financial assets and liabilities****(a) Recognition**

The Group initially recognises loans and advances issued on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured at fair value plus, for an item not at fair value through profit or loss, transaction cost that are directly attributable to its acquisition or issue.

**(b) Classification****(i) Financial assets**

The group classifies its financial assets into the following categories

- loans and receivables;
- held to maturity;
- available-for-sale; and
- at fair value through profit or loss, and within this category as:
  - held for trading; or
  - designated at fair value through profit or loss.

**(ii) Financial liabilities**

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

**Group information and statement of significant accounting policies****(c) Derecognition****(i) Financial assets**

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lent and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**(ii) Financial liabilities**

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

**(d) Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by under IFRS, or for gains and losses arising from a group of similar transactions.

**(e) Amortised cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

**(f) Fair value measurement**

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



**Group information and statement of significant accounting policies**

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

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

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

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(g) Identification and measurement of impairment**

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- restructuring of a loan or advance by the Group on terms that the Group would not otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security, or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment. In respect of equity securities that are quoted, the Company is guided by the following:

- a decline in excess of 20% is generally regarded as significant and
- a decline in quoted price that persists for nine months is considered to be prolonged



**Group information and statement of significant accounting policies**

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through Other Comprehensive Income. Any subsequent recovery in the fair value of an impaired available-for-sale equity security in Other Comprehensive Income.

The Group writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the Group determines that there is no realistic prospect of recovery.

**(h) Trade receivables**

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 31 days, in conformity with the "NO PREMIUM NO COVER" policy.

**3.10 Cash and cash equivalents**

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central bank and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

**3.11 Investment securities**

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs accounted for depended on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale.

**(a) Held to Maturity**

Held to maturity investments are non-derivatives assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held to maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held to maturity investments would result in the reclassification as available for sale, and would prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassification in any of the following circumstances would not trigger a reclassification.



**Group information and statement of significant accounting policies**

- sales or reclassification that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassification after the Group has collected substantially all of the assets original principal; and
- sales or reclassification that are attributable to non-recurring isolated events beyond the Group's control that could not have reasonably anticipated.

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

The Group designates some investments securities at fair value, with fair value changes recognised immediately in profit or loss.

**(c) Available-for-sale**

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the cumulative gains and losses previously recognised in equity are reclassified to profit or loss.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it would otherwise have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

**3.12 Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment property being valued, values the portfolio annually. Any gain and loss arising from a change in the fair value is recognized in the statement of profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent measurement.

**3.13 Property, plant and equipment****(a) Recognition & measurement**

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



**Group information and statement of significant accounting policies**

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

**(b) Subsequent costs**

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Ongoing repairs and maintenance are recognised in profit or loss as incurred.

**(c) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

	Years
Buildings	- 40
Furniture	- 8
Computer equipment	- 3
Fixtures and fittings	- 8
Motor vehicles	- 4
Generating Set	- 3

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

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

**(d) De-recognition**

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

**3.14 Intangible assets****(a) Goodwill**

Goodwill that arises on the acquisition of subsidiaries is presented with intangible asset. For the measurement of goodwill at initial recognition, see ((3.1)(i)). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

**(b) Purchased software**

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.



**Group information and statement of significant accounting policies**

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. This is reassessed annually.

**3.15 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses are recognised in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**3.16 Reinsurance assets**

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The details of recognition and measurement of reinsurance contracts have been set out under note 3.21 (b)(iii).

**3.17 Deferred acquisition costs**

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium to written premium.

**3.18 Segment reporting**

Segment results that are reported to the Group's Board of Directors (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's reportable segments under IFRS 8 are therefore identified as follows:

- Non-life insurance;
- Life insurance;
- Healthcare

The other segment includes corporate expenses and other activities not related to the core business segments and which are not reportable segments due to their immateriality. Certain expenses, finance costs and taxes are not allocated across the segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, certain finance costs and tax expense. This is the measure reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.



**Group information and statement of significant accounting policies****3.19 Prepayments**

Prepayments are carried at cost less accumulated impairment losses and are amortised on a straight line basis to the profit and loss account.

**3.20 Statutory deposit**

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. Statutory deposit represents 10% of the paid up capital of the Group deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act CAP I17 LFN 2004. Statutory deposit is measured at cost and interest income on it is measured using the effective interest rate method.

**3.21 Classification of insurance contracts**

The Group issues contracts that transfer insurance risk.

The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

The Group classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

**(a) Types of insurance contracts**

The Group classify insurance contracts into life and non-life insurance contracts

**(i) Non-life insurance contract**

These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Non-life insurance contracts protects the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There are no maturity or surrender benefits.

**(ii) Life insurance contract**

These contracts insure events associated with human life (for example, death or survival) over a long duration.

**(b) Insurance contracts- Recognition and measurement****(i) Premiums**

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognised gross of commission expense.



**Group information and statement of significant accounting policies**

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

Gross premium on covered healthcare management contract are recognized in the account when payable by the policy holder. Gross written premium comprises the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date of inception of the policy.

**(ii) Unearned premiums**

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

**(iii) Reinsurance**

The Group cedes out insurance risks in the normal course of business for the purpose of limiting its net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Premium ceded, claims reimbursed and commission recovered are presented in the income statement and balance sheet separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Group reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the income statement as a result of an event that occurred after its initial recognition, for which the Group may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

**(iv) Claims incurred**

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the



**Group information and statement of significant accounting policies**

amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverable are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the income statement. Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

**(v) Deferred acquisition costs**

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

**(vi) Liabilities and related assets under liability adequacy test**

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Group recognizes the deficiency in the income statement for the year. The liability adequacy test is performed yearly by HR Nigeria Limited.

**(vii) Salvages**

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right).

Salvage recoveries are presented net of the claim expense.

**(viii) Subrogation**

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other receivables when the liability is settled and the Group has the right to receive future cash flow from the third party.

**3.22 Insurance contract liabilities**

The recognition and measurement of insurance contracts have been set out under note 3.21b of the accounting policies. Insurance contract liabilities are determined as follows:

**i Non-life business****(a) Reserves for unearned premium and unexpired risk**

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

**(b) Reserves for outstanding claims**

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

**(i) Reserving methodology and assumptions**

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more



**Group information and statement of significant accounting policies**

commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub-divided into large and additional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and additional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

**(ii) Discounted inflation-adjusted basic chain ladder method**

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 12% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e.  $IBNR = \text{Ultimate claim amount} - \text{paid claims till date} - \text{claims outstanding}$ .

**(iii) Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method**

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.
- The run off period is seven (7) years and hence the method assumes no more claims will be paid subsequently.
- That weighted past average inflation will remain unchanged into the future.

**(iv) Expected loss ratio method**

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special Risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by assuming loss ratio of 30%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated less paid claims.

**(II) Life business****(a) General reserve fund**

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



**Group information and statement of significant accounting policies**

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefrom are charged to the profit and loss account while the surplus is appropriated to the shareholders and credited to the income statement.

- (b) Reserves for outstanding claims  
See 3.22(I)(b)

**3.23 Recognition and measurement of investment contracts**

Investment contracts and the related receipts and payments are accounted in the balance sheet in line with the accounting policies for financial instruments stated in note 3.9. The deposit liability recognized in the balance sheet represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

**3.24 Trade and other payables**

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

**3.25 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**3.26 Borrowing and finance costs**

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except for those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset.

**3.27 Employee benefits****(a) Defined contribution plans**

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

The Company operates a defined contribution pension scheme. This scheme was started post 2004. Employees are entitled to join the scheme on commencement of employment. Employee and the Company contributions are employee 8% and employers 12.5% each of the employee's annual basic salary, housing and transport allowance respectively. Employee contributions are funded through payroll deductions while the Company's contribution is expensed in profit or loss. Contributions under this scheme are remitted to the individual employee's pension fund administrator.

**(b) Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan to calculate the present value of economic benefits, consideration is given to any applicable minimum funding arrangements.



**Group information and statement of significant accounting policies**

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**(c) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

**(d) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

**(e) Short-term employee benefits**

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

**3.28 Share capital and reserves****Share capital**

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

Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

**Dividend on ordinary shares**

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

**3.29 Asset revaluation reserve**

Assets revaluation reserves represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date.

**3.30 Contingency reserves**

The Group maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation.

**Group information and statement of significant accounting policies****3.31 Earnings per share**

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year.

**3.32 Underwriting expenses**

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy.

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

**3.33 Management expenses**

Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis.

**3.34 Employee Benefit expenses**

Employee benefit expenses are expenses that relate to staff costs. See note 3.19 for accounting policy on employee benefits.

**3.35 Dividend**

Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

**3.36 Actuarial valuation**

Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to the income statements.

**3.37 Operating segment**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, general accident, employer's liability, engineering, marine, bond, Oil & gas and Motors.

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.



## Consolidated and separate statement of financial position

<i>In thousands of Naira</i>	Notes	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
<b>Assets</b>					
Cash and cash equivalents	5	2,783,162	2,356,907	2,655,803	2,230,153
Financial assets	6	1,135,760	1,162,739	1,135,760	1,162,739
Trade receivables	7	66,853	52,102	23,746	27,290
Reinsurance assets	8	437,554	428,252	437,554	428,252
Deferred acquisition cost	9	108,104	97,826	108,104	97,826
Finance lease receivable	10	21,192	90,705	21,192	90,705
Other receivables and prepayments	11	123,560	52,054	166,450	92,745
Investment in subsidiary	12	-	-	187,527	225,000
Investment properties	13	4,522,983	4,453,516	4,522,983	4,453,516
Intangible assets	14	61,053	151,167	61,053	121,167
Property, plant and equipment	15	936,609	874,814	782,902	762,634
Deferred tax asset	24	6,033	256,723	6,033	256,723
Statutory deposit	16	500,000	500,000	500,000	500,000
<b>Total assets</b>		<b>10,702,863</b>	<b>10,476,805</b>	<b>10,609,107</b>	<b>10,448,750</b>
<b>Liabilities</b>					
Insurance contract liabilities	17	2,884,878	3,174,781	2,813,013	3,155,947
Investment contract liabilities	18	726,262	652,995	726,262	652,995
Trade payables	19	30,297	71,641	30,297	71,641
Retirement benefit obligation	20	3,097	13,119	3,097	13,119
Provisions and other payables	21	471,422	442,586	464,563	434,298
Finance lease obligations	22	-	68,812	-	68,812
Deposit for shares	23	500,000	-	500,000	-
Deferred tax liabilities	24	9,730	566,231	2,782	545,381
Current income tax liabilities	25	190,529	190,327	187,253	188,179
<b>Total liabilities</b>		<b>4,816,215</b>	<b>5,180,492</b>	<b>4,727,267</b>	<b>5,130,372</b>
<b>Net assets</b>		<b>5,886,648</b>	<b>5,296,313</b>	<b>5,881,840</b>	<b>5,318,378</b>
<b>Equity</b>					
Issued and paid up capital	26	1,913,742	1,913,742	1,913,742	1,913,742
Share premium	27	3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve	28	750,537	626,213	750,537	626,213
Retained earnings	29	(472,770)	(876,216)	(428,950)	(843,053)
Assets revaluation reserve	30	581,651	517,587	535,847	510,812
<b>Total equity attributable to owners of the Company</b>		<b>5,883,825</b>	<b>5,291,990</b>	<b>5,881,840</b>	<b>5,318,378</b>
Non-controlling Interest		2,823	4,323	-	-
<b>Shareholder's fund</b>		<b>5,886,648</b>	<b>5,296,313</b>	<b>5,881,840</b>	<b>5,318,378</b>

These financial statements were approved by the Board of Directors on 20 October, 2016 and signed on its behalf by:-

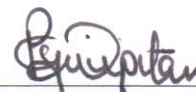
  
Mr Akin Ajayi

Director  
FRC/2013/IODN/00000004485

Additional certification by:

  
Lekan Popoola Esq

Chief Financial Officer  
FRCN/2014/ICAN/00000008933



Cecilia O. Osipitan

Managing Director/CEO  
FRC/2012/CIIN/00000000596

**Consolidate and separate statement of profit or loss and other comprehensive income**

<i>In thousands of Naira</i>	Note	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
Gross premium written	31	3,115,620	2,791,128	3,022,321	2,731,967
Change in unearned premium	31(a)	(234,511)	66,991	(203,333)	80,755
Earned premium income	31(a)	2,881,109	2,858,119	2,818,988	2,812,722
Reinsurance expense	31(a)	(442,012)	(340,006)	(442,012)	(340,006)
<b>Net insurance premium revenue</b>	31	<b>2,439,097</b>	<b>2,518,113</b>	<b>2,376,976</b>	<b>2,472,716</b>
Commission income	32	88,523	57,306	88,523	57,306
<b>Net underwriting Income</b>		<b>2,527,620</b>	<b>2,575,419</b>	<b>2,465,499</b>	<b>2,530,022</b>
Net claims expense	33	1,006,867	1,359,177	933,191	1,347,679
Acquisition expenses	34	376,140	427,296	372,442	426,094
Maintenance costs	35	241,393	158,693	241,393	158,693
<b>Underwriting expenses</b>		<b>1,624,400</b>	<b>1,945,166</b>	<b>1,547,026</b>	<b>1,932,466</b>
<b>Underwriting results</b>		<b>903,220</b>	<b>630,253</b>	<b>918,473</b>	<b>597,556</b>
Investment income	36	381,481	341,160	366,922	328,134
Net fair value gains on assets measured at fair value through profit or loss:	37	73,983	115,378	73,983	115,378
Other operating income	38	14,446	26,786	14,446	26,786
Management expenses	39	(1,170,168)	(1,053,356)	(1,099,471)	(1,015,019)
Profit or loss on investment contract	18(d)	71,093	31,173	71,093	31,173
<b>Results of operating activities</b>		<b>274,055</b>	<b>91,394</b>	<b>345,446</b>	<b>84,008</b>
Impairment losses	40	(24,506)	(151,960)	(61,979)	(151,960)
<b>Profit/(loss) before taxation</b>		<b>249,549</b>	<b>(60,566)</b>	<b>283,467</b>	<b>(67,952)</b>
Income tax	25	276,987	(34,934)	254,960	(33,744)
<b>Profit/(loss) after taxation</b>		<b>526,536</b>	<b>(95,500)</b>	<b>538,427</b>	<b>(101,696)</b>
<b>Other comprehensive income, net of tax</b>					
<b>Items within OCI that will not be reclassified to the profit or loss:</b>					
Gain on revaluation of property, plant and equipment	30	75,834	27,919	27,817	27,919
Tax on gain on revaluation of property, plant and equipment	30	(12,035)	(3,012)	(2,782)	(3,012)
<b>Other comprehensive income</b>		<b>63,799</b>	<b>24,907</b>	<b>25,035</b>	<b>24,907</b>
<b>Total comprehensive income for the year</b>		<b>590,335</b>	<b>(70,593)</b>	<b>563,462</b>	<b>(76,789)</b>
<b>Profit/(loss) attributable to:</b>					
Shareholders		527,771	(95,655)	538,427	(101,696)
Non-controlling interest		(1,235)	155	-	-
		<b>526,536</b>	<b>(95,500)</b>	<b>538,427</b>	<b>(101,696)</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders		590,600	(71,241)	563,462	(76,789)
Non-controlling interest		(265)	648	-	-
		<b>590,335</b>	<b>(70,593)</b>	<b>563,462</b>	<b>(76,789)</b>
<b>Earnings per share</b>					
- Basic earnings/(loss) per share (k)	41	13.79	(2.50)	14.07	(2.66)



Consolidated and Separate Financial Statements  
For the year ended 31 December 2015

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Group

2015

	Share Capital	Share premium	Asset evaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non- Controlling interest	Total equity
Balance at 1 January 2015	1,913,742	3,110,664	517,587	626,213	(876,216)	5,291,990	4,323	5,296,313
<b>Total comprehensive income for the year</b>								
Profit or loss for the year	-	-	-	-	527,771	527,771	(1,235)	526,536
<b>Other comprehensive income, net of tax:</b>								
Revaluation of property in use by the company	-	-	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	64,064	-	-	64,064	(265)	63,799
	-	-	64,064	-	-	64,064	(265)	63,799
Total comprehensive income for the year	-	-	64,064	-	527,771	591,835	(1,500)	590,335
<b>Transaction with owners, recorded directly in equity:</b>								
Transfer to contingency reserve	-	-	-	124,324	(124,324)	-	-	-
Total contributions by and distributions to equity holders	-	-	-	124,324	(124,324)	-	-	-
<b>Balance as at 31 December 2015</b>	1,913,742	3,110,664	581,651	750,537	(472,770)	5,883,825	2,823	5,886,648

## Consolidated and Separate Statement of Changes in Equity

## Group

2014

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non- Controlling interest	Total equity
Balance at 1 January 2014	1,913,742	3,110,664	492,032	568,724	(700,515)	5,384,647	4,730	5,389,377
<b>Total comprehensive income for the year</b>								
Profit or loss for the year	-	-	-	-	(95,655)	(95,655)	155	(95,500)
<b>Other comprehensive income, net of tax:</b>								
Revaluation of property in use by the company	-	-	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	24,907	-	-	24,907	-	24,907
Total comprehensive income for the year	-	-	24,907	-	(95,655)	(70,748)	155	(70,593)
<b>Transaction with owners, recorded directly in equity:</b>								
Acquisition during the year	-	-	-	-	-	-	-	-
Reconciliation of non-controlling interest	-	-	648	-	(22,557)	(21,909)	(562)	(22,471)
Transfer to contingency reserve	-	-	-	57,489	(57,489)	-	-	-
Total contributions by and distributions to equity holders	-	-	648	57,489	(80,046)	(21,909)	(562)	(22,471)
Balance as at 31 December 2014	1,913,742	3,110,664	517,587	626,213	(876,216)	5,291,990	4,323	5,296,313



## Consolidated and Separate Statement of Changes in Equity

## Company

2015

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Total equity
Balance at 1 January 2015	1,913,742	3,110,664	510,812	626,213	(843,053)	5,318,378	5,318,378
<b>Total comprehensive income for the year</b>							
Profit or loss for the year	-	-	-	-	538,427	538,427	538,427
<b>Other comprehensive income, net of tax:</b>							
Revaluation of property in use by Company	-	-	25,035	-	-	25,035	25,035
Total other comprehensive income for the year	-	-	25,035	-	-	25,035	25,035
Total comprehensive income for year	-	-	25,035	-	538,427	563,462	563,462
<b>Transaction with owners, recorded directly in equity:</b>							
Transfer to contingency reserve	-	-	-	124,324	(124,324)	-	-
Total contributions by and distributions to equity holders	-	-	-	124,324	(124,324)	-	-
<b>Balance as at 31 December 2015</b>	1,913,742	3,110,664	535,847	750,537	(428,950)	5,881,840	5,881,840

## Consolidated and Separate Statement of Changes in Equity

## Company

2014

	Share Capital	Share premium	Asset evaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Total equity
Balance at 1 January 2014	1,913,742	3,110,664	485,905	568,724	(683,868)	5,395,167	5,395,167
<b>Total comprehensive income for the year</b>							
Profit or loss for the year	-	-	-	-	(101,696)	(101,696)	(101,696)
<b>Other comprehensive income, net of tax:</b>							
Revaluation of property in use by Company	-	-	24,907	-	-	24,907	24,907
Total other comprehensive income for the year	-	-	24,907	-	-	24,907	24,907
Total comprehensive income for the year	-	-	24,907	-	(101,696)	(76,789)	(76,789)
<b>Transaction with owners, recorded directly in equity:</b>							
Transfer to contingency reserve	-	-	-	57,489	(57,489)	-	-
Total contributions by and distributions to equity holders	-	-	-	57,489	(57,489)	-	-
<b>Balance as at 31 December 2014</b>	1,913,742	3,110,664	510,812	626,213	(843,053)	5,318,378	5,318,378



**Consolidated and Separate Statement of Cash Flows**

<i>In thousands of Naira</i>	Note	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
<b>Cash flows from operating activities:</b>					
Cash premium received		2,866,358	2,949,680	2,822,532	2,929,095
Reinsurance premium paid		(624,549)	(333,887)	(624,549)	(333,887)
Gross benefit and claims paid		(1,081,537)	(1,383,228)	(1,007,861)	(1,371,730)
Reinsurance recoveries		206,561	66,617	206,561	66,617
Commission paid		(386,418)	(378,918)	(382,720)	(377,716)
Maintenance expenses paid		(241,393)	(158,693)	(241,393)	(158,693)
Commission received		88,523	57,306	88,523	57,306
Cash from deposit Administration		144,360	35,319	144,360	35,319
Cash received/paid to intermediaries and suppliers		(806,229)	(259,103)	(848,288)	(278,820)
Cash paid to employees		(578,930)	(543,299)	(556,465)	(521,375)
<b>Cash generated from operations</b>	42	(413,254)	51,794	(399,300)	46,116
Income tax paid	25	(40,657)	(43,774)	(40,657)	(43,774)
<b>Net cash(used in)/provided by operating activities</b>		(453,911)	8,020	(439,957)	2,342
<b>Cash flows from investing activities:</b>					
Purchases of property, plant and equipment	15	(59,932)	(102,071)	(59,932)	(102,071)
Purchases of intangible assets	14	-	(42,324)	-	(42,324)
Proceed from disposal of property, plant and equipment		958	90	958	90
Finance lease repayment proceeds		126,471	107,013	126,471	107,013
Dividend received	36	31,629	29,340	31,629	29,340
Interest received	36	303,337	277,221	288,778	264,195
Rent received	36	46,515	34,599	46,515	34,599
<b>Net cash provided by investing activities</b>		448,978	303,868	434,419	290,842*
<b>Cash flows from financing activities:</b>					
Deposit for shares		500,000	-	500,000	-
Finance lease repayment	22	(68,812)	(40,115)	(68,812)	(40,115)
<b>Net cash provided/ (used in) financing activities</b>		431,188	(40,115)	431,188	(40,115)
Cash and cash equivalent at beginning of		2,356,907	2,085,134	2,230,153	1,977,084
Net increase in cash and cash equivalent		426,255	271,773	425,650	253,069
<b>Cash and cash equivalent at end of year</b>	5	2,783,162	2,356,907	2,655,803	2,230,153

**Notes to the consolidated and separate financial statements****5 Cash and cash equivalents**

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Cash at bank and in hand	496,055	498,505	496,025	496,691
Short-term bank deposits (note 5.1)	2,389,264	1,912,898	2,261,935	1,787,958
Cash and cash equivalent	2,885,319	2,411,403	2,757,960	2,284,649
Less:				
Allowance for Impairment (note 5.2)	(102,157)	(54,496)	(102,157)	(54,496)
	<b>2,783,162</b>	<b>2,356,907</b>	<b>2,655,803</b>	<b>2,230,153</b>

5.1 Short term bank deposits have an average maturity period of three months, and are made depending on the cash requirement of the Company. The average interest rate of the deposits is 10.3 percent (2014: 10.5%). The carrying amounts reasonably approximate fair value at the reporting date.

5.2 Allowance for impairment represents bank reconciliation differences that occurred as a result of system error. During software changeover, ledger balances were being duplicated and this led to opening balance differences.

**6 Financial assets**

Financial assets comprise of;

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Held to maturity (see note (a) below)	297,911	355,079	297,911	355,079
Loans and receivables (see note (b) below)	71,334	61,505	71,334	61,505
Available-for-sale (see note (c) below)	157,659	141,815	157,659	141,815
Fair value through profit and loss (see note (d) below)	608,856	604,340	608,856	604,340
	<b>1,135,760</b>	<b>1,162,739</b>	<b>1,135,760</b>	<b>1,162,739</b>
Current	369,245	416,584	369,245	416,584
Non-current	766,515	746,155	766,515	746,155
	<b>1,135,760</b>	<b>1,162,739</b>	<b>1,135,760</b>	<b>1,162,739</b>

**(a) Held to maturity**

Government Bond	9,113	9,113	9,113	9,113
Placements with financial	288,798	345,966	288,798	345,966
	<b>297,911</b>	<b>355,079</b>	<b>297,911</b>	<b>355,079</b>

**(b)(i) Loans and receivables**

Loan to policy holders	78,629	59,354	78,629	59,354
Staff Loans	3,436	3,436	3,436	3,436
Other Loan	-	9,000	-	9,000
	<b>82,065</b>	<b>71,790</b>	<b>82,065</b>	<b>71,790</b>
Impairment (see note (b)(ii) below)	(10,731)	(10,285)	(10,731)	(10,285)
	<b>71,334</b>	<b>61,505</b>	<b>71,334</b>	<b>61,505</b>



## Notes to the consolidated and separate financial statements

	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
<i>In thousands of Naira</i>				
(ii) The movement in allowance for impairment losses is as follows:				
At 1 January	10,285	11,235	10,285	11,235
Addition during the year	446	992	446	992
Write back during the year	-	(1,942)	-	(1,942)
At 31 December	10,731	10,285	10,731	10,285
(c) Available-for-sale financial assets				
Unlisted equity securities at cost (see note(c)(ii) below)	157,659	206,536	157,659	206,536
Allowance for impairment losses (see	-	(64,721)	-	(64,721)
	<b>157,659</b>	<b>141,815</b>	<b>157,659</b>	<b>141,815</b>
(i) The movement in allowance for impairment losses is as follows:				
At 1 January	64,721	66,921	64,721	66,921
Reclassification to other receivables (see note 11b)	-	(2,200)	-	(2,200)
Addition during the year	3,800	-	3,800	-
Write off during the year	(68,521)	-	(68,521)	-
At 31 December	-	64,721	-	64,721
(ii) Available for sale investment securities are carried at cost less any allowance for impairment. The fair value of available for sale assets could not be reliably determined at reporting date due to the unavailability of observable market data.				

Analysis of unlisted equities is shown below:

	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
Investment in Capital Bancorp Limited	37,296	37,296	37,296	37,296
Investment in Montgomery Vaults Nigeria Limited	7,100	7,100	7,100	7,100
Investment in Odu'a Textiles Staff Quarters	-	63,992	-	63,992
Investment in Nigeria Aluminium Extrusions Limited	11,394	11,394	11,394	11,394
Investment in Associated Electricity Production Nigeria Limited	-	124	-	124
Investment in Sterling Assurance Nigeria Limited	82,225	82,225	82,225	82,225
Investment in I.I.N Properties Plc	-	600	-	600
Investment in Dumez Nigeria Plc	-	5	-	5
Investment in Equipment Solutions & Logistics Services Limited	-	3,600	-	3,600
Investment in the Coral Growth Fund	-	200	-	200
Energy and Allied Investment	19,644	-	19,644	-
	<b>157,659</b>	<b>206,536</b>	<b>157,659</b>	<b>206,536</b>

**Notes to the consolidated and separate financial statements**

## (d) Fair value through profit and loss investment securities

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Listed equities	604,340	659,995	604,340	659,995
Fair value gain/ (Loss)	4,516	(55,655)	4,516	(55,655)
	<b>608,856</b>	<b>604,340</b>	<b>608,856</b>	<b>604,340</b>

Changes in fair value of financial assets at fair value through profit or loss are recorded as net trading income on financial assets in the income statement. The fair value of all equity securities is based on their current bid prices on the Nigeria Stock Exchange.

**7 Trade receivables**

## (a) Trade receivables comprise:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Due from agents	215,926	213,639	172,819	188,827
Due from brokers	1,034,245	1,061,410	1,034,245	1,061,410
Due from insurance companies	267,400	227,771	267,400	227,771
	1,517,571	1,502,820	1,474,464	1,478,008
Impairment allowance (see note (b) below)	(1,450,718)	(1,450,718)	(1,450,718)	(1,450,718)
	<b>66,853</b>	<b>52,102</b>	<b>23,746</b>	<b>27,290</b>

## (b) The movement in the allowance for impairment account is as follows:

At 1 January	1,450,718	1,450,718	1,450,718	1,450,718
Write back during the year	-	-	-	-
At 31 December	<b>1,450,718</b>	<b>1,450,718</b>	<b>1,450,718</b>	<b>1,450,718</b>

The premium outstanding for the company as at statement of position date represent balance due from brokers which has been fully received as at 31 January, 2016.

**8 Reinsurance assets**

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Reinsurance recoveries-Life business	-	5,725	-	5,725
Reinsurance recoveries-General business	220,897	347,063	220,897	347,063
Prepaid re-insurance-Life business	21,964	4,864	21,964	4,864
Prepaid re-insurance- General business	77,357	70,600	77,357	70,600
Balance due from reinsurance brokers	117,336	-	117,336	-
	<b>437,554</b>	<b>428,252</b>	<b>437,554</b>	<b>428,252</b>
Current	437,554	428,252	437,554	428,252
Non-current	-	-	-	-
	<b>437,554</b>	<b>428,252</b>	<b>437,554</b>	<b>428,252</b>



**Notes to the consolidated and separate financial statements**

- (b) The Company conducted an impairment review of the reinsurance assets and no impairment is required in respect of these assets as the Company has the right to set-off reinsurance assets against reinsurance liabilities on settlement. The carrying amounts disclosed above is in respect of the reinsurance of investment contracts and it approximates the fair value at the reporting date.

**9 Deferred acquisition cost**

- (a) This represents commission on unearned premium relating to the unexpired tenure of risk.

General business

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Deferred acquisition cost- Fire	4,576	7,701	4,576	7,701
Deferred acquisition cost- Gen. Accident	19,987	16,760	19,987	16,760
Deferred acquisition cost- Motor	10,727	12,230	10,727	12,230
Deferred acquisition cost- Marine	3,309	3,171	3,309	3,171
Deferred acquisition cost- Bond	211	181	211	181
Deferred acquisition cost- Engineering	855	453	855	453
Deferred acquisition cost- Oil & Gas	6,570	4,530	6,570	4,530
Deferred acquisition cost- Workmen's compensation	20	272	20	272
	46,255	45,298	46,255	45,298
Life Business	61,849	52,528	61,849	52,528
	<b>108,104</b>	<b>97,826</b>	<b>108,104</b>	<b>97,826</b>
Current	108,104	97,826	108,104	97,826
Non- current	-	-	-	-
	<b>108,104</b>	<b>97,826</b>	<b>108,104</b>	<b>97,826</b>

- (b) The movement in deferred acquisition costs is as follows:

At January	97,826	146,204	97,826	146,204
Additions during the year	386,418	378,918	382,720	377,716
Amortisation during the year	(376,140)	(427,296)	(372,442)	(426,094)
<b>At 31 December</b>	<b>108,104</b>	<b>97,826</b>	<b>108,104</b>	<b>97,826</b>

**10 Finance lease receivable**

Finance lease receivable comprise:

Gross investment in finance lease (See note a below)	33,444	159,915	33,444	159,915
Unearned finance income	(12,252)	(69,210)	(12,252)	(69,210)
<b>Net investment in finance lease</b>	<b>21,192</b>	<b>90,705</b>	<b>21,192</b>	<b>90,705</b>
Current	21,192	86,351	21,192	86,351
Non- current	-	4,354	-	4,354
	<b>21,192</b>	<b>90,705</b>	<b>21,192</b>	<b>90,705</b>

This was a Leasing arrangement in respect of "Asset Acquisition Lease Financing" between a commercial bank (Lessee) and Great Nigeria Insurance Plc (Lessor) for a tenor of 48 months with effective date 9th April, 2012"

**Notes to the consolidated and separate financial statements**

- (a) The movement in gross finance lease is as follows:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
At 1 January	159,915	266,928	159,915	266,928
Repayment during the year	(126,471)	(107,013)	(126,471)	(107,013)
At 31 December	33,444	159,915	33,444	159,915

**11 Other receivables and prepayments**

- (a) Other receivables and prepayments comprise:

Prepayment	36,530	17,353	29,729	17,353
Stock and inventory	7,542	6,127	7,542	6,127
Dividend receivable	2,567	2,567	2,567	2,567
Staff Advances	23,663	14,195	23,663	14,195
Receivable on unquoted investments (see note a (i) below)	-	200,000	-	200,000
Rent receivable	99,998	89,374	99,998	89,375
Receivable from former Wema Bank Group (See note a (ii) below)	84,908	75,715	84,908	75,715
Intercompany receivables	-	-	49,691	40,690
Deposit for investments (see note a (iii) below)	102,094	102,094	102,094	102,094
Other receivables (see note a (iv) below)	139,600	142,415	139,600	142,415
	496,902	649,840	539,792	690,531
Impairment allowance (see note (b) below)	(373,342)	(597,786)	(373,342)	(597,786)
	<b>123,560</b>	<b>52,054</b>	<b>166,450</b>	<b>92,745</b>
Current	123,560	52,054	166,450	92,745
Non-current	-	-	-	-
	<b>123,560</b>	<b>52,054</b>	<b>166,450</b>	<b>92,745</b>

- (ai) Receivables on unquoted investment represents unquoted investment in Continental Re. The balance has been fully written off during the year.
- (aii) The receivables from former Wema Bank group is made up of balances from Independent Securities, Wise Property Limited and Wema Securities Plc. Full impairment has been made for the account balance.
- (aiii) Deposit for investments represents investments of N96m in AIICO PFA, N5.8m in Energy Insurance Pool. Full impairment allowance has been made for this balance.
- (aiv) Other receivables include balance due from Allied Bank Plc and Withholding tax. Allowance has been made on the account balance.



**Notes to the consolidated and separate financial statements**

- (b) The movement in impairment allowance on other receivables and prepayments during the year was as follows:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
At 1 January	597,786	502,174	597,786	502,174
Reclassification from financial asset (see note 6c (ii))	-	2,200	-	2,200
Write off during the year	(200,000)	-	(200,000)	-
Write back during the year	(86,832)	-	(86,832)	-
Addition during the year	62,388	93,412	71,168	93,412
At 31 December	373,342	597,786	373,342	597,786

**12 Investment in subsidiary**

At 1 January	-	-	225,000	225,000
Impairment allowance	-	-	(37,473)	-
At 31 December	-	-	<b>187,527</b>	<b>225,000</b>

On 4 July 2013, the Group acquired 97.5% of the common stock of GNI Healthcare Limited (formerly, Gamma Health Nigeria Limited), to carry on the business of healthcare financing and insurance, health care maintenance organization services and health risk management. This subsidiary was incorporated in July 2012.

**13 Investment properties**

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
At 1 January	4,453,516	4,380,865	4,453,516	4,380,865
Fair value gain	69,467	72,651	69,467	72,651
At 31 December	<b>4,522,983</b>	<b>4,453,516</b>	<b>4,533,983</b>	<b>4,453,516</b>

- 13(a) The items of investment properties are valued as shown below:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Investment properties location				
GNI House, Alagbaka Road Akure	336,685	332,351	336,685	332,351
GNI House, Along Onikolobo Road, Panseke, Abeokuta	214,200	210,000	214,200	210,000
GNI House, 47/57 Martins street, Off Broad Street Marina Lagos (see note 13b)	2,550,875	2,525,000	2,550,875	2,525,000
GNI House, 39/41 Martins street, Off Broad Street Marina Lagos	464,912	458,041	464,912	458,041
GNI House, No. 11 Malanje Street, Wuse Zone 4 Abuja	331,450	325,000	331,450	325,000
Oregun Warehouse, Plot 13-17, Morrison Crescent Oregun Lagos	512,278	502,576	512,278	502,576
GNI House, No. 13, West Arbour Street London E1 OPQ U.K	112,583	100,548	112,583	100,548
	<b>4,522,983</b>	<b>4,453,516</b>	<b>4,522,983</b>	<b>4,453,516</b>

**Notes to the consolidated and separate financial statements**

- (b) The property at 47/57 Marina Street, Marina Lagos was gutted by fire on 4 November, 2013 which affected mostly 1st, 2nd and 3rd floors including the mezzanine floor. The carrying amount of the property has been disclosed as its fair value in the current year. The company has obtained approval for the renovation of the building from the Lagos State Physical Planning in year 2016. The claims received from the Insurers of the property has also been warehoused in a fund account.

- (c) Measurement of fair value:

**(i) Fair value hierarchy**

The fair value of investment properties was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, Ubosi Eleh & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1493) valued the properties on the basis of open market value as at 31 December 2015.

The fair value measurement for the investment properties of N4.5billion has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

**(ii) Valuation technique and significant unobservable inputs**

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	<ul style="list-style-type: none"> <li>-Prices per square meter</li> <li>-Rate of development in the area</li> <li>-Quality of the building.</li> <li>-Influx of people and/or businesses to the area</li> </ul>	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).



## Notes to the consolidated and separate financial statements

## 14 Intangible assets

(a) <i>In thousands of Naira</i>	Group Purchased Computer Software	Group Purchased Computer Software	Company Purchased Computer Software	Company Purchased Computer Software
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
<i>Cost:</i>				
At January	229,382	157,058	199,382	157,058
Acquisition	-	30,000	-	-
Acquisition not yet in use	-	42,324	-	42,324
At 31 December	229,382	229,382	199,382	199,382
<i>Amortisation:</i>				
At January	78,215	24,806	78,215	24,806
Amortisation charge	90,114	53,409	60,114	53,409
At 31 December	168,329	78,215	138,329	78,215
<b>Carrying amount</b>	<b>61,053</b>	<b>151,167</b>	<b>61,053</b>	<b>121,167</b>

- (b) The intangible assets of the Group is made up of purchased computer software.

**15 Property, plant and equipment**

**Cost**  
*In thousands of Naira*

### Accumulated depreciation

Carrying amount

	Carrying amount								
At 31 December 2015	437,835	376,668	17,950	12,714	69,490	4,238	17,714	936,609	
At 1 January 2015	404,558	337,103	17,242	16,938	76,641	1,622	20,710	874,814	

- i. The Group had no capital commitments as at year end (31 December 2014: Nil)
- ii. The Group's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valuers on 31 December 2015 using both Investment method and Comparative method of valuation to arrive at the open market value.
- iii. An impairment review was conducted and no impairment was required.



## Notes to the consolidated and separate financial statements

## (b) Property, plant and equipment

## Company

In thousands of Naira

Cost	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE	TOTAL
At 1 January 2015	440,557	305,575	26,788	94,850	310,465	88,657	105,029	1,371,921
Revaluation gains	18,497	9,321	-	-	-	-	-	27,818
Adjustment	-	45	-	(87)	-	(47)	47	(42)
Additions	-	17,750	3,037	6,331	24,908	4,439	3,467	59,932
Disposals	-	-	-	(113)	(11,600)	-	-	(11,713)
Impairment	(972)	-	-	-	-	-	-	(972)
Balance, end of year	458,082	332,691	29,825	100,981	323,773	93,049	108,543	1,446,944
<b>Accumulated depreciation</b>								
At 1 January 2015	50,620	53,418	15,079	79,250	239,566	87,035	84,319	609,287
Charge for the year	10,990	7,757	2,786	9,047	29,848	1,264	4,874	66,566
Adjustment	(1,236)	(151)	(1,298)	509	(12)	512	1,636	(40)
Disposals	-	-	-	(44)	(11,600)	-	-	(11,644)
Impairment	(127)	-	-	-	-	-	-	(127)
At 31 December	60,247	61,024	16,567	88,762	257,802	88,811	90,829	664,042
<b>Carrying amount</b>								
At 31 December 2015	397,835	271,667	13,258	12,219	65,971	4,238	17,714	782,902
At 1 January 2015	389,937	252,157	11,709	15,600	70,899	1,622	20,710	762,634

i. The Group had no capital commitments as at year end (31 December 2014: Nil)

ii. The Group's land and buildings were revalued by Uboji Eleh &amp; Co., estate surveyor and valuers on 31 December 2015 using both Investment method and Comparative method of valuation to arrive at the open market value.

iii. An impairment review was conducted and impairment allowance was effected on impaired asset.

**Notes to the consolidated and separate financial statements****16 Statutory deposit**

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2015, in compliance with the Insurance Act, CAP 117 LFN 2004. It comprises:

<i>In thousands of Naira</i>	<b>Group 31-Dec-</b>	<b>Group 31-Dec-</b>	<b>Company 31-Dec-</b>	<b>Company 31-Dec-</b>
<i>General</i>	300,000	300,000	300,000	300,000
<i>Life</i>	200,000	200,000	200,000	200,000
	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
Current	-	-	-	-
Non-current	500,000	500,000	500,000	500,000
	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

**17 Insurance contract liabilities****(a) In thousands of Naira**

Notified claims	825,342	1,385,648	809,067	1,385,648
Claims incurred but not reported	187,624	207,256	180,388	205,598
Outstanding claims (see note (b) below):	1,012,966	1,592,905	989,455	1,591,247
Unearned premiums (see note (c) below)	366,856	332,785	318,502	315,609
Life insurance contract liabilities (see note (d)(i) below)	1,505,056	1,249,091	1,505,056	1,249,091
	<b>2,884,878</b>	<b>3,174,781</b>	<b>2,813,013</b>	<b>3,155,947</b>
Current	912,041	912,041	893,207	893,207
Non-current	1,972,837	2,262,740	1,919,806	2,262,740
	<b>2,884,878</b>	<b>3,174,781</b>	<b>2,813,013</b>	<b>3,155,947</b>

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the income statement for the year. The Company's net liability for insurance contracts was tested for adequacy by HR Nigeria Limited, an actuary located in Nigeria with FRC number FRC/NAS/00000000738 as at 31 December 2015.



**Notes to the consolidated and separate financial statements**

## (b) Claims reported and IBNR:

**31-Dec-15**

The claims reported are analysed below:

<i>In thousands of Naira</i>	<b>Gross claims Outstanding 31-Dec-15</b>	<b>Provision for IBNR 31-Dec-15</b>	<b>Outstanding Claims 31-Dec-15</b>
<b>General</b>			
General accidents	279,559	61,633	341,192
Fire	51,220	47,481	98,701
Marine	42,525	20,933	63,458
Motor	22,218	27,472	49,690
Bond	-	290	290
Oil and gas	96,033	20,741	116,774
Employer's liability	1,799	1,837	3,636
	<b>493,354</b>	<b>180,387</b>	<b>673,741</b>
<b>Life</b>			
Group life	220,501	54,898	275,399
Individual life	36,373	3,942	40,315
	<b>256,874</b>	<b>58,840</b>	<b>315,714</b>
	<b>750,228</b>	<b>239,227</b>	<b>989,455</b>

**31-Dec-14**

The claims reported are analysed below:

<b>General</b>			
Fire	279,394	55,879	335,273
General accidents	194,284	38,857	233,141
Motor	44,548	8,909	53,457
Marine	25,333	5,067	30,400
Bond	204	41	245
Oil and gas	126,580	25,316	151,896
	<b>670,343</b>	<b>134,069</b>	<b>804,412</b>
<b>Life</b>			
Group life	343,590	396,447	740,037
Individual life	46,797	-	46,797
	<b>390,387</b>	<b>396,447</b>	<b>786,834</b>
	<b>1,060,730</b>	<b>530,516</b>	<b>1,591,246</b>

## Notes to the consolidated and separate financial statements

**General***In thousands of Naira*

	<b>Group</b> <b>31-Dec-15</b>	<b>Group</b> <b>31-Dec-14</b>	<b>Company</b> <b>31-Dec-15</b>	<b>Company</b> <b>31-Dec-14</b>
Gross provision for outstanding claims	493,354	670,343	493,354	670,343
Provision for IBNR	180,387	134,069	180,387	134,069
Provision for outstanding claims - closing	673,741	804,412	673,741	804,412
Provision for outstanding claims - opening	(804,412)	(692,434)	(804,412)	(692,434)
Decrease/(increase) in provision for outstanding claims	(130,671)	111,978	(130,671)	111,978

**Life***In thousands of Naira*

Gross provision for outstanding claims	256,874	715,305	256,874	715,305
Provision for IBNR	58,840	71,529	58,840	71,529
Provision for outstanding claims - closing	315,714	786,834	315,714	786,834
Provision for outstanding claims - opening	(786,834)	(465,458)	(786,834)	(465,458)
Increase in provision for outstanding claims	(471,120)	321,376	(471,120)	321,376
	(601,791)	433,354	(601,791)	433,354

- (c) Unearned premium  
Unearned premium comprises:  
*In thousands of Naira*

**General**

Fire	72,819	35,031	72,819	35,031
General accidents	72,502	104,169	72,502	104,169
Motor	111,222	111,439	111,222	111,439
Marine	18,510	23,419	18,510	23,419
Employer's liability	155	904	155	904
Bond	1,301	1,978	1,301	1,978
Oil and gas	41,993	38,669	41,993	38,669
Travel Insurance	-	-	-	-
	318,502	315,609	318,502	315,609

**Healthcare**

	48,354	17,176	-	-
	366,856	332,785	318,502	315,609

Group life fund	1,139,283	1,025,760	1,139,283	1,025,760
Individual life fund	365,773	223,332	365,773	223,332
	1,505,056	1,249,092	1,505,056	1,249,092

- (d)(ii) The movement in unearned premium reserve UPR during the year was as follows:



**Notes to the consolidated and separate financial statements**

<i>In thousands of Naira</i>	<b>Individual Life</b>	<b>Group Life</b>	<b>Combined</b>
At January	223,423	1,025,669	1,249,092
Increase/(decrease) provision in unearned premium reserve	86,824	53,614	140,438
Annuity	55,526	-	55,526
Balance	365,773	1,079,283	1,445,056
Additional reserve (as per actuary valuation)	-	60,000	60,000
At 31 December	365,773	1,139,283	1,505,056

**18 Investment contract liabilities**

## (a) At amortised cost

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Deposit administration	705,006	642,995	705,006	642,995
Guaranteed interest (see note (c) below)	21,256	10,000	21,256	10,000
	<b>726,262</b>	<b>652,995</b>	<b>726,262</b>	<b>652,995</b>
Current	-	-	-	-
Non-current	726,262	652,995	726,262	652,995
	<b>726,262</b>	<b>652,995</b>	<b>726,262</b>	<b>652,995</b>

## (b) The movement in investment contract liabilities during the year was as follows:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
At 1 January	652,995	648,849	652,995	648,849
Additions during the year	234,178	184,462	234,178	184,462
Guaranteed Interest	21,256	10,000	21,256	10,000
Withdrawals	(182,167)	(190,316)	(182,167)	(190,316)
At 31 December	<b>726,262</b>	<b>652,995</b>	<b>726,262</b>	<b>652,995</b>

## (c) Guaranteed interest on investment contracts represents interest which accrues to the account of investment contract holders. All these contract are designated at financial liabilities and measured at amortised cost.

## (d) Investment Contract Revenue Account

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Interest income	92,349	41,173	92,349	41,173
Guaranteed Interest	(21,256)	(10,000)	(21,256)	(10,000)
At 31 December	<b>71,093</b>	<b>31,173</b>	<b>71,093</b>	<b>31,173</b>

**Notes to the consolidated and separate financial statements****19 Trade payable**

Trade payable comprise liabilities due to agents, brokers and re-insurance companies

*In thousands of Naira*

	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Due to reinsurers	30,297	71,641	30,297	71,641
Current	30,297	71,641	30,297	71,641
Non-current	-	-	-	-
	<b>30,297</b>	<b>71,641</b>	<b>30,297</b>	<b>71,641</b>

**20 Retirement benefit obligation**

This represents the balance of the Company's accruals for Retirement benefit obligation to be paid to its employees on exit from the Company based on its Retirement benefit obligation scheme which was discontinued in 2010. The Retirement benefit obligation scheme is solely funded by the Company. No valuation was carried out on this balance as the scheme has been discontinued since 2010.

*In thousands of Naira*

	<b>Group 31-Dec-</b>	<b>Group 31-Dec-</b>	<b>Company 31-Dec-</b>	<b>Company 31-Dec-</b>
Opening balance	13,119	17,040	13,119	17,040
Payment during the year	(10,022)	(3,921)	(10,022)	(3,921)
Balance, end of year	<b>3,097</b>	<b>13,119</b>	<b>3,097</b>	<b>13,119</b>

**21 Provisions and other payables**

Unearned income (see note (a) below)	29,305	31,939	29,305	31,939
Accrued Supervisory fees	35,570	30,769	35,570	30,769
Provision for professional fee	-	50,200	-	50,200
Pension Payable (see note b ) below)	-	20,373	-	20,373
Withholding tax payable	7,505	8,304	7,505	8,304
Prepaid service charge	-	35,013	-	35,013
Other accruals and payables	65,213	54,461	65,213	46,173
Provision (see note (c) below)	40,230	50,200	40,230	50,200
Claims fund (see note (d) below)	159,236	-	159,236	-
Sundry creditors	134,363	161,327	127,504	161,327
	<b>471,422</b>	<b>442,586</b>	<b>464,563</b>	<b>434,298</b>
Current	29,305	82,139	29,305	82,139
Non-current	442,117	360,447	435,258	352,159
	<b>471,422</b>	<b>442,586</b>	<b>464,563</b>	<b>434,298</b>

- (a) Unearned income represents unearned rental income. The Company earns rental income on some of its investment properties. These amounts are non-refundable and are credited to income as the services are rendered.



**Notes to the consolidated and separate financial statements**

<i>In thousands of Naira</i>		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		<b>31-Dec-15</b>	<b>31-Dec-14</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
(b)	<b>Pension payable</b>				
	At 1 January	20,373	5,378	20,373	5,378
	Addition during the year	28,948	28,948	28,948	28,948
	Remittance during the year	(49,321)	(13,953)	(49,321)	(13,953)
	<b>At 31 December</b>	<b>-</b>	<b>20,373</b>	<b>-</b>	<b>20,373</b>
(c)	Included in the balance above is the provision for the Company's litigation and claims which is dependent on the outcome of various court proceedings. The Company has elected for a disclosure exemption pursuant to IAS 37 in order to avoid prejudicing the outcome of these various litigations.				
(d)	Claims fund represents claims recovered from co-insurers on the fire affected property of the company at 47/49 Martins Street, Lagos Island, Lagos.				

**22 Finance lease obligation**

- (a) The movement in the finance lease account was as follows:

<i>In thousands of Naira</i>		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		<b>31-Dec-15</b>	<b>31-Dec-14</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	At 1 January	68,812	108,927	68,812	108,927
	Payments during the year	(68,812)	(40,115)	(68,812)	(40,115)
	<b>At 31 December</b>	<b>-</b>	<b>68,812</b>	<b>-</b>	<b>68,812</b>

The analysis of the finance lease obligations was as follows:

*In thousands of Naira*

Falling due within one year	68,812	63,135	68,812	63,135
Falling due after one year	-	21,045	-	21,045
	68,812	84,180	68,812	84,180
Future interest	(15,368)	(15,368)	(15,368)	(15,368)
	53,444	68,812	53,444	68,812

- (b) This is for the purchase of the Company's accounting software, Agilis, financed by Wema Bank Plc, the Company's erstwhile parent Company. The lease is secured by legal ownership of the leased assets. The lease agreement stipulates that the ownership of the assets devolve to the Company upon expiration of the lease.

**23 Deposit for shares**

The deposit for shares represents cash deposited by the intending investors for private placements during the year.

**Notes to the consolidated and separate financial statements****24 Deferred tax assets and liabilities**

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.

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
<b>Assets:</b>				
Property, plant and equipment	(6,033)	(256,723)	(6,033)	(256,723)
Unrelieved losses	-	-	-	-
Deferred tax assets	(6,033)	(256,723)	(6,033)	(256,723)
<b>Liabilities:</b>				
Property, plant and equipment	9,730	229,094	2,782	211,256
Investment properties	-	337,137	-	334,125
Deferred tax liabilities	9,730	566,231	2,782	545,381
<b>Net Deferred tax liabilities/(assets)</b>	<b>3,697</b>	<b>309,508</b>	<b>(3,251)</b>	<b>288,658</b>

**Group**

The movement in temporary differences recognised during the year ended 31 December 2015 is as follows:

<i>In thousands of Naira</i>	<b>Balance as 1 January</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance as at 31 December</b>
Property, plant and equipment	(183,730)	-	12,035	(171,695)
Tax Adjustment	17,838			17,838
Unrelieved losses	-	(311,846)	-	(317,846)
Investment properties	475,400	-	-	475,400
	309,508	(311,605)	12,035	3,697

**Company**

The movement in temporary differences recognised during the year ended 31 December 2015 is as follows:

<i>In thousands of Naira</i>	<b>Balance as 1 January</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance as at 31 December</b>
Property, plant and equipment	(45,466)	-	2,782	(42,684)
Unrelieved losses	-	(294,691)	-	(294,691)
Investment properties	334,124	-	-	334,124
	288,658	(294,691)	2,782	(3,251)



**Notes to the consolidated and separate financial statements****Group**

The movement in temporary differences recognised during the year ended 31 December 2014 is as follows:

<i>In thousands of Naira</i>	<b>Balance as 1 January</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance as at 31 December</b>
Property, plant and equipment	(187,061)	-	3,012	(184,049)
Tax adjustment	17,838	-	-	17,838
Unrelieved losses	319	-	-	319
Investment properties	475,400	-	-	475,400
	306,496	-	3,012	309,508

**Company**

The movement in temporary differences recognised during the year ended 31 December 2014 is as follows:

<i>In thousands of Naira</i>	<b>Balance as 1 January</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance as at 31 December</b>
Property, plant and equipment	(48,478)	-	3,012	(45,466)
Unrelieved losses	-	-	-	-
Investment properties	334,124	-	-	334,124
	285,646	-	3,012	288,658

**Unrecognized deferred tax assets**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company's deferred tax assets relates primarily to timing difference in the recognition of depreciation and capital allowances on property and equipment, impairment on premium receivables, and unrelieved tax losses are not recognized in these financial statements. This is due to the uncertainty about availability of future taxable profits against which deferred tax assets can be utilized.

**Notes to the consolidated and separate financial statements****25 Taxation****(a) Current income tax liabilities**

The movement in this account during the year was as follows:

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
At 1 January	190,327	198,209	188,179	198,209
Payments during the year	(40,657)	(43,774)	(40,657)	(43,774)
Income tax expense (see note (b) below)	39,731	-	39,731	-
Tax Adjustment	-	958	-	-
Minimum tax (see note (c) below)	1,128	34,934	-	33,744
At 31 December	190,529	190,327	187,253	188,179
Current	190,529	190,327	187,253	188,179
Non-current	-	-	-	-
	190,529	190,327	187,253	188,179

**(b) Income tax expense for the year comprises;**

Corporate income tax charge	33,136	-	33,136	-
Tertiary education tax	768	-	768	-
Information technology levy	5,827	-	5,827	-
	39,911	-	39,911	-
Deferred tax charge	(317,846)	-	(294,691)	-
	<b>(278,115)</b>	<b>-</b>	<b>(254,960)</b>	<b>-</b>

**(c) Minimum Tax**

Minimum tax	1,128	34,934	-	33,744
	1,128	34,934	-	33,744
<b>Total tax expense for the year</b>	<b>(276,987)</b>	<b>34,934</b>	<b>(254,960)</b>	<b>33,744</b>

**i Tax Expense - Group**

<i>In thousands of Naira</i>	<b>31-Dec-15 N'000</b>	<b>31-Dec-14 N'000</b>
Company Income Tax	34,264	34,934
Education Tax	768	-
Current Income tax Charge	35,032	34,934
Deferred Tax Credit/Charge	(317,846)	-
NITDA	5,827	-
	<b>(276,987)</b>	<b>34,934</b>

The current tax charge has been computed at the applicable rate of 30% (31 December 2015: 30%) plus education tax of 2% (31 December 2015: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible for tax purposes.



**Notes to the consolidated and separate financial statements**

Non-deductible expenses include items such as public relations expenses, levies and penalties and certain provisions which are not allowed as a deductions by the tax authorities. Tax exempt income include income such as dividend income, reserves and fair value gains which are not taxable.

**ii Effective tax reconciliation**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

**Group**

<i>In thousands of Naira</i>		<b>31-Dec-15</b>		<b>31-Dec-14</b>
Profit before tax	100%	249,549	100%	(60,566)
Tax using domestic tax rate	30%	71,012	34%	(20,388)
Non-deductible expenses	30%	93,394	(77%)	46,670
Tertiary education tax	0%	745	325%	(197,015)
Tax exempt income	(8%)	(23,921)	0%	-
Tax incentives	(52%)	(140,487)	-	34,934
Minimum tax adjustment	11%	34,351	58%	-
Information technology levy	2%	5,943	(3%)	1,701
		<b>41,037</b>		<b>(134,098)</b>

**i Tax Expense - Company**

<i>In thousands of Naira</i>		<b>31-Dec-15</b>		<b>31-Dec-14</b>
	<b>General Business</b>	<b>Life Business</b>	<b>Total</b>	
Company Income Tax	13,445	19,691	33,223	33,744
Education Tax	-	768	768	-
Current Income tax Credit	13,445	20,459	33,904	33,744
Deferred Tax Credit	-	(294,691)	(294,691)	-
NITDA	-	5,827	5,827	-
	<b>13,445</b>	<b>(268,405)</b>	<b>(254,960)</b>	<b>33,744</b>

The current tax charge has been computed at the applicable rate of 30% (31 December 2015: 30%) plus education tax of 2% (31 December 2015: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible for tax purposes. Non-deductible expenses include items such as public relations expenses, levies and penalties and certain provisions which are not allowed as a deductions by the tax authorities. Tax exempt income include income such as dividend income, reserves and fair value gains which are not taxable.

**Notes to the consolidated and separate financial statements****ii Effective tax reconciliation**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

Company <i>In thousands of Naira</i>	31-Dec-15				31-Dec-14	
	General Business	Life Business	Total	%	Total	%
Profit before tax	(292,597)	576,065	283,468	100%	(67,959)	100%
Tax using domestic tax rate	(87,779)	172,820	85,041	30%	(20,388)	30%
Non-deductible expenses	98,719	(6,791)	105,510	37%	46,670	-69%
Tertiary education tax	-	767	767	0%	-	0%
Tax exempt income	(10,727)	(10,194)	(20,921)	-7%	(197,015)	290%
Tax incentives	(214)	(157,838)	(158,052)	-56%		
Minimum tax adjustment	13,445	19,691	33,136	12%	33,744	-50%
Information technology levy	-	5,827	5,827	2%	1,701	-3%
	13,444	37,864	39,890	18%	(135,288)	198%

**26 Issued and paid up capital**

Share capital comprises:

<i>In thousands of Naira</i>	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
(a) Authorized:				
Ordinary shares of 50k each:				
General business 7,000,000,000 units	3,500,000	3,500,000	3,500,000	3,500,000
Life business 4,000,000,000 units	2,000,000	2,000,000	2,000,000	2,000,000
Composite business 11,000,000 units	5,500,000	5,500,000	5,500,000	5,500,000
Issued and fully paid:				
Ordinary shares of 50k each:				
General business 2,585,984,380 units	1,292,982	1,292,982	1,292,982	1,292,982
Life business 1,241,500,000 units	620,760	620,760	620,760	620,760
<b>Composite business 3,827,484,380 units</b>	<b>1,913,742</b>	<b>1,913,742</b>	<b>1,913,742</b>	<b>1,913,742</b>

**27 Share premium**

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.

**28 Contingency reserve**

In compliance with Section 21 (1) of Insurance Act CAP I17 LFN 2004, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums or 20% of the profits (whichever is greater). This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid up capital.



**Notes to the consolidated and separate financial statements****29 Retained earnings**

Retained earnings are the carried forward recognised losses plus current period profits or losses attributable to shareholders.

**30 Asset revaluation reserve**

Revaluation reserve is the accumulation of revaluations gain on properties in use by the Group.

Revaluation reserve comprises

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
At 1 January	517,587	492,032	510,812	485,905
Revaluation gain/adjustment	75,834	27,919	27,817	27,919
Tax on revaluation of property	(12,035)	(3,012)	(2,782)	(3,012)
Non-controlling interest	265	648	-	-
<b>At 31 December</b>	<b>581,651</b>	<b>517,587</b>	<b>535,847</b>	<b>510,812</b>

**31 Gross premium written**

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a letter accounting period.

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
General business				
Fire	142,870	247,066	142,870	247,066
General accidents	523,690	516,039	523,690	516,039
Employer's liability	5,665	8,632	5,665	8,632
Engineering	22,880	13,190	22,880	13,190
Marine	164,819	98,416	164,819	98,416
Bond	3,719	2,813	3,719	2,813
Oil and gas	178,660	145,164	178,660	145,164
Motor	286,940	380,325	286,940	380,325
	<b>1,329,243</b>	<b>1,411,645</b>	<b>1,329,243</b>	<b>1,411,645</b>
Life business				
Individual Life	339,448	287,269	339,448	287,269
Group life	1,353,630	1,033,053	1,353,630	1,033,053
	<b>1,693,078</b>	<b>1,320,322</b>	<b>1,693,078</b>	<b>1,320,322</b>
GNI Healthcare	93,299	59,161	-	-
<b>Group premium written</b>	<b>3,115,620</b>	<b>2,791,128</b>	<b>3,022,321</b>	<b>2,731,967</b>

**Notes to the consolidated and separate financial statements****31a Net insurance premium revenue**

<i>In thousands of Naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Short-term insurance contracts:				
– Gross premium	3,115,620	2,791,128	3,022,321	2,731,967
Less: Increase in unearned premium arising from insurance contracts issued	(234,511)	66,991	(203,333)	80,755
Premium revenue arising from insurance contracts issued	2,881,109	2,858,119	2,818,988	2,812,722
Short-term reinsurance contract:				
– Reinsurance cost	(442,012)	(340,006)	(442,012)	(340,006)
Net premium revenue ceded to reinsurers on insurance contracts issued	(442,012)	(340,006)	(442,012)	(340,006)
<b>Net insurance premium revenue</b>	<b>2,439,097</b>	<b>2,518,113</b>	<b>2,376,976</b>	<b>2,472,716</b>

**32 Commission income**

<i>In thousands of Naira</i>				
– Insurance contracts	88,523	57,306	88,523	57,306

**33 Net claims and benefits paid**

Insurance claims and loss adjustment expenses

Gross benefits & claims paid	1,212,207	949,873	1,138,531	938,375
Gross changes in outstanding claims	(130,670)	433,355	(130,670)	433,355
	1,081,537	1,383,228	1,007,861	1,371,730
Recoverable from re-insurance	(74,670)	(24,051)	(74,670)	(24,051)
<b>Net claims and benefits expenses</b>	<b>1,006,867</b>	<b>1,359,177</b>	<b>933,191</b>	<b>1,347,679</b>

**34 Expenses for the acquisition of insurance and investment contracts**

Costs incurred for the acquisition of general insurance contracts expensed in the year.	218,320	236,934	218,320	235,732
Costs incurred for the acquisition of life insurance contracts expensed in the year.	154,122	190,362	154,122	190,362
Costs incurred for the acquisition of Health insurance contracts expensed in the year.	3,698	-	-	-
	<b>376,140</b>	<b>427,296</b>	<b>372,442</b>	<b>426,094</b>



## Notes to the consolidated and separate financial statements

<i>In thousands of Naira</i>		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		<b>31-Dec-15</b>	<b>31-Dec-14</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
<b>35</b>	<b>Maintenance cost</b>				
	Costs incurred for the maintenance of general insurance contracts	41,407	75,001	41,407	75,001
	Costs incurred for the maintenance of life insurance contracts	199,986	83,692	199,986	83,692
		<b>241,393</b>	<b>158,693</b>	<b>241,393</b>	<b>158,693</b>
<b>36</b>	<b>Investment income</b>				
	Dividend income	31,629	29,340	31,629	29,340
	Interest income	303,337	277,221	288,778	264,195
	Rental income	46,515	34,599	46,515	34,599
		<b>381,481</b>	<b>341,160</b>	<b>366,922</b>	<b>328,134</b>
	Attributable to:				
	- Shareholders	206,000	184,227	198,138	177,193
	- Policy holders	175,481	156,933	168,784	150,941
		<b>381,481</b>	<b>341,160</b>	<b>366,922</b>	<b>328,134</b>
<b>37</b>	<b>Net fair value gains on assets measured at fair value through profit or loss</b>				
	Net fair value gains on financial assets at fair value through profit or loss	4,516	42,727	4,516	42,727
	Fair value gains on investment properties	69,467	72,651	69,467	72,651
		<b>73,983</b>	<b>115,378</b>	<b>73,983</b>	<b>115,378</b>
<b>38</b>	<b>Other operating income</b>				
	Profit on disposal of asset	889	80	889	80
	Exchange gain (note 38.1)	13,035	8,705	13,035	8,705
	Other income	522	18,001	522	18,001
		<b>14,446</b>	<b>26,786</b>	<b>14,446</b>	<b>26,786</b>
<b>38.1</b>	Exchange gains of N13.035Million represents net fair value gains of Investments and Bank balances held in foreign currency (USD) as at 31st December 2015. The CBN exchange rate of United States Dollar to Nigerian Naira as at December 2015 moved to N196/\$1 against a carrying cost of N145.47/\$1				
<b>39</b>	<b>Management expenses</b>				
	Management expenses comprise of:				
(a)	Employee benefit expense				
	Wages and salaries	456,656	446,271	440,140	424,365
	Pension costs – defined contribution	26,111	19,798	25,000	19,798
	Other benefits	86,141	73,309	81,303	73,291
		<b>568,908</b>	<b>539,378</b>	<b>546,443</b>	<b>517,454</b>

## Notes to the consolidated and separate financial statements

	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
<i>In thousands of Naira</i>				
(b) Other operating expenses				
Depreciation	73,057	73,928	66,566	67,437
Amortisation of intangible assets	90,114	53,409	60,114	53,409
Auditor's remuneration	22,000	20,500	18,000	18,000
Bank charges	9,417	11,050	9,417	11,050
Directors fees and expenses	26,208	47,531	26,208	47,531
Repairs & maintenance expense	54,353	49,615	53,865	49,187
Travel and representation	23,347	10,005	23,347	10,005
Advertising	5,755	3,096	5,755	3,096
Occupancy expenses	16,116	6,565	16,116	6,565
Motor vehicle running expenses	29,565	24,795	29,565	24,795
Fees and assessment	34,199	17,063	34,199	17,063
Office supply and stationery	26,865	11,542	26,865	11,542
Communication and postages	35,363	24,895	35,363	24,895
Legal, Professional & Other Charges	41,089	55,473	41,089	55,473
Insurance	23,891	16,518	23,891	16,518
Overhead/other administrative expenses	89,921	87,993	82,668	80,999
	601,260	513,978	553,028	497,565
<b>Management expenses</b>	<b>1,170,168</b>	<b>1,053,356</b>	<b>1,099,471</b>	<b>1,015,019</b>

## 40 Impairment losses

Allowance/(write back) of impairment - Life Business	(23,879)	102,030	13,594	102,030
Allowance/(write back) of impairment - General Business	48,385	49,930	48,385	49,930
Net impairment losses	24,506	151,960	61,979	151,960

## 41 Earnings/(loss) per share

Basic diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
<i>In thousands of Naira</i>				
Profit/(loss) attributable to equity holders (N'000)	501,716	(527,137)	549,974	(101,696)
Weighted average number of ordinary shares in issue (thousands)	3,827,485	3,827,485	3,827,485	3,827,485
Basic earnings/(loss) per share (Kobo per share)	13.79	(2.50)	14.07	(2.66)



**Notes to the consolidated and separate financial statements****42 Notes to the consolidated and separate statement cash flows**

<i>In thousands of Naira</i>	Note	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
Operating profit/(loss) before tax for the year		249,549	(60,566)	283,467	(67,952)
<i>Adjustment to reconcile profit/(loss) before net cash flow from operations:</i>					
Impairment (write back)/allowance for assets		(223,153)	89,052	(185,680)	92,462
Depreciation on property, plant and equipment	39(b)	73,057	73,928	66,566	67,437
Amortization of intangible assets	39(b)	90,114	53,409	60,114	53,409
Dividend income on equity investments	36	(31,629)	(29,340)	(31,629)	(29,340)
Interest Income	36	(303,337)	(277,221)	(288,778)	(264,195)
Rental income	36	(46,515)	(34,599)	(46,515)	(34,599)
Finance income earned		(56,958)	(19,095)	(56,958)	(19,095)
Profit from disposal of fixed assets		(889)	(80)	(889)	(80)
Fair value gain on investment properties	37	(69,467)	(72,651)	(69,467)	(72,651)
		(319,228)	(277,163)	(269,769)	(274,604)
<b><i>Changes in working capital:</i></b>					
Trade receivables		(14,751)	91,561	3,544	116,373
Changes in financial assets		26,533	(148,556)	26,533	(148,556)
Other receivables and prepayment		152,938	(15,951)	150,739	(25,637)
Re-insurance asset		(9,302)	26,569	(9,302)	26,569
Deferred acquisition cost		(10,278)	48,378	(10,278)	48,378
Insurance contract liabilities		(289,903)	393,181	(342,933)	374,347
Investment contract liabilities		73,267	4,146	73,267	4,146
Trade payables		(41,344)	22,116	(41,344)	22,116
Retirement benefit obligation		(10,022)	(3,921)	(10,022)	(3,921)
Provisions and other payables		28,836	(88,566)	30,265	(93,096)
<b>Cash (used in)/provided by operations</b>		<b>(413,254)</b>	<b>51,794</b>	<b>(399,300)</b>	<b>46,116</b>

- 43** Employees, including executive directors earning more than N100,000 per annum received salaries in the following range:

	Group 31-Dec-15	Group 31-Dec-14	Company 31-Dec-15	Company 31-Dec-14
N100,001 - N500,000				-
N500,001 - N1,000,000	3	3	3	2
N1,000,001 - N1,500,000	30	28	30	28
N1,500,001 - N2,000,000	51	52	49	48
N2,000,001 - N2,500,000	18	20	18	20
N2,500,001 - N3,000,000	6	6	6	6
N3,000,001 - N3,500,000	5	5	5	5
N3,500,001 - N4,000,000	3	5	3	5
N4,000,001 - N4,500,000	3	3	2	2
N4,500,001 - N5,000,000	5	3	5	3
N5,000,001 - N5,500,000	3	4	3	3
N5,500,001 - N6,000,000	2	2	2	2
N6,000,001 and above	18	17	17	16
	<b>147</b>	<b>148</b>	<b>143</b>	<b>140</b>

**Notes to the consolidated and separate financial statements**

- (b) The average number of full time employees employed by the Group during the year was as follows:

	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
	Number	Number	Number	Number
Management staff	22	21	21	20
Senior staff	113	116	110	109
Junior staff	12	11	12	11
	<b>147</b>	<b>148</b>	<b>143</b>	<b>140</b>

- (c) i Directors' remuneration:
- 
- Remuneration paid to the directors of the Group (excluding pension contribution and certain benefits) was as follows:

*In thousands of Naira*

	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Directors fees	10,440	5,238	10,320	5,238
Other emoluments	10,315	16,308	10,315	16,308
Salaries	52,200	62,000	52,200	62,000
	<b>72,955</b>	<b>83,546</b>	<b>72,835</b>	<b>83,546</b>

- ii The directors' remuneration shown above
- 
- (excluding pension contributions and other allowances) includes:

Chairman	4,579	4,579	4,579	4,579
Highest paid director	30,000	25,000	30,000	25,000

Other directors whose duties were wholly or mainly performed in Nigeria, received emoluments (excluding pension and other benefits) in the following ranges:

	<b>Group 31-Dec-15 Number</b>	<b>Group 31-Dec-14 Number</b>	<b>Company 31-Dec-15 Number</b>	<b>Company 31-Dec-14 Number</b>
₦1,400,001 - ₦1,500,000	-	-	-	-
₦1,700,001 - ₦1,800,000	-	-	-	-
Above ₦1,800,000	3	3	3	3
	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

**44 Actuarial valuation**

- (a) The latest available actuarial valuation of the life business was performed as at 31 December 2015. The book value of the life funds as at that date was nil over its net actuarial liabilities. The valuation of the Company's life business funds as at 31 December 2014 was carried out by HR Nigeria Limited (consultants and actuaries). The valuation was done on the following principles:
- (b) For all Endowment, Term Assurance and Mortgage Protection policies, the gross premium method of valuation was adopted. Reserves were calculated via a monthly cash flow projection approach, taking into account future office premiums, expenses and benefit payments. Future cash flows were discounted back to the valuation date at the valuation rate of interest which is 12.5%.



**Notes to the consolidated and separate financial statements**

- (c) The reserve for individual deposit administration policies has been taken as the amount standing to the credit of the policyholder at the valuation.
- (d) An unearned premium reserve was included for Group Life policies. An allowance was made for Incurred But Not Reported claims to take care of delay in reporting claims.
- (e) For individual life policies, the valuation age has been taken as the Age Last Birthday at the valuation date. The outstanding premium paying term has been calculated as the year of maturity minus expired duration. In all cases, an allowance has been made for premiums due between the valuation date and the next policy anniversary.
- (f) The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.
- (g) No specific adjustment has been made for immediate payment of claims.
- (h) No specific adjustment has been made for expenses after premiums have ceased in the case of limited payment policies.
- (i) The UK's Mortality of Assured Lives table (A6770) was used in the valuation.

**45 Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one party controls both. The definition includes parents, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Detailed below are the transactions the Group entered into with its related parties during the period.

<i>In thousands of Naira</i>		2015 31-Dec	2014 31-Dec
<b>Sales of insurance contracts :</b>	<b>Relationship</b>		
Premium	Key Mgt. Personnel	<u>8,945</u>	<u>853</u>
<b>Receivables</b>			
GNI Healthcare Limited	Subsidiary	<u>7,489</u>	<u>6,260</u>
Key management personnel compensation for the year comprises:			
Short term employee benefit		52,000	62,000
Post employee benefit		-	3,020
Directors' remuneration (see Note 43 (c) above)			

**Notes to the consolidated and separate financial statements****46 Contravention of circulars, guidelines and regulations**

The Group contravened the following guidelines during the year:

<b>Nature of Contravention</b>	<b>Penalty N</b>	<b>Regulatory body</b>	<b>Status</b>
Late filing of 2013 audited financial statements	5,600,000	NSE	Paid
Penalty for various breaches	250,000	NAICOM	Paid
Late filing of 2013 quarterly returns	2,000,000	NAICOM	Paid
Additional infraction on non-submission of 2013 returns	750,000	NAICOM	Paid
Late submission of 2014 annual returns	605,000	NAICOM	Paid
NAICOM's fine on 2014 audited financial statements	500,000	NAICOM	Paid
	<b><u>9,705,000</u></b>		

**47 Subsequent events**

Subsequent to year end, Wema Asset Management Limited's divestment of 75% stake in Great Nigeria Insurance Plc was consummated on September 21, 2016. The NSE approval to cross the shares to the new investors was obtained and the ownership of 75% holdings in GNI Plc now resides with Insurance Resourcery Consultancy and Services Limited.

**48 Litigations and claims**

The Group is a defendant in a number of suits in the course of the year but at year end, only two litigations were outstanding. In the first suit, the plaintiff had an insurance policy valued at N6million but as at the time of occurrence of the insured event, the insured had not paid the insurance premium.

The second suit involves a breach of contract between a plaintiff claiming the sum of N10 million and the Group's advertising agent. The advertising agent had an agreement with the plaintiff which was to expire after one year of the execution of the contract.

The two litigations arose in the normal course of business and are being contested by the Group. The directors having sought professional legal counsel are of the opinion that no significant liability will crystallize from this litigation and therefore no provision is deemed necessary for these legal claims.

There are contingent liabilities of N873.9m and contingent asset of N9m for the company in 2015 (2014: N873.9m and contingent asset of N9m). These litigations and claims arose in the normal course of business and are being contested by the Group. However, the Management, having sought the advice of professional legal counsel are of the opinion that based on the advice received, some liabilities may crystallize from these cases and have therefore made some provision in provisions and other payables (see note 21).

**49 Solvency Margin**

The Company's solvency margin for its composite business as at 31 December 2015 was N5.736billion. This is N736million above the required minimum solvency margin of N5 billion for Composite business based on the most recent regulatory guidelines. The Company also injected the sum of N500m into the business during the year to further support the operations of the business.



**Notes to the consolidated and separate financial statements****50 Financial Risk Management****(a) Introduction and Overview**

This note presents information about the Group's exposure to different types of risks; the objectives, systems, policies and processes for identifying, measuring and managing risks; and the Group's management of capital. The Group's activities exposes it to a variety of risks, and those activities principally involve creation of financial assets and liabilities. Great Nigeria Insurance recognizes the role of responsible risk management practices in achieving her strategic vision of being one of the leading insurance companies in Nigeria. In light of this, the Group has a well-established risk management framework and an experienced risk team. The Group's aim is therefore to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Group's financial performances. As part of the Group's investment strategy to reduce both insurance and financial risk, the Group matches its investments' duration with the expected duration of liabilities arising from insurance and investment contracts, by reference to the type of benefits payable to contract holders.

**Risk management framework**

The Group's risk management philosophy is premised on the belief that aggressive and yet guarded risk attitude will ensure sustainable growth in shareholders' value and corporate reputation. Effective risk management is critical to any insurance Group for achieving financial soundness and stability. In view of this, aligning risk management to the Group's organizational structure and business strategy has become integral part of our business.

To this end, the Board and Management are committed to establishing and sustaining tested practices in risk management. Specifically, the Board has established a Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies and practices. Also the Management recently established the Risk Management Unit, with responsibility to ensure that risk management processes are implemented in compliance with policies approved by the Board. The Risk Management Unit reports directly to Board's Risk Management committee.

The Board of Directors determines the Group's goals in terms of risk by issuing a risk policy. The policy both defines acceptable levels of risk for day-to-day operations, as well as the willingness of the Group to incur risk, weighed against the expected rewards. The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. It is also intended to create a culture of risk awareness and personal responsibility throughout the Group.

The Group's risk management architecture is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control and corporate audit. The Board of Directors and management of the Group are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international insurance companies. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Group.

The risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity, insurance, price and operational risks. The evolving nature of risk management practices and the dynamic character of the insurance industry necessitate regular review of the effectiveness of each enterprise risk management component. In light of this, the Group's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring



**Notes to the consolidated and separate financial statements**

by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

The Group's management has primary responsibility for risk management and the review of the ERM Framework and to provide robust challenge based on quantitative and qualitative metrics. All amendments to the Group's ERM Framework require Board approval. The risk management division is responsible for the enforcement of the Group's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

**(b) Risk Management Philosophy, Culture, Appetite and Objectives****Risk Management Philosophy and Culture**

Risk management is at the core of the operating structure of the Group. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

Risk management is integral to the Group's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Great Nigeria Insurance Plc considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how the Group considers risk in everything it does, from strategy development and implementation to its day-to-day activities.

In this regard, the Group's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

**Risk Appetite**

Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Great Nigeria Insurance Plc is willing to accept in pursuit of its strategy, duly set and monitored by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans. Risk appetite reflects the Group's capacity to sustain potential losses arising from a range of potential outcomes under different stress scenarios.

The Group defines its risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. Our risk appetite can be expressed in terms of how much variability of return the Group is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return. We measure and express risk appetite qualitatively and in terms of quantitative risk metrics. The quantitative metrics include earnings at risk (or earnings volatility) and, related to this, the chance of regulatory insolvency, chance of experiencing a loss and economic capital adequacy. These comprise our Group-level risk appetite metrics. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (eg credit, market and asset and liability management risks).

**Risk Objectives**

The broad risk management objectives of the Group are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximize earnings potential and opportunities;
- To maximize share price and stakeholder protection;
- To enhance credit ratings and depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions



**Notes to the consolidated and separate financial statements****Risk Control Process**

Risk control processes are identified and discussed in the quarterly risk report and Management Risk Committee meetings. Control processes are also regularly reviewed at Business Unit level and changes agreed with the Risk Officer.

**Risk Categorization**

Great Nigeria Insurance PLC Limited is exposed to an array of risks through its daily business activities and operations. The Group has identified and categorized its exposure to these broad risks as listed below:

- (i) Credit risk
- (ii) Insurance risk
- (iii) Liquidity risk
- (iv) Market risk
- (v) Operational risk

**(c) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure. For risk management purposes, credit risk arising on trading assets is managed independently; and information thereon is disclosed below.

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent to investment grade and above.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- (i) The Group's enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored, exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- (ii) Net exposure limits are set for each counterparty or Group of counterparties and industry segment (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
- (iii) The Group further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Group's reinsurance treaty contracts involve netting arrangements.
- (iv) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- (v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.
- (vi) The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust

**Notes to the consolidated and separate financial statements**

deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The table below shows the maximum exposure to credit risk for the Group's financial assets. The maximum exposure is shown gross, before the effect of mitigation.

<i>In thousands of naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
<b>Financial Instruments</b>				
Other receivables	123,560	52,054	166,450	92,745
Reinsurance assets	437,554	428,252	437,554	428,252
Trade receivables	66,853	52,102	23,746	27,290
Cash and cash equivalents	2,783,162	2,356,907	2,655,803	2,230,153
	<b>3,411,129</b>	<b>2,889,315</b>	<b>3,283,553</b>	<b>2,778,440</b>

**Trade Receivables**

The Group is exposed to this risk from its core business – outstanding premiums from clients. Trade receivables are short-term in nature consisting of a large number of policyholders and are subject to moderate credit risk. The Group categorizes its exposure to this risk on individual basis based on risks grade and ageing and periodically reviews trade receivable to ensure credit worthiness.

Credit risk exposure to direct Business is relatively high as the bulk of the Group's underwriting is driven by business obtained from direct policyholders. However, the Group manages this risk by aggressively pursuing its debtors to ensure that the debts are recovered as and when due. The Group's exposure to credit risk arising from Brokered Business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

The Group focuses on effective management of its exposure to credit risk especially premium related debts. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

Outlined below is the Group's exposure to credit risk arising from trade receivables

<i>In thousands of naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
<b>Gross Amount</b>				
Neither past due nor impaired	-	-	-	-
Past due but not impaired	66,853	52,102	23,746	27,290
Impaired	1,450,718	1,450,718	1,450,718	1,450,718
<b>Total</b>	<b>1,517,571</b>	<b>1,502,820</b>	<b>1,474,464</b>	<b>1,478,008</b>
<b>Impairment</b>				
Neither past due nor impaired	-	-	-	-
Past due but not impaired	-	-	-	-
Impaired	1,450,718	1,450,718	1,450,718	1,450,718
<b>Total</b>	<b>1,450,718</b>	<b>1,450,718</b>	<b>1,450,718</b>	<b>1,450,718</b>
<b>Carrying Amount</b>	<b>66,853</b>	<b>52,102</b>	<b>23,746</b>	<b>27,290</b>



**Notes to the consolidated and separate financial statements****Credit Definitions****Impaired trade receivables**

Impaired trade receivables for which the Group determines that it is probable that it will be unable to collect the contractual payments according to the contractual terms of the agreement(s).

**Past due but not impaired trade receivables**

Trade receivables where contractual payments are past due (outstanding for more than 30 days) but the Group believes that impairment is not appropriate on the basis that the amounts owed have been received subsequently as at the Group's reporting date.

**Neither past due or impaired**

Trade receivables where contractual payments are not due and that the Group believes are not impaired. They have been outstanding for less than 30 days.

**Allowances for impairment**

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for Groups of homogeneous assets in respect of losses that have been incurred but have not been identified on receivables subject to individual assessment for impairment.

**Impairment Model**

Trade receivables, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The historical loss rate model has been used in estimating the impairment of its receivables.

Following the provisions of IAS 39, the impairment of the premium debtors will be assessed at two different levels, individually or collectively. The premium debt of the Group is assessed for individual or specific impairment where an objective evidence of impairment exists. Collective impairment is done using the historical loss rate model.

**Reinsurance:**

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

**Money market investments:**

The Group's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The Group further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis. The credit risk exposure associated with money market investments is low.

**Notes to the consolidated and separate financial statements**

The Group's counterparty exposure as at 31 December 2015 is represented below:

<b>Group portfolio</b>		
<b>Counterparty</b>	<b>Investment in money market</b>	<b>%</b>
National Banks	2,053,270	83%
Investment House	433,168	17%

The Company's counterparty exposure as at 31 December 2015 is represented below:

<b>Company portfolio</b>		
<b>Counterparty</b>	<b>Investment in money market</b>	<b>%</b>
National Banks	1,928,772	82%
Investment House	433,168	18%

The Group's counterparty exposure as at 31 December 2014 is represented below:

<b>Group portfolio</b>		
<b>Counterparty</b>	<b>Investment in money market</b>	<b>%</b>
National Banks	1,773,883,983	87%
Investment House	266,991,825	13%

The Company's counterparty exposure as at 31 December 2014 is represented below:

<b>Company portfolio</b>		
<b>Counterparty</b>	<b>Investment in money market</b>	<b>%</b>
National Banks	1,647,129,983	86%
Investment House	266,991,825	14%

**Other receivables**

Other receivables balances constitute other debtors, dividend and intergroup receivables. The Group has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Group constantly monitors its exposure to these receivables via periodic performance review. The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange.

The exposure to credit risk associated with other receivables is low.

**(e) Insurance Risks**

The major risk confronting the Group in the arrear of insurance contracts are that of 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 later development of long-term claims. Flowing from the foregoing, our main focus is to ensure that sufficient assets are available to cover these liabilities.

We have taken conscious efforts to mitigate our exposure to these inherent risks by diversifying across a large portfolio of insurance contracts and geographical areas. As part of risk management strategy, resourceful and efficient underwriting strategy guidelines and procedures are deployed and implemented. Besides, we have instituted mechanisms for structuring of coinsurance arrangements with friendly insurance Companies to ensure evenness of risks.



**Notes to the consolidated and separate financial statements**

In addition there are well defined policies guidelines for ensuring adequate ceding out of risks to reinsurers as part of our risk mitigation programme. Businesses so ceded out to Reinsurer are placed on a proportional and non-proportional basis. While Proportional reinsurance are mainly quota-share reinsurance which is taken out, on original terms basis, to mitigate our overall exposure to risk in specific categories of risk underwriting businesses, Non-proportional reinsurances are principally excess-of-loss reinsurance intended to ameliorate our net exposure to large losses. Retention limits for the excess-of-loss reinsurance vary by product line.

Both the amounts of outstanding claims and recoverable from reinsurers are projected in comportment with the outstanding claims provision and are in accordance with the terms of reinsurance contracts. Despite have put in place the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

**Non-life insurance contracts**

The Group principally issues the following types of general insurance contracts: fire, motor, general accidents, marine, bond, engineering, workmen compensation and special risks. Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents. These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

**(i) Frequency and severity of claims**

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose excess or deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs.

The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

The Group has a specialized 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 developments.

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 carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance.



**Notes to the consolidated and separate financial statements**

31-Dec-15

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	290,161,134	98,618,044	191,543,090
General Accident	1,871,171,752	60,761,564	1,810,410,188
Marine	235,467,968	29,192,371	206,275,597
Engineering	17,154,781	6,125,416	11,029,366
Bond		61,904	249,250
Travel Insurance		-	184,600
Special risk	149,088,639	-	149,088,639
Motor	16,800,994	-	16,800,994
<b>Total</b>		<b>194,759,300</b>	

31-Dec-14

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	265,736,989,229	100,017,843	265,636,971,386
General Accident	117,404,364,547	76,106,031	117,328,258,516
Marine	29,920,719,738	38,253,177	29,882,466,561
Engineering	28,838,351,782	14,385,279	28,823,966,503
Bond	397,300,346	54,328,207	342,972,139
Travel Insurance	-	-	-
Special risk	34,317,638,620	26,427,930	34,291,210,690
Motor	-	-	-
<b>Total</b>		<b>309,518,467</b>	

**(ii) Sources of uncertainty in the estimation of future claim payments**

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group 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 estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The reserves held for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

**(iii) Process used to decide on assumptions**

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub-divided into large and additional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and additional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.



**Notes to the consolidated and separate financial statements****Discounted Inflation-adjusted Basic Chain Ladder method**

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 10% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding.

**Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method**

This method assumes the following:

- (i) The future claims follows a trend pattern from the historical data
- (ii) Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.
- (iii) The run off period is six (6) years and hence the method assumes no more claims will be paid after this.
- (iv) That weighted past average inflation will remain unchanged into the future

**Expected Loss Ratio method**

This model assumes that the average delay in the payment of claims will continue into the future. Additionally, an estimate of the average ultimate loss ratio was assumed. The estimated average loss ratio was based on claims experience at the reporting date for accident years 2010, 2011 and 2012.

For 3 of the classes of business namely Engineering, Workmen compensation, Bond and Oil & gas, there was very limited data. A Discounted Inflation-adjusted Basic Chain Ladder method was therefore inappropriate. The reserve was calculated as the expected average ultimate loss ratio for the assumed average delay period multiplied by earned premium for the assumed delay period minus current experience to the reporting date relating to the accident months that the delay affects.

Unearned premium provision was calculated using a time – apportionment basis. The same approach is taken for deferred acquisition cost as for the calculation of the UPR balance.

**Notes to the consolidated and separate financial statements****Sensitivity analysis**

Sensitivity analysis is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact the Company's insurance liabilities. The correlation of assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

**Non-Life  
Valuation  
Report as at  
31 December,  
2015**

**Sensitivity Analysis**

Discounted IABCL

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Inflation Rate	(1)% Inflation Rate	1% Discount Rate	(1)% Discount Rate
Accident	341,192,257	353,354,895	310,983,864	344,419,871	337,997,429	338,832,503	343,604,818
Fire	98,700,830	106,290,949	91,076,634	99,899,588	97,512,699	98,087,313	99,325,963
Marine	63,458,256	68,799,452	59,179,607	64,068,450	62,849,844	63,079,898	63,843,292
Motor	49,689,931	61,504,075	38,005,625	50,324,832	49,059,387	49,357,736	50,028,812
Engineering	290,119	311,809	270,866	290,119	290,119	287,357	292,944
Employers Liability*	3,636,250	3,780,000	3,543,519	3,636,250	3,636,250	3,601,631	3,671,651
Oil & Gas*	116,773,904	133,285,532	99,831,221	116,773,904	116,773,904	115,662,158	117,910,761
Total	673,741,547	727,326,712	602,891,334	679,413,017	668,119,632	668,908,596	678,678,240
<b>Account Outstanding</b>	<b>493,353,928</b>	<b>493,353,928</b>	<b>493,353,928</b>	<b>493,353,928</b>	<b>493,353,928</b>	<b>493,353,928</b>	<b>493,353,928</b>
<b>IBNR</b>	180,387,620	233,972,784	109,537,406	186,059,089	174,765,704	175,554,668	185,324,312
<b>Percentage</b>		8.0%	-10.5%	0.8%	-0.8%	-0.7%	0.7%



## Notes to the consolidated and separate financial statements

Non-Life  
Valuation  
Report as at  
31 December,  
2014

## Sensitivity Analysis

Discounted IABCL

Class of Business	Base	Developmental Ratio (+5%)	Developmental Ratio (-5%)	Inflation Rate (+1%)	Inflation Rate (-1%)	Discount Rate (+1%)	Discount Rate (-1%)
General Accident	232,701,576	259,239,008	220,598,552	250,286,196	246,101,044	245,807,279	250,618,766
Fire	335,272,834	324,827,313	282,839,993	305,575,777	303,620,546	302,864,455	306,359,775
Marine	30,400,350	33,360,561	27,770,834	30,741,678	30,060,325	30,204,588	30,599,641
Motor	53,456,804	63,387,369	38,871,005	52,265,137	51,085,876	51,331,433	52,023,409
Bond	245,237	257,498	232,975	245,237	245,237	245,237	245,237
Employers Liability	438,884	13,409,608	9,845,899	11,627,753	11,627,753	11,627,753	11,627,753
Oil & Gas	151,895,748	159,809,072	150,444,826	155,126,949	155,126,949	155,126,949	155,126,949
<b>Total</b>	<b>804,411,433</b>	<b>854,290,429</b>	<b>730,604,084</b>	<b>805,868,727</b>	<b>797,867,730</b>	<b>797,207,694</b>	<b>806,601,530</b>
<b>Account</b>							
<b>Outstanding</b>	617,272,320	617,272,320	617,272,320	617,272,320	617,272,320	617,272,320	617,272,320
<b>IBNR</b>	187,139,112	237,018,108	113,331,762	188,596,406	180,595,410	179,935,373	189,329,209
Percentage Change		<b>6.5%</b>	<b>-8.9%</b>	<b>0.5%</b>	<b>-0.5%</b>	<b>-0.6%</b>	<b>0.6%</b>

**Notes to the consolidated and separate financial statements****Insurance Risk**

The claims development history of the Group at the reporting date was as follows:

**Marine**

Accident Year	Development Year				
	1	2	3	4	5
2007	9	839	-	-	-
2008	4,957	-	-	-	-
2009	-	3,898	7,406	322	-
2010	1,488	3,377	184	-	-
2011	3,012	4,916	4,702	703	-
2012	4,343	13,435	182	661	182
2013	868	15,007	4,793	-	-
2014	6,531	2,798	-	-	-
2015	11,157	-	-	-	-

**Fire**

Accident Year	Development Year				
	1	2	3	4	5
2007	2,107	5,870	1,410	415	209
2008	1,048	3,426	676	1,638	-
2009	4,753	2,772	513	173	397
2010	8,765	10,482	337	163	-
2011	1,480	31,108	999	75	2
2012	13,040	35,136	7,355	2,454	-
2013	13,206	25,127	7,055	-	-
2014	15,561	24,557	-	-	-
2015	22,299	-	-	-	-



## Notes to the consolidated and separate financial statements

## Motor

Accident Year	Development Year				
	1	2	3	4	5
2007	10,141	17,365	1,737	1,025	-
2008	43,788	19,518	8,321	358	2,259
2009	49,532	50,189	13,902	2,864	551
2010	43,789	33,524	1,581	1,905	-
2011	73,165	39,736	646	-	1,121
2012	56,758	22,791	162	1,063	-
2013	57,210	42,779	1,167	-	-
2014	53,099	50,411	-	-	-
2015	48,168	-	-	-	-

## General Accident

Accident Year	Development Year					
	1	2	3	4	5	6
2007	12,511	40,454	14,701	1,088	5,632	101
2008	28,108	29,264	2,049	7,273	1,148	1,689
2009	22,972	30,864	1,181	1,584	1,188	166
2010	4,311	21,959	15,342	1,729	9,615	393
2011	10,307	26,572	15,359	8,191	2,324	-
2012	13,724	62,406	29,327	14,693	-	-
2013	20,837	35,752	12,359	-	-	-
2014	22,204	46,696	-	-	-	-
2015	19,499	-	-	-	-	-

## Notes to the consolidated and separate financial statements

## Cumulative Claims Development Pattern:

## Marine

Accident Year	Cumulative Development Pattern Annual						
	1	2	3	4	5	6	7
2007	9	848	848	848	848	848	848
2008	4,957	4,957	4,957	4,957	4,957	4,957	4,957
2009	-	3,898	11,304	11,626	11,626	11,626	11,626
2010	1,488	4,865	5,050	5,050	5,050	5,050	5,050
2011	3,012	7,928	12,629	13,332	13,514	13,514	13,514
2012	4,343	17,778	17,960	18,620	18,715	18,715	18,715
2013	868	15,875	20,849	22,751	22,866	22,866	22,866
2014	6,531	9,330	41,028	42,339	42,555	42,555	42,555
2015	11,157	25,673	33,650	34,726	34,902	34,902	34,902

## Fire

Accident Year	Cumulative Development Pattern Annual Projections (Naira)						
	1	2	3	4	5	6	7
2007	2,107	7,977	9,387	9,802	10,010	10,010	10,010
2008	1,048	4,474	5,150	6,788	6,788	6,788	6,788
2009	4,753	7,526	8,039	8,212	8,609	8,609	8,609
2010	8,765	19,606	19,944	20,107	20,107	20,107	20,107
2011	1,480	32,588	33,587	33,662	33,663	33,663	33,633
2012	13,040	48,176	55,531	57,984	60,763	60,763	60,763
2013	13,206	38,333	45,388	48,456	48,831	48,831	48,831
2014	15,561	40,119	57,795	59,495	59,954	59,954	59,954
2015	22,299	61,108	67,922	70,459	71,004	71,004	71,004



## Notes to the consolidated and separate financial statements

## Motor

Accident Year	Cumulative Development Pattern Annual Projections (Naira)						
	1	2	3	4	5	6	7
2007	10,141	27,506	29,243	30,269	30,269	30,269	30,269
2008	43,788	63,306	71,627	71,985	74,244	74,244	74,244
2009	49,532	99,721	113,623	116,487	117,039	117,039	117,039
2010	43,789	77,313	78,894	80,799	80,799	80,799	80,799
2011	73,165	112,901	113,547	113,547	114,668	114,668	114,668
2012	56,758	79,549	79,711	80,774	81,542	81,542	81,542
2013	57,210	99,989	101,156	102,656	103,633	103,633	103,633
2014	53,099	103,510	108,594	110,204	111,253	111,253	111,253
2015	48,168	82,516	86,569	87,853	88,688	88,688	88,688

## General Accident

Accident Year	Cumulative Development Pattern Annual Projections (Naira)						
	1	2	3	4	5	6	7
2007	12,511	52,965	67,666	68,755	74,387	74,487	74,487
2008	28,108	57,373	59,422	66,695	67,843	69,533	70,980
2009	22,972	53,836	55,018	56,602	57,790	57,955	57,955
2010	4,311	26,271	41,613	43,342	52,957	53,350	56,790
2011	10,307	36,879	52,238	60,429	62,754	68,126	68,615
2012	13,724	76,131	105,458	120,151	128,236	129,426	130,354
2013	20,837	56,589	68,948	96,607	103,108	104,065	104,810
2014	22,204	68,900	106,890	116,576	124,420	125,575	126,475
2015	19,499	94,394	118,074	128,772	137,438	138,713	139,707

**Notes to the consolidated and separate financial statements****(f) Liquidity risks**

Liquidity risk is the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfil its financial obligation once claims crystallize. In respect of catastrophe events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Group mitigates this risk by monitoring cash activities and expected outflows. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

The Group's cash and short term investments make up about 55% of its investment portfolio.

This highlights liquid marketable securities sufficient to meet its liabilities as at when due. Short term investments include treasury bills and term deposits with an original maturity of less than one year.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- The liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored, exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The Group maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched.

The following table summarizes the maturity profile of the non-derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Repayments which are subject to notice are treated as if notice were to be given immediately.

Reinsurance assets have been presented on the same basis as insurance liabilities. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.



## Residual contractual maturities of financial assets and liabilities

**Group**

31-Dec-15

*In thousands of Naira*

### Non-derivative financial liabilities

Gap (assets - liabilities)	(1,180,538)	2,865,909	442,852	-	(500,000)
Cumulative liquidity gap		2,865,909	3,308,761	3,308,761	2,808,761

## Notes to the consolidated and separate financial statements

## Company 31-Dec-15

In thousands of Naira

	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
<b>Non- derivative financial assets</b>							
Cash and cash equivalents	2,655,803	2,655,803	2,655,803	-	-	-	-
Trade receivables	23,746	23,746	23,746	-	-	-	-
Reinsurance assets	437,554	437,554	-	-	-	-	-
Other receivables and prepayment	166,450	166,450	-	-	-	-	-
Finance lease receivable	21,192	38,914	29,185	9,729	-	-	-
<b>Total assets</b>	<b>3,304,745</b>	<b>3,322,467</b>	<b>2,708,734</b>	<b>9,729</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non- derivative financial liabilities</b>							
Insurance contract liabilities	2,813,013	2,813,013	309,431	421,952	506,342	562,603	1,012,685
Investment contract liabilities	726,262	726,262	-	-	-	-	-
Trade payables	30,297	30,297	-	-	-	-	-
Other payables	464,563	464,563	-	-	-	-	500,000
Deposit for shares	500,000	500,000	-	-	-	-	-
<b>Total liabilities</b>	<b>4,534,135</b>	<b>4,534,135</b>	<b>309,431</b>	<b>421,952</b>	<b>506,342</b>	<b>562,603</b>	<b>1,512,685</b>
Gap (assets - liabilities)	(1,229,390)	(1,211,668)	2,399,303	(412,223)	(506,342)	(562,603)	(1,512,685)
Cumulative liquidity gap			2,399,303	1,987,080	1,480,738	918,135	(594,550)



## Notes to the consolidated and separate financial statements

## Group

31-Dec-14

In thousands of Naira

	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
<b>Non- derivative financial assets</b>							
Cash and cash equivalents	2,411,403	2,411,403	2,411,403	-	-	-	-
Trade receivables	52,102	1,502,820	27,290	-	1,450,718	-	-
Reinsurance assets	428,252	428,252	-	428,252	-	-	-
Other receivables and prepayment	52,054	649,840	28,985	123,490	88,021	398,330	-
Finance lease receivable	90,705	165,385	-	-	-	165,385	-
<b>Total assets</b>	<b>3,034,516</b>	<b>5,157,700</b>	<b>2,467,678</b>	<b>551,742</b>	<b>1,538,739</b>	<b>563,715</b>	<b>-</b>
<b>Non- derivative financial liabilities</b>							
Insurance contract liabilities	3,174,781	3,174,781	347,154	473,392	568,070	631,189	1,136,141
Investment contract liabilities	652,995	652,995	-	-	-	652,995	-
Trade payables	71,641	71,641	10,746	25,074	35,821	-	-
Other payables	442,586	442,586	31,939	40,836	65,123	279,643	-
Finance lease payable	68,812	107,985	-	-	49,584	58,401	-
<b>Total liabilities</b>	<b>4,410,815</b>	<b>4,449,988</b>	<b>389,839</b>	<b>539,302</b>	<b>718,598</b>	<b>1,622,228</b>	<b>1,136,141</b>
Gap (assets - liabilities)	(1,376,299)	707,712	2,077,839	12,440	820,141	(1,058,513)	(1,136,141)
Cumulative liquidity gap			2,077,839	2,090,279	2,910,420	1,851,907	715,766

## Notes to the consolidated and separate financial statements

Company  
31-Dec-14

In thousands of Naira

	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
<b>Non- derivative financial assets</b>							
Cash and cash equivalents	2,230,153	2,230,153	2,230,153	-	-	-	-
Trade receivables	27,290	1,478,008	27,290	-	1,450,718	-	-
Reinsurance assets	428,252	428,252	-	428,252	-	-	-
Other receivables and prepayment	92,744	690,530	24,048	123,490	119,024	398,331	-
Finance lease receivable	90,705	165,385	-	-	-	165,385	-
<b>Total assets</b>	<b>2,869,144</b>	<b>4,992,328</b>	<b>2,281,491</b>	<b>551,742</b>	<b>1,569,742</b>	<b>563,716</b>	<b>-</b>
<b>Non- derivative financial liabilities</b>							
Insurance contract liabilities	3,155,947	3,155,947	347,154	473,392	568,070	631,189	1,136,141
Investment contract liabilities	652,995	652,995	-	-	-	648,849	-
Trade payables	71,641	71,641	7,429	17,334	24,763	-	-
Other payables	434,298	434,298	43,047	40,834	65,123	378,389	-
Finance lease obligation	68,812	107,985	-	-	49,584	58,401	-
<b>Total liabilities</b>	<b>4,383,693</b>	<b>4,422,866</b>	<b>397,630</b>	<b>531,560</b>	<b>707,540</b>	<b>1,716,828</b>	<b>1,136,141</b>
Gap (assets - liabilities)	(1,514,549)	569,462	1,883,861	20,182	862,202	(1,153,112)	(1,136,141)
Cumulative liquidity gap			1,883,861	1,904,044	2,766,246	1,613,134	476,992



Great Nigeria Insurance Plc

Consolidated and Separate Financial Statements  
For the year ended 31 December 2015

Notes to the consolidated and separate financial statements

The following table shows the amounts expected to be recovered or settled no more than twelve months after the reporting period (current) and amounts expected to be recovered or settled after more than twelve months (non-current) for each assets and liability line item.

In thousands of Naira	Group 31-Dec-15		Company 31-Dec-15		Group 31-Dec-14		Company 31-Dec-14	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<b>Asset</b>								
Cash and cash equivalents	2,783,162	-	2,783,162	-	2,356,907	-	2,230,153	-
Financial assets	1,135,760	-	1,135,760	-	416,584	746,155	416,584	746,155
Trade receivables	66,853	-	66,853	-	52,102	-	27,290	-
Reinsurance assets	437,554	-	437,554	-	428,252	-	428,252	-
Deferred acquisition cost	108,104	-	108,104	-	-	97,826	-	97,826
Finance lease receivable	21,192	-	21,192	-	86,351	4,354	86,351	4,354
Other receivables and prepayments	123,560	-	123,560	-	166,450	-	52,054	-
Investment in subsidiary	-	-	-	-	187,527	-	-	-
Investment properties	-	4,522,983	4,522,983	-	4,497,108	4,453,516	-	225,000
Intangible assets	-	61,053	61,053	-	-	151,167	-	4,453,516
Property, plant and equipment	-	936,609	936,609	-	782,902	874,814	-	121,167
Statutory deposit	-	500,000	500,000	-	-	-	-	762,634
Deferred tax asset	-	6,033	6,033	-	500,000	500,000	-	500,000
<b>Total assets</b>	<b>4,676,185</b>	<b>6,026,678</b>	<b>10,702,863</b>	<b>4,548,609</b>	<b>3,392,250</b>	<b>6,827,832</b>	<b>3,281,374</b>	<b>6,910,652</b>
					<b>10,220,082</b>			<b>10,192,026</b>
<b>Liabilities</b>								
Insurance contract liabilities	2,884,878	-	2,884,878	-	912,041	2,262,740	893,207	2,260,740
Investment contract liabilities	726,262	-	726,262	-	642,995	10,000	642,995	10,000
Trade payables	30,297	-	30,297	-	71,641	-	71,641	-
Retirement benefit obligation	3,097	-	3,097	-	-	13,119	-	13,119
Provision and other payables	464,563	-	464,563	-	82,139	360,447	82,139	352,159
Finance lease obligation	-	-	-	-	-	-	-	-
Deposit for shares	-	500,000	500,000	-	-	-	-	-
Deferred tax liabilities	-	9730	9,730	-	-	309,508	-	288,658
Current income tax liabilities	190,529	-	190,529	-	190,327	-	188,179	-
<b>Total liabilities</b>	<b>4,299,626</b>	<b>509,730</b>	<b>4,809,356</b>	<b>4,224,485</b>	<b>1,899,143</b>	<b>2,955,814</b>	<b>1,878,161</b>	<b>2,924,676</b>
					<b>4,854,957</b>			<b>4,802,837</b>

**Notes to the consolidated and separate financial statements****(g) Market risks**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Group's enterprise risk management policy sets out the assessment and determination of what constitutes market risk. Compliance with the policy is monitored and exposures and breaches are reported to the Group Risk Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

**Foreign currency risk**

Foreign Exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency.

The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to transactions done in other foreign currencies: UK pound sterling, Euro and US dollar.

The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels. Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The Group's exposure to foreign exchange risk is low.

The carrying amounts of the Group's foreign currency denominated assets and liabilities are as follows:

**Group  
31-Dec-15**

	<b>US Dollar</b>	<b>UK Pound Sterling</b>	<b>Euro</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash and cash equivalents	18,340	504	6,434	25,278

**Company  
31-Dec-15**

	<b>US Dollar</b>	<b>UK Pound</b>	<b>Euro</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash and cash equivalents	18,340	504	6,434	25,278



**Notes to the consolidated and separate financial statements****Group  
31-Dec-14**

	<b>US Dollar N'000</b>	<b>UK Pound Sterling N'000</b>	<b>Euro N'000</b>	<b>Total N'000</b>
Cash and cash equivalents				

**Company  
31-Dec-14**

	<b>US Dollar N'000</b>	<b>UK Pound Sterling N'000</b>	<b>Euro N'000</b>	<b>Total N'000</b>
Cash and cash equivalents	15,365	9,688	8,222	33,275

**Foreign currency sensitivity analysis**

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

The following tables show the effect on the profit as at 31st December 2015 from N10.34/\$ closing rate and as at 31st December 2014 from N155.22/\$ closing rate respectively.

**Group  
31-Dec-15**

	<b>Pounds sterling N'000</b>	<b>Euro N'000</b>	<b>US Dollars N'000</b>	<b>Total N'000</b>
10% increase	1,537	969	822	3,328
10% decrease	(1,537)	(969)	(822)	(3,328)
Impact of increase on:				
Pre-tax Profit	-	-	-	(60,566)
Shareholders' Equity	-	-	-	5,296,314
Impact of decrease on:				
Pre-tax Profit	-	-	-	449,434
Shareholders' Equity	-	-	-	5,389,121

**Notes to the consolidated and separate financial statements**Company  
31-Dec-15

	<b>Pounds sterling N'000</b>	<b>Euro N'000</b>	<b>US Dollars N'000</b>	<b>Total N'000</b>
10% increase	1,537	969	822	3,328
10% decrease	(1,537)	(969)	(822)	(3,328)
Impact of increase on:				
Pre-tax Profit	-	-	-	(67,962)
Shareholders' Equity	-	-	-	5,318,378
Impact of decrease on:				
Pre-tax Profit	-	-	-	(67,962)
Shareholders' Equity	-	-	-	5,318,378

Group  
31-Dec-14

	<b>Pounds sterling N'000</b>	<b>Euro N'000</b>	<b>US Dollars N'000</b>	<b>Total N'000</b>
10% increase	1,537	969	822	3,328
10% decrease	(1,537)	(969)	(822)	(3,328)
Impact of increase on:				
Pre-tax Profit	-	-	-	(60,566)
Shareholders' Equity	-	-	-	5,296,314
Impact of decrease on:				
Pre-tax Profit	-	-	-	449,434
Shareholders' Equity	-	-	-	5,389,121

Company  
31-Dec-14

	<b>Pounds sterling N'000</b>	<b>Euro N'000</b>	<b>US Dollars N'000</b>	<b>Total N'000</b>
10% increase	1,537	969	822	3,328
10% decrease	(1,537)	(969)	(822)	(3,328)
Impact of increase on:				
Pre-tax Profit	-	-	-	(67,962)
Shareholders' Equity	-	-	-	5,318,378
Impact of decrease on:				
Pre-tax Profit	-	-	-	(67,962)
Shareholders' Equity	-	-	-	5,318,378



**Notes to the consolidated and separate financial statements**

**Interest rate risks**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Group monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modelled and reviewed. The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Group is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

**Sensitivity analysis on financial assets**

As part of the Group's investment strategy, in order to reduce both insurance and financial risk, the Group matches its investments to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit before tax and changes in fair value of financial assets whose fair values are recorded in the statement of changes in equity).

The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

## Notes to the consolidated and separate financial statements

<i>In thousands of naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Financial instruments				
Cash and cash equivalents	2,783,162	2,356,907	2,655,803	2,230,153
Financial assets:				
-Held to maturity		355,079		355,079
Finance lease receivables	21,192	90,705	21,192	90,705
Finance lease obligations	-	(68,812)	-	(68,812)
	<u>2,804,354</u>	<u>2,733,879</u>	<u>2,676,995</u>	<u>2,607,125</u>
<b>Variable</b>				
Increase in interest rate by 100 basis points (1.0%)	26,770	26,770	26,770	26,770
Decrease in interest rate by 100 basis point (-1.0%)	(26,770)	(26,770)	(26,770)	(26,770)
<b>Impact of increase on:</b>				
Pre-tax profit/(loss)	(28,723)	(28,723)	(28,723)	(28,723)
Shareholders' Equity	5,315,627	5,315,627	5,315,627	5,315,627
<b>Impact of decrease on:</b>				
Pre-tax profit/(loss)	(80,865)	(80,865)	(80,865)	(80,865)
Shareholders' Equity	5,263,485	5,263,485	5,263,485	5,263,485

**Price risk**

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for return through dividend income and capital appreciation.

The carrying amounts of the Group's equity investments are as follows:

<i>In thousands of naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
Equity Securities; - Unlisted	157,659	141,815	157,659	89,366
Equity Securities; - Listed	608,855	604,340	608,855	561,613
	<u>766,514</u>	<u>746,155</u>	<u>766,514</u>	<u>650,979</u>



**Notes to the consolidated and separate financial statements****Equity price sensitivity analysis**

The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on profit before tax and shareholders' equity based on the exposure to equity price risk at the reporting date.

<i>In thousands of naira</i>	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
10% increase	65,098	65,098	65,098	65,098
10% decrease	(65,098)	(65,098)	(65,098)	(65,098)
<b>Impact of increase on:</b>				
Pre-tax profit/(loss)	17,691	17,691	10,304	10,304
Shareholders' Equity	5,356,494	5,356,494	5,354,654	5,354,654
<b>Impact of decrease on:</b>				
Pre-tax profit/(loss)	(112,505)	(112,505)	(119,892)	(119,892)
Shareholders' Equity	5,226,298	5,226,298	5,224,458	5,224,458

**(h) Operational Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group'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 the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address the risks
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

**Notes to the consolidated and separate financial statements****51 Capital Management Policies, Objectives and Approach**

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of financial stability thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Great Nigeria Insurance's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for life insurance business in Nigeria is N2 billion, N3 billion for Non-life insurance business, N5 billion for composite insurance business, N10 billion for Health Maintenance Organization and N10 billion for Reinsurance business and insurers are also mandated to maintain 10% of this paid up capital with the Central Bank as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis.

The regulations prescribed by NAICOM not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., solvency margin) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Group as at year end had complied with the regulators capital requirements for its composite business.

The capital deficiency has however not significantly affected the operations of the Group as at the date of this report, liabilities continue to be discharged in the normal course of business. In the medium to long term, the Board will be assessing possible opportunities to further strengthen the Group and make good the solvency margin.

In reporting the Great Nigeria Insurance's solvency status, solvency margin are computed using the rules prescribed by the National Insurance Commission (NAICOM). The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than either 15% of net premium or the minimum paid up share capital whichever is higher. Great Nigeria Insurance's capital management policy for its business is to hold sufficient capital to cover the statutory requirements based on the NAICOM regulations, including any additional amounts required by the regulators.



**Notes to the consolidated and separate financial statements**

**Approach to capital management**

Great Nigeria Insurance seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

Great Nigeria Insurance's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders. The Group's primary source of capital is equity shareholders' funds and borrowings. Great Nigeria Insurance also utilises, where efficient to do so, sources of capital such as reinsurance in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

The Group's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory and to best utilize capital allocations.

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.

The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be 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.

**Notes to the consolidated and separate financial statements**

The composite business position is as follows:

	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>N'000</b>	<b>N'000</b>
<b>Admissible Assets</b>		
<b>Financial assets:</b>		
Cash and cash equivalents	2,655,803	2,230,153
Financial assets	1,135,760	1,162,739
Trade receivables	23,746	27,290
Reinsurance assets	437,554	428,252
Deferred acquisition cost	108,104	97,826
Finance lease receivable	21,192	90,705
Other receivables and prepayments	23,663	14,195
Investment in subsidiary	187,527	225,000
Investment properties	4,522,983	4,453,516
Intangible assets	61,053	121,167
Property, plant and equipment	782,902	108,953
Statutory deposit	500,000	500,000
<b>Total Admissible Assets</b>	<b>A 10,460,287</b>	<b>9,459,796</b>
<b>LESS ADMISSIBLE LIABILITIES</b>		
Insurance contract liabilities	2,813,013	3,155,947
Investment contract liabilities	726,262	652,995
Trade payables	30,297	71,641
Retirement benefit obligation	3,097	13,119
Provision and other payables	464,563	434,298
Deposit for shares	500,000	-
Finance lease obligations	-	68,812
Income tax payable	187,253	188,179
<b>Total Admissible Liabilities</b>	<b>B 4,724,485</b>	<b>4,584,991</b>
<b>Solvency Margin (A-B)</b>	<b>5,735,802</b>	<b>4,874,805</b>
Higher of:		
Gross Premium Income	2,818,988	2,812,722
Less: Reinsurers	(442,012)	(340,000)
Net Premium	<b>2,376,976</b>	<b>2,472,716</b>
15% of Net Premium	356,546	370,907
Minimum Paid Up Capital	5,000,000	5,000,000
The higher thereof:		
Solvency margin above minimum paid up capital	<b>735,802</b>	<b>(125,195)</b>

**52 Valuation basis**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.



**Notes to the consolidated and separate financial statements**

The Group's accounting policy and basis of fair value measurements are disclosed under notes 3  
Fair value measurements recognised in the statement of financial position.

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

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

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

**Level 3:** 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.

**Group****31-Dec-15**

<i>In thousands of Naira</i>	<i>Note</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Equity securities - At fair value through P&L	6	608,855	-	-	608,855
<b>Total financial assets measured at fair value</b>		<b>608,855</b>	<b>-</b>	<b>-</b>	<b>608,855</b>

**Group****31-Dec-14**

<i>In thousands of Naira</i>	<i>Note</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Equity securities - At fair value through P&L	6	604,340	-	-	604,340
<b>Total financial assets measured at fair value</b>		<b>604,340</b>	<b>-</b>	<b>-</b>	<b>604,340</b>

**Company****31-Dec-15**

<i>In thousands of Naira</i>	<i>Notes</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Equity securities - At fair value through P&L	6	608,855	-	-	608,855
<b>Total financial assets measured at fair value</b>		<b>608,855</b>	<b>-</b>	<b>-</b>	<b>608,855</b>

**31-Dec-14**

<i>In thousands of Naira</i>	<i>Notes</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Equity securities - At fair value through P&L	6	604,340	-	-	604,340
<b>Total financial assets measured at fair value</b>		<b>604,340</b>	<b>-</b>	<b>-</b>	<b>604,340</b>

There are no financial instruments measured in level 3 of the fair value hierarchy, hence no reconciliation of level 3 fair value hierarchy has been presented.

**Notes to the consolidated and separate financial statements**

**Financial instruments not measured at fair value**

No fair value disclosures are provided for cash and cash equivalents, loans and receivables, trade receivables, other receivables, bank borrowings, trade payables, provision and other payables and finance lease obligations that are measured at cost because their carrying amount reasonably approximate their fair value.

*Cash and cash equivalents*

Cash and cash equivalents consists of cash on hand and current balances with banks. The carrying amounts of current balances with banks is a reasonable approximation of fair value which is the amount receivable on demand.

*Trade receivables and other receivables*

The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on demand.

Bank borrowings, Trade payables, Provision and other payables and Finance lease obligations

The carrying amounts of bank borrowings, trade payables, provision and other payables and finance lease obligations are reasonable approximation of their fair values which are repayable on demand.



**Notes to the consolidated and separate financial statements****53 Financial assets and liabilities**

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities.

**Group**

		Designat ed at fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount
<b>31-Dec-15</b>							
<i>In thousands of Naira</i>	<b>Note</b>						
<b>Financial assets</b>							
Cash and cash equivalents	5		-	2,783,162	-	-	2,783,162
Financial assets	6	608,855	297,912	71,334	157,659	-	1,135,760
Trade receivables	7	-	-	66,853	-	-	66,853
Reinsurance assets	8	-	-	437,554	-	-	437,554
Finance lease receivable	10	-	-	21,192	-	-	21,192
Other receivables excluding prepayments	11	-	-	85,701	-	-	85,701
		608,855	297,912	3,465,796	157,659	-	4,530,222
<b>Financial liabilities</b>							
Insurance contract liabilities	17	-	-	-	-	2,884,878	2,884,878
Investment contract liabilities	18	-	-	-	-	726,262	726,262
Trade payable	19	-	-	-	-	30,297	30,297
Provision and other payables	21	-	-	-	-	471,422	471,422
Deposit for shares	22	-	-	-	-	500,000	500,000
		-	-	-	-	4,612,859	4,612,859

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values

**Group**

		Designat ed at fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount
<b>31-Dec-14</b>							
<i>In thousands of Naira</i>	<b>Note</b>						
<b>Financial assets</b>							
Cash and cash equivalents	5		-	2,356,907	-	-	2,356,907
Financial assets	6	604,340	355,079	61,505	141,815	-	1,162,739
Trade receivables	7	-	-	52,102	-	-	52,102
Reinsurance assets	8	-	-	428,252	-	-	428,252
Finance lease receivable	10	-	-	90,705	-	-	90,705
Other receivables excluding prepayments	11	-	-	34,701	-	-	34,701
		604,340	355,079	3,024,172	141,815	-	4,125,406
<b>Financial liabilities</b>							
Insurance contract liabilities	17	-	-	-	-	3,155,947	3,155,947
Investment contract liabilities	18	-	-	-	-	652,995	652,995
Trade payable	19	-	-	-	-	71,641	71,641
Provision and other payables	21	-	-	-	-	461,420	461,420
Finance lease obligation	23	-	-	-	-	68,812	68,812
		-	-	-	-	4,410,815	4,410,815

Consolidated and Separate Financial Statements  
For the year ended 31 December 2015

**Notes to the consolidated and separate financial statements**

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

**Company**

			Designat ed at fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount
<b>31-Dec-15</b>								
<i>In thousands of Naira</i>	Note							
<b>Financial assets</b>								
Cash and cash equivalents	5	-	-	-	2,655,803	-	-	2,655,803
Financial assets	6	608,855	297,912	-	71,334	157,659	-	1,135,760
Trade receivables	7	-	-	-	23,746	-	-	23,746
Reinsurance assets	8	-	-	-	437,554	-	-	437,554
Finance lease receivable	10	-	-	-	21,192	-	-	21,192
Other receivables excluding prepayments	11	-	-	-	136,721	-	-	136,721
		608,855	297,912	-	3,346,350	157,659	-	4,410,776
<b>Financial liabilities</b>								
Insurance contract liabilities	17	-	-	-	-	-	2,813,013	2,813,013
Investment contract liabilities	18	-	-	-	-	-	726,262	726,262
Trade payable	19	-	-	-	-	-	30,297	30,297
Provision and other payables	21	-	-	-	-	-	464,563	464,563
Deposit for shares	23	-	-	-	-	-	500,000	500,000
		-	-	-	-	-	4,534,135	4,534,135

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

**Company**

			Designat ed at fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount
<b>31-Dec-14</b>								
<i>In thousands of Naira</i>	Note							
<b>Financial assets</b>								
Cash and cash equivalents	5	-	-	-	2,230,153	-	-	2,230,153
Financial assets	6	604,340	355,079	-	61,505	141,815	-	1,162,739
Trade receivables	7	-	-	-	27,290	-	-	27,290
Reinsurance assets	8	-	-	-	428,252	-	-	428,252
Finance lease receivable	10	-	-	-	90,705	-	-	90,705
Other receivables excluding prepayments	11	-	-	-	75,391	-	-	75,391
		604,340	355,079	-	2,913,296	141,815	-	4,014,530
<b>Financial liabilities</b>								
Insurance contract liabilities	17	-	-	-	-	-	3,155,947	3,155,947
Investment contract liabilities	18	-	-	-	-	-	652,995	652,995
Trade payable	19	-	-	-	-	-	71,641	71,641
Provision and other payables	21	-	-	-	-	-	434,298	434,298
Finance lease obligations	23	-	-	-	-	-	68,812	68,812
		-	-	-	-	-	4,383,693	4,383,693

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.



## Notes to the consolidated and separate financial statements

54 ASSET AND LIABILITY MANAGEMENT (COMPANY)  
HYPOTHECACTION OF ASSETS AS AT 31 DECEMBER 2015

In thousands of Naira

	Non-Life			Life					
	Shareholder's fund	Policy holder's Fund	Others	Shareholder's fund	Policy holder's Fund	Annuity Fund	Deposit Administration	Others	TOTAL
TOTAL	2,339,240	992,244	1237,037	2,906,145	1,734,950	85,819	726,262	587,410	10,609,107
INVESTMENTS:									
Fixed Assets:									
Real Estate	230,995	-		438,507	-	-	-	-	669,502
Office Equipment's	-	-		-	-	-	-	-	-
Computer Equipment	12,211	-		2	-	-	-	-	12,219
Generator set	4,238	-		-	-	-	-	-	4,238
Furniture and Equipment	15,012	-		2,518	-	-	-	184	17,714
Motor Vehicles	65,972	-		-	-	-	-	-	65,971
Fixture and Fittings	11,529	-		1,729	-	-	-	-	13,258
Other Assets	-	-	-	-	-	-	-	-	-
Others (see (a) below)	96,840	217,781	297,708	96,842	21,965	-	484	71,320	802,940
Other Investments :									
Mortgage Loans		-	-	-	-	-	-	-	-
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Government Bonds	-	-	-	-	-	-	-	-	-
Held-to-maturity	-	9,113	-	72,011	159,027	-	57,760	-	297,911
Loans and advances	-	-	-	-	71,334	-	-	-	71,334
Quoted Securities	103,974	127,080	-	94,450	207,791	-	75,560	-	608,856
Unquoted Securities	19,644	-	-	138,015	-	-	-	-	157,659
Bank Placements	512,290	224,127	330,854	781,520	398,103	78,799	330,110	-	2,655,803
Investment in Finance Lease	17,046	-	-	4,146	-	-	-	-	21,192
Related Companies	-	-	-	187,527	-	-	-	-	187,527
Finance Lease Receivable	-	-	-	-	-	-	-	-	-
Investment Properties	949,490	414,143	608,475	888,872	876,730	7,020	262,348	515,906	4,522,983
TOTAL	2,339,240	992,244	1,237,037	2,906,145	1,734,950	85,819	726,262	587,410	10,609,107

## Notes to the consolidated and separate financial statements

## HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2015 (Cont'd)

(a) Give details	
Others	
	GEN. LIFE
Intangible assets	61,053 -
Deferred taxation	6,033 -
Deferred Acquisition Expenses	46,255 61,849
Reinsurance Assets	415,589 21,965
Premium Debtors	13,907 9,839
Other Receivables and Prepayments	70,819 95,631
<b>TOTAL</b>	<b>613,656 189,284</b>



## Notes to the consolidated and separate financial statements

ASSET AND LIABILITY MANAGEMENT  
HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2014

In thousands of Naira

	Non-Life			Life			TOTAL
	Shareholder's fund	Policy holder's Fund	Others	Shareholder's fund	Policy holder's Fund	Deposit Administration	
<b>TOTAL</b>	<b>2,626,202</b>	<b>1,120,020</b>	<b>749,663</b>	<b>2,692,174</b>	<b>2,035,925</b>	<b>652,995</b>	<b>10,913,183</b>
<b>INVESTMENTS:</b>							
<b>Fixed Assets:</b>							
Real Estate	214,889	-	-	428,639	-	-	643,528
Office Equipment's	-	-	-	-	-	-	-
Computer Equipment	14,945	-	-	52	-	-	14,997
Generator set	1,063	-	-	-	-	-	1,063
Furniture and Equipment	17,361	-	-	1,702	-	-	19,063
Motor Vehicles	64,537	-	-	6,374	-	-	70,911
Fixture and Fittings	11,047	-	-	2,024	-	-	13,071
Other Assets	-	-	-	-	-	-	-
Others (see (a) below)	631,418	-	300,000	313,825	-	-	1,488,436
<b>Other Investments :</b>							
Mortgage Loans	-	-	-	-	-	-	-
Statutory Deposit	300,000	-	-	200,000	-	-	500,000
Government Bonds	-	-	-	-	-	-	-
Held-to-maturity	-	88,046	-	22,462	209,321	22,030	341,859
Loans and advances	4,811	-	-	-	56,834	-	61,645
Quoted Securities	117,002	133,877	-	39,770	276,582	50,000	617,231
Unquoted Securities	-	-	-	141,815	-	-	141,815
Bank Placements	125,013	201,289	268,914	248,960	627,177	276,811	2,230,144
Investment in Finance	72,958	-	-	17,747	-	-	90,705
Related Companies	-	-	-	-	-	-	-
Securities	-	-	-	225,000	-	-	225,000
Finance Lease Receivable	-	-	-	-	-	-	-
Investment Properties	1,051,158	696,808	180,749	1,043,804	866,011	304,154	4,453,715
<b>TOTAL</b>	<b>2,626,202</b>	<b>1,120,020</b>	<b>749,663</b>	<b>2,692,174</b>	<b>2,035,925</b>	<b>652,995</b>	<b>10,913,183</b>

## Notes to the consolidated and separate financial statements

## HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2014 (Cont'd)

## (a) Give details

Others	GEN. BUSINESS		LIFE
Intangible assets	121,167		-
Deferred taxation	6,033		-
Deferred Acquisition Expenses	45,298		52,528
Reinsurance Assets	417,663		10,589
Premium Debtors	4,378		22,912
Other Receivables and Prepayments	336,879		470,989
<b>TOTAL</b>	<b>931,418</b>		<b>557,018</b>



**Notes to the consolidated and separate financial statements****54 Segment information**

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure.  
No geographical segment information has been provided in these financial statements as there is only one geographical segment.

Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the of assets and liabilities.

**Business Segments**

The Company operates the following main business segments:

Non-life (General) Business - Includes general insurance transactions with individual and corporate customers

Life Business - Includes life insurance policies with individual and corporate customers, and private customers

*Consolidated and Separate Financial Statements  
For the year ended 31 December 2015*

### Notes to the consolidated and separate financial statements

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the year ended 31 December 2015.

	Elimination Adjustments							
	Non-life		Life		GNI Healthcare		Group	
<i>In thousands of Naira</i>	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Gross premium earned	1,326,349	1,459,815	1,492,639	1,352,907	62,121	45,395	2,881,109	2,818,988
Insurance premium ceded to re-insurer	(412,206)	(292,757)	(29,806)	(47,249)	-	-	(442,012)	(340,006)
Net insurance premium revenue	914,143	1,167,058	1,462,834	1,305,658	62,121	45,395	2,439,097	2,376,976
Fee income	84,205	48,822	4,318	8,484	-	-	88,523	88,523
Investment income	210,774	187,712	156,268	224,628	14,559	13,026	381,601	367,042
Other operating income	32,797	10,652	55,510	16,134	-	-	88,307	88,307
								26,786
Net income	1,252,148	1,414,244	1,678,930	1,554,904	76,680	58,421	3,007,758	2,920,848
Profit on investment contract	-	-	71,092	31,173	-	-	71,092	71,092
Insurance benefits and claims	644,322	499,293	494,209	873,567	73,676	11,498	1,212,207	1,138,531
Insurance claims recovered from re-insurer	(63,870)	(25,181)	(10,800)	-	-	-	(74,670)	(74,670)
Net insurance benefits and claims	580,452	474,112	483,409	873,567	73,676	11,498	1,137,537	1,063,861
Expenses on the acquisition and maintenance of insurance contracts	259,727	310,733	354,108	274,054	3,698	1,202	617,533	613,835
Other expenses	718,654	867,452	316,112	268,362	64,209	31,765	1,098,975	1,034,766
Net expenses	1,558,833	1,652,297	1,153,629	1,415,983	141,583	44,465	2,854,045	2,712,462
								3,068,280
Reportable segment profit	(306,685)	(238,053)	596,393	170,094	(64,903)	13,956	224,805	289,708
Profit before tax	(306,685)	(238,053)	596,393	170,094	(64,903)	13,956	224,805	289,708
Depreciation and amortisation	106,351	39,382	20,328	25,408	6,489	6,491	133,168	126,679
Income tax expenses	13,444	15,049	(268,404)	18,696	(22,027)	1,190	(276,988)	(254,960)
								33,745
<b>Assets and liabilities:</b>								
Total assets	4,812,187	4,495,885	6,975,532	6,417,298	330,973	293,747	10,665,390	10,609,107
								9,826,764
Total liabilities	2,472,946	1,600,090	3,432,932	3,725,124	138,638	120,810	4,816,215	4,727,267
								4,431,594
Net assets	2,339,241	2,895,795	3,542,600	2,692,174	192,335	172,937	5,849,175	5,881,840
								5,395,169



**Notes to the consolidated and separate financial statements****GENERAL BUSINESS ACCOUNTS****Statements of financial position  
As at 31 December 2015**

<i>In thousands of Naira</i>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
<b>Assets</b>		
Cash and cash equivalents	1,067,276	595,226
Financial assets	259,811	343,925
Trade receivables	13,907	4,378
Reinsurance assets	415,589	417,663
Deferred acquisition costs	46,254	45,298
Finance lease receivable	17,046	72,958
Other receivables and prepayment	313,155	336,879
Investment property	1,972,108	1,928,516
Deferred tax asset	6,033	6,033
Intangible assets	61,053	121,167
Property, plant and equipment	339,954	323,842
Statutory deposit	300,000	300,000
<b>Total assets</b>	<b>4,812,186</b>	<b>4,495,885</b>
<b>Liabilities</b>		
Insurance contract liabilities	992,244	1,120,020
Trade Payables	969	42,797
Retirement benefit obligation	3,097	13,119
Provisions and other payable	907,933	553,747
Finance lease obligations	-	68,812
Deposit for shares	500,000	500,000
Deferred tax liabilities	2,120	-
Current income tax liabilities	66,582	71,188
<b>Total liabilities</b>	<b>2,472,945</b>	<b>1,869,683</b>
<b>Net assets</b>	<b>2,339,241</b>	<b>2,626,202</b>
<b>Equity</b>		
Equity attributable to owners of the parent		
Ordinary shares	1,292,982	1,292,982
Share premium	2,016,905	2,016,905
Contingency reserve	462,465	422,588
Retained earnings	(1598,669)	(1,271,831)
Asset revaluation reserve	165,558	165,558
<b>Shareholders' funds</b>	<b>2,339,241</b>	<b>2,626,202</b>

## Notes to the consolidated and separate financial statements

## General Business Revenue Account-2015

<i>In thousands of Naira</i>	Motor	Fire	General Accident	Marine	Employers Liability	Bond	Engineering	Oil	Total
<b>Income</b>									
Direct premium	286,939	325,489	341,071	164,819	5,665	3,719	22,880	178,660	1,329,243
Inward premium	-	-	-	-	-	-	-	-	-
Gross premium written	286,939	325,489	341,071	164,819	5,665	3,719	22,880	178,660	1,329,243
Less: (increase)/ decrease in unexpired risks	217	(37,787)	36,646	4,909	749	677	(4,979)	(3,324)	(2,894)
<b>Gross premium earned</b>	287,156	287,701	377,718	169,728	6,414	4,396	17,901	175,336	1,326,349
Reinsurance costs	28,508	174,472	96,318	69,035	-	665	20,430	22,779	412,206
<b>Net Premium income</b>	258,648	113,229	281,400	100,693	6,414	3,730	(2,529)	152,557	914,143
Commission earned	305	29,373	32,236	19,273	-	90	2,195	733	84,205
<b>Total income</b>	258,953	142,602	313,636	119,967	6,414	3,820	(334)	153,290	998,347
<b>Expenses</b>									
Claims paid	99,033	157,255	231,440	47,447	4,919	-	16,806	87,423	644,322
(Decrease)/ increase on provision for outstanding claims	(3,767)	(236,572)	(11,045)	33,058	(7,992)	45	130,725	(35,122)	(130,670)
<b>Gross claims</b>	95,266	(79,317)	220,395	80,505	(3,073)	45	147,531	52,301	513,652
Deduct: reinsurance claims recoveries/ recoverable	85,877	(68,893)	(33,281)	(14,609)	(2,192)	-	(30,772)	-	(63,870)
<b>Net claims Paid</b>	181,143	(148,211)	187,114	65,896	(5,264)	45	116,758	52,301	449,782
Acquisition expenses	107,774	33,593	23,609	26,039	19,476	7,158	1,119	509	219,277
Other underwriting expenses	8,732	9,905	10,379	5,016	172	113	696	5,437	40,450
<b>Underwriting expenses</b>	116,506	43,498	33,988	31,054	19,648	7,272	1,815	5,946	259,727
<b>Total Expenses</b>	297,649	(104,712)	221,102	96,951	14,383	7,316	118,573	58,247	709,510
<b>Underwriting profit/(loss)</b>	(38,696)	247,314	92,533	23,016	(7,970)	(3,496)	(118,908)	95,043	288,838



## Notes to the consolidated and separate financial statements

## General Business Revenue Account - 2014

<i>In thousands of Naira</i>	Fire	General Accident	Employer's Liability	Engineering	Marine	Bond	Oil & Gas	Motor	Total
<b>Income</b>									
Direct premium	247,066	516,039	8,632	13,190	98,416	2,813	145,164	380,325	1,411,645
Inward premium	-	-	-	-	-	-	-	-	-
Gross premium written	247,066	516,039	8,632	13,190	98,416	2,813	145,164	380,325	1,411,645
Less: (increase)/ decrease in unexpired risks	24,937	(17,487)	73	12,738	11,285	(1,427)	(2,750)	20,801	48,170
<b>Gross premium earned</b>	272,003	498,552	8,705	25,928	109,701	1,386	142,414	401,126	1,459,815
Reinsurance costs	(109,077)	(100,186)	-	2,478	(50,916)	(3,176)	(24,699)	(7,180)	(292,756)
<b>Net Premium income</b>	162,926	402,663	8,705	28,406	58,785	(1,790)	117,715	399,118	1,167,059
Commission earned	21,087	19,285	-	2,246	6,152	52	-	-	48,822
<b>Total income</b>	184,013	421,948	8,705	30,652	64,937	(1,738)	117,715	399,118	1,215,881
<b>Expenses</b>									
Claims paid	61,772	150,485	5,554	1,313	13,774	-	40,142	114,275	387,315
(Decrease)/ increase in provision for outstanding claims	115,110	(74,233)	9,065	-	(12,251)	(8,763)	87,474	(4,424)	111,978
<b>Gross claims</b>	176,882	76,252	14,619	1,313	1,523	(8,763)	127,616	109,851	499,293
Deduct: reinsurance claims recoveries/ recoverable	(43,671)	25,326	-	(3,976)	(15,402)	(1,335)	13,468	409	(25,181)
<b>Net claims Paid</b>	133,211	101,578	14,619	(2,663)	(13,879)	(10,098)	141,084	110,260	474,112
Acquisition expenses	47,455	103,455	1,737	2,650	18,067	287	18,536	43,545	235,732
Other underwriting expenses	13,127	27,417	459	701	5,229	149	7,713	20,207	75,001
<b>Underwriting expenses</b>	60,582	130,872	2,196	3,351	23,296	436	26,249	63,752	310,733
<b>Total Expenses</b>	193,793	232,450	16,815	688	9,417	(9,662)	167,333	174,012	784,845
<b>Underwriting profit/(Loss)</b>	(9,780)	189,498	(8,110)	29,964	55,520	7,924	(49,618)	225,106	431,036

## Notes to the consolidated and separate financial statements

## LIFE BUSINESS ACCOUNTS

Statements of financial position  
As at 31 December 2015

In thousands of Naira

	31-Dec-	31-Dec-14
<b>Assets</b>		
Cash and cash equivalents	1,588,532	1,634,928
Financial assets	875,948	818,814
Trade receivable	9,839	22,912
Reinsurance assets	21,965	10,589
Deferred acquisition costs	61,848	52,528
Finance lease receivable	4,146	17,747
Other receivables and prepayment	1,031,908	470,989
Investment in subsidiary	187,527	225,000
Investment property	2,550,875	2,525,000
Property, plant and equipment	442,945	438,791
Statutory deposit	200,000	200,000
<b>Total assets</b>	<b>6,975,533</b>	<b>6,417,298</b>
<b>Liabilities</b>		
Insurance contract liabilities	1,820,768	2,035,925
Investment contracts liabilities	726,262	652,995
Trade payables	29,329	28,844
Provisions and other payables	735,241	595,675
Current income tax liabilities	120,670	116,994
Deferred Tax liabilities	662	294,691
<b>Total liabilities</b>	<b>3,432,932</b>	<b>3,725,124</b>
<b>Net assets</b>	<b>3,542,601</b>	<b>2,692,174</b>
<b>Equity</b>		
Equity attributable to owners of the parent		
Ordinary shares	620,760	620,760
Share premium	1,093,759	1,093,759
Contingency reserve	288,072	203,625
Retained earnings	1,194,755	428,775
Asset revaluation reserve	345,255	345,255
<b>Shareholders' funds</b>	<b>3,542,601</b>	<b>2,692,174</b>



**Notes to the consolidated and separate financial statements****LIFE BUSINESS ACCOUNTS****Statement of comprehensive income**

<i>In thousands of Naira</i>	<b>31-Dec-</b>	<b>31-Dec-14</b>
Gross premium income	1,693,078	1,320,322
Unearned premium	(200,439)	32,585
Net premium earned	1,492,639	1,352,907
Reinsurance expenses	(29,805)	(47,249)
<b>Net insurance premium revenue</b>	<b>1,462,834</b>	<b>1,305,658</b>
Fee and Commission income:		
– Insurance contracts	4,318	8,484
<b>Net underwriting Income</b>	<b>1,467,152</b>	<b>1,314,142</b>
Net Claims expense	(483,409)	(873,567)
Acquisition expenses	(154,123)	(190,362)
Maintenance costs	(199,986)	(83,692)
<b>Underwriting profit</b>	<b>629,634</b>	<b>166,521</b>
Investment income	156,268	206,951
Net fair value gains/(loss) on financial assets at fair value through profit or loss	55,215	48,850
Other operating income	294	16,134
Management expenses	(322,846)	(197,505)
Impairment losses	(13,594)	(102,030)
Profit on investment contract	71,093	31,173
<b>Results of operating activities</b>	<b>(53,570)</b>	<b>3,573</b>
<b>Profit before tax</b>	<b>576,064</b>	<b>170,094</b>
Income taxes	268,404	(18,696)
<b>Profit after taxation</b>	<b>844,469</b>	<b>151,398</b>
<b>Other comprehensive income, net of tax</b>		
<i>Items within OCI that will not be reclassified to the profit or loss:</i>		
Gain on revaluation of land and building, net of tax	6,618	23,032
<b>Other comprehensive income for the year</b>	<b>6,618</b>	<b>23,032</b>
<b>Total comprehensive income for the year</b>	<b>851,087</b>	<b>174,430</b>
<b>Profit attributable to:</b>		
– Shareholders	844,469	151,398
Contingency Reserve	6,618	(13,203)
<b>Profit for the year</b>	<b>851,087</b>	<b>138,195</b>
<b>Total comprehensive income for the year</b>		
Attributable to shareholders	851,087	174,430
<b>Total comprehensive income for the year</b>	<b>851,087</b>	<b>174,430</b>

## Notes to the consolidated and separate financial statements

## Life Revenue Account

<i>In thousands of Naira</i>	<b>Individual Life</b>	<b>Group Life</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
<b>Income</b>				
Gross Premium	339,448	1,353,630	1,693,078	1,320,322
Unearned Premium	-	(113,616)	(113,616)	32,585
Movement in life fund	(86,823)	-	(86,823)	
Reinsurance cost	(327)	(29,479)	(29,806)	(47,249)
<b>Premium earned</b>	<b>252,298</b>	<b>1,210,535</b>	<b>1,462,833</b>	<b>(47,249)</b>
Insurance contracts	-	4,318	4,318	8,484
<b>Net premium</b>	<b>252,298</b>	<b>1,214,853</b>	<b>1,467,151</b>	<b>1,314,142</b>
Direct Expenses (Gross)	(239,108)	(731,128)	(970,236)	(551,060)
Claims expenses recovered from reinsurance	-	10,800	10,800	(1,130)
Decrease/(increase) in outstanding claims	6,920	469,108	476,028	(321,377)
Net claims incurred	(232,188)	(251,220)	(483,408)	(873,567)
Acquisition Cost	(30,266)	(123,792)	(154,058)	(190,362)
Maintenance expenses	(33,385)	(166,602)	(199,987)	(83,692)
<b>Total expenses</b>	<b>(295,839)</b>	<b>(541,614)</b>	<b>(837,453)</b>	<b>(1,147,621)</b>
<b>Surplus/(Deficit)</b>	<b>(43,541)</b>	<b>673,239</b>	<b>629,698</b>	<b>166,521</b>



## Notes to the consolidated and separate financial statements

## HEALTHCARE

Statements of financial position  
As at 31 December 2015

<i>In thousands of Naira</i>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
<b>Assets</b>		
Cash and cash equivalents	127,359	126,754
Receivables	49,907	24,812
Property and equipment	153,707	112,180
Intangible assets	-	30,000
<b>Total assets</b>	<b>330,973</b>	<b>293,746</b>
<b>Liabilities</b>		
Provisions and other payables	56,549	78,978
Insurance contract liabilities	71,865	18,834
Current income tax liabilities	3,276	2,148
Deferred Tax Liabilities	6,948	20,850
<b>Total liabilities</b>	<b>138,638</b>	<b>120,810</b>
<b>Net assets</b>	<b>192,335</b>	<b>172,936</b>
<b>Equity</b>		
Share capital	200,000	200,000
Share premium	30,000	-
Retained earnings	(83,377)	(34,012)
Assets revaluation reserve	45,712	6,949
<b>Total equity</b>	<b>192,335</b>	<b>172,937</b>

**Notes to the consolidated and separate financial statements****HEALTHCARE****Statement of comprehensive income***In thousands of Naira*

	<b>31-Dec-15</b>	<b>31-Dec-14</b>
Gross premium income	93,299	59,161
Unearned premium	(31,178)	(13,764)
Net premium income	62,121	45,397
Claims Incurred	(73,676)	(11,498)
Business acquisition expense	(3,698)	(1,202)
Net underwriting profit	(15,253)	32,697
Investment income	14,559	13,026
<b>Net income</b>	(694)	45,723
Operating and administrative expenses	(41,740)	(9,918)
Personnel expenses	(22,467)	(21,926)
Depreciation	(6,491)	(6,491)
<b>(Loss)/profit before tax</b>	(71,392)	7,388
Income tax	22,027	(1,190)
<b>(Loss)/profit for the year</b>	(49,365)	6,198
<b>Other comprehensive (loss)/income:</b>		
Gain on revaluation of property	48,016	-
Tax on gain on revaluation of property	(9,253)	-
	38,763	-
<b>Total comprehensive income for the year</b>	(10,602)	6,198
(Loss)/earnings per share for profit attributable to the equity holders of the Company during the year (expressed in kobo per share):		
- Basic and diluted (in kobo)	(24.68)	3.10



**Value Added Statement**

	<b>Group 31-Dec-15</b>	<b>Group 31-Dec-14</b>	<b>Company 31-Dec-15</b>	<b>Company 31-Dec-14</b>
	N'000	N'000	N'000	N'000
	%	%	%	%
Gross premium (Local)	3,115,620	2,812,951	3,022,321	2,731,967
Bought in materials and services - Local	(2,070,193)	(2,151,405)	(2,040,696)	(2,106,067)
<b>Value added</b>	<b>1,045,427</b>	<b>661,546</b>	<b>981,625</b>	<b>625,900</b>
	100	100	100	100
<b>Distribution of value added</b>				
<b>To government</b>				
Taxation	(276,987)	34,934	(254,960)	33,744
	(27)	5	(26)	5
<b>To employees</b>				
Employee cost	568,908	539,378	546,443	517,454
	54	82	55	83
<b>Retained in the business</b>				
Depreciation	73,057	73,928	66,566	67,437
Amortisation	90,114	53,408	60,114	53,408
To contingency reserve	63,799	55,553	25,035	55,553
To retained earnings	526,536	(95,655)	538,427	(101,696)
	50	(14)	55	(16)
<b>Value added</b>	<b>1,045,427</b>	<b>661,546</b>	<b>993,223</b>	<b>625,900</b>
	100	100	100	100

*In thousands of Naira*

<i>In thousands of Naira</i>	Group		Company			
	2015	2014	2015	2014	2013	2012
<b>Statement of financial position</b>						
<b>Assets</b>						
Cash and cash equivalents	2,783,162	2,356,907	2,655,803	2,230,153	2,284,649	1,531,163
Financial assets	1,135,760	1,162,739	1,135,760	1,162,739	1,011,033	531,240
Trade receivable	66,853	52,102	23,746	27,290	143,663	252,999
Reinsurance assets	437,554	428,252	437,554	428,252	454,821	184,801
Deferred acquisition cost	108,104	97,826	108,104	97,826	146,204	54,568
Finance lease receivable	21,192	90,705	21,192	90,705	178,623	104,708
Other receivables and prepayment	123,560	52,054	166,450	92,745	162,719	137,931
Investment in subsidiary	-	-	187,527	225,000	225,000	-
Investment property	4,522,983	4,453,516	4,522,983	4,453,516	4,380,865	4,175,330
Intangible assets	61,053	151,167	61,053	121,167	132,252	3,952
Property, plant and equipment	936,609	874,814	782,902	762,634	700,091	773,559
Statutory deposit	500,000	500,000	500,000	500,000	500,000	524,187
Deferred tax asset	6,033	256,723	6,033	256,723	-	157,964
<b>Total assets</b>	<b>10,702,863</b>	<b>10,476,805</b>	<b>10,609,107</b>	<b>10,448,750</b>	<b>10,319,920</b>	<b>8,432,402</b>
						<b>7,265,903</b>
Insurance contract liabilities	2,884,878	3,174,781	2,813,013	3,155,947	2,781,599	1,823,405
Investment contract liabilities	726,262	652,995	726,262	652,995	648,849	552,192
Trade Payables	30,297	71,641	30,297	71,641	49,525	91,433
Retirement benefit obligation	3,097	13,119	3,097	13,119	17,040	21,852
Provisions and other payables	471,422	442,586	464,563	434,298	527,393	338,116
Finance lease obligations	-	68,812	-	68,812	108,927	-
Borrowings	-	-	-	-	-	72,007
Deposit for shares	500,000		500,000			
Deferred tax liabilities	9,730	556,231	2,782	545,381	285,646	-
Current income tax liabilities	190,529	190,327	187,253	188,179	198,209	180,485
<b>Total liabilities</b>	<b>4,816,215</b>	<b>5,180,492</b>	<b>4,727,267</b>	<b>5,130,372</b>	<b>4,617,188</b>	<b>3,079,490</b>
						<b>144,206</b>
						<b>2,870,576</b>



## Great Nigeria Insurance Plc

Consolidated and Separate Financial Statements  
For the year ended 31 December 2015

## Annual financial summary

In thousands of Naira	Group		Company		
	2015	2014	2015	2014	
<b>Statement of financial position</b>					
<b>Financed by:</b>					
Issued and paid up capital	1,913,742	1,913,742	1,913,742	1,913,742	5,029,051
Share premium	3,110,664	3,110,664	3,110,664	3,110,664	(1,348,490)
Contingency reserve	750,537	626,213	568,724	506,485	-
Retained earnings	(472,770)	(876,216)	(683,868)	(626,011)	714,766
Assets revaluation reserve	581,651	517,587	485,905	448,032	-
NCI	2,823	4,323	-	-	-
<b>Shareholders' fund</b>	<b>5,886,648</b>	<b>5,296,313</b>	<b>5,395,167</b>	<b>5,352,912</b>	<b>4,395,327</b>

*Consolidated and Separate Financial Statements  
For the year ended 31 December 2015*

**Statement of comprehensive income**

<i>In thousands of Naira</i>	Group		Company	
	2015	2014	2015	2014
Gross premium written	3,115,620	2,791,128	3,022,321	2,731,967
Investment & other income	395,927	367,946	381,368	470,298
Profit/(loss) before taxation	249,549	(60,566)	283,467	(67,952)
Taxation	276,987	(34,934)	254,960	(33,744)
Profit/(loss) after taxation	526,536	(930,789)	538,427	(101,696)
Earnings per share-basic	13.79	(2.50)	14.07	(2.66)
Earnings per share-diluted	13.79	(2.50)	14.07	(2.66)
			0.11	23.60
			0.11	23.60
				10.73
				10.73

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to year 2011 has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.