



Mrs. Cecilia O. Osipitan
MD/CEO

Dear Valued Shareholder

It is my pleasure to welcome you all to the 51st Annual General Meeting of our dear Company, Great Nigeria Insurance Plc and to present to you, the Annual Report and Accounts for the years ended December 31, 2018, December 31, 2019, December 31, 2020, and December 31, 2021.

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

Notwithstanding the significant negative economic and social impacts of the pandemic, the results being reviewed today showed once again that we recorded an all-time high growth in the key financial performance indicators. Our Company has experienced impressive growth in the past four years.

Our Gross Premium Written in 2021 rose to N8.3 billion. This is quite remarkable when compared with

the N7.1 billion recorded in the preceding year (2020). Profitability also increased significantly to N1 billion as Profit After Tax, from the N718 million loss recorded in 2020.

Our ability to meet our targets is dependent on our ability to help our customers manage the present uncertainties, and capture the opportunities that unquestionably exist in the world today. Despite the coronavirus pandemic that changed the trajectory of so many economies around the globe, with Nigeria not being an exception, we remained on the path of continuous growth as is evident in our Annual Report for the 2021 Financial Year. We owe this achievement to the strong support of the Board, in addition to the consistent and hard work put in by Management, and members of Staff. The resilience of our business model, clear focus, and tenacity have also enabled us to successfully navigate the economic headwinds precipitated by the pandemic. In considering our performance, it is pertinent to review happenings in the global and domestic environments which impacted our operations during the years under review.

Over time, we have continued to strengthen our balance sheet and advance our mission of "Giving you peace of mind by keeping our promises." As the custodian of your investments in Great Nigeria Insurance Plc, the Board understands the gravity of the trust you have reposed in us, and we are honoured to be at your service.

Whilst we remain mindful of the current turbulence in the socio-economic and political climate, we look ahead with a mixture of optimism and pragmatism. We shall continue to ensure steady growth of our bottom-line by focusing attention on the growth of all classes of our business, leveraging on our software infrastructure, and thereby expanding our market share.

INSURANCE INDUSTRY

The year 2021 started off with an announcement by the National Insurance Commission (NAICOM) that it had suspended the insurance industry recapitalization exercise till the end of June 2021. This was the second suspension of the exercise in three years, following an earlier suspension in 2018, of the tier-based recapitalization exercise. The suspension was occasioned partly by an order of the House of Representatives to suspend the exercise citing the impact of the COVID-19 pandemic, and the

#EndSARS protest.

The ramifications of the civil commotion and vandalism that followed the #EndSARS protests dealt a severe blow to the industry in 2021. It is estimated that the insurance industry paid over N11 billion in claims to insured individuals and organizations in its aftermath. In a report released by the Nigerian Insurers Association (NIA), 912 claims were settled as a result of fire impact on buildings and property, 718 due to vandalism, and 455 due to burglary, amongst others. 25 insurance companies have recorded claims totalling N20.4bn from losses that emanated from the #EndSARS protests which occurred in the country in October 2020. The Nigerian Insurers Association reported in December 2020, that out of the total of 1,661 received claims, 143 have been fully settled, 539 claimants are yet to substantiate their claims with the necessary documents, 7 claims were repudiated because they were not covered by any of the policies, while 972 claims are yet to be settled. However, about N9.7 billion has been reserved by 14 insurance companies to pay claims as soon as they are concluded upon.

Following a spate of building collapses across the country with some high-profile incidents occurring in Lagos State, stakeholders including State governments have engaged the industry to discuss the mechanisms for the enforcement of compulsory insurance products, including Occupiers' Liability insurance, and Builders' Liability insurance. According to the Lagos State Government, no fewer than 480 buildings have collapsed in the State between 1977 and 2021, and many were uninsured, leaving occupants, their families, and third parties, without compensation for the losses suffered. The industry is thus taking steps to digitize the sales and verification processes of these products. The Lagos State Scheme is expected to kick off in 2022.

We are enthusiastic about the pathway towards the implementation of the new financial standard IFRS 17, and are confident that its eventual launch will positively shape the conduct of business in the industry, going forward. IFRS 17 would become the financial standard governing the recognition, measurement, and disclosure of insurance contracts. The Company expects that from 2023, insurance financial statements will be quite distinctive from the insurance financial statements we are all familiar with, as IFRS 17 will provide a more holistic view of how the Company is performing, and reflect the value of future profits that current accounting standards do

not take into consideration.

The amount of political and economic uncertainties around the world calls for pragmatism in the Company's operations. The estimates of growth in the world economy are moderate as the International Monetary Fund (IMF) expects global economic growth to decrease from the 5.9% estimated in 2021, to 4.4% in 2022. The operating environment remains challenging, with estimates of economic growth in Nigeria at a maximum of 4.0%, just slightly over the rate of population growth. Politically, the country will enter a period of jostling to determine the eligible candidates, ahead of the general elections in 2023. Traditionally, these periods tend to lead to economically bearish sentiments. Macro-economic indices such as inflation are expected to remain in the double digits into the near future.

The Nigerian insurance market however remains significantly underpenetrated, and new players continue to establish a presence in the industry. The significantly untapped value in the Nigerian insurance industry presents a unique opportunity for a boom in the industry. High interest rates in the insurance industry also present an opportunity for the public to invest at favourable yields, and hedge against unforeseen economic risks. In terms of the Company's readiness to take advantage of these opportunities, my assessment as the Managing Director/CEO is that Great Nigeria Insurance Plc is well positioned to capture these opportunities. The Company has made tremendous efforts to optimally manage its risk portfolio so as to increase its bottom line. In addition, the Company is adequately capitalized to ensure that it can comfortably provide coverage for the variety of risks that suit its customers' needs.

In a bid to support the government's efforts in ameliorating the impact of the COVID-19 pandemic on the Nigerian citizenry, the National Insurance Commission (NAICOM) mobilized the support of the insurance industry in Nigeria by raising a total sum of N612,500,000. The sum of N500,000,000. was transferred by the Commission to a Federal Government account, and the balance of N112,500,000. was used to secure free life insurance cover from 19 Life Insurance companies for 5,000 frontline health workers during COVID-19, which would ensure that in the event of any death, their families or dependents would be compensated. The National Insurance Commission (NAICOM) is currently tracking the performance of insurance

companies and their compliance with the directive to collect and process data, via the newly launched digital portal. This is to facilitate more efficient and optimal regulation of the industry. The Commission at the seminar themed: "Digital Transformation of the Commission & Market Development Initiatives" explained that the new portal, when fully deployed, will enable the Commission to track the daily transactions and activities of operating companies within the industry, for proper monitoring and enforcement.

OUR PERFORMANCE

The drive to continue to uphold its comprehensive growth strategy still forms the foundation upon which our company was built, despite the harsh operating environment caused by the novel Coronavirus disease (COVID-19), and the attendant economic and social challenges that characterized the industry within the year.

The Company was able to record a Gross Premium Written of N8.3billion in 2021, as against N7.1billion in 2020. The Net Operating result grew from a loss of N678million in 2020, to N1.2billion in 2021. This performance resulted in a Profit After Tax of N1billion in 2021, which represents a significant increase when compared with the loss of N718million recorded in 2020. The size and quality of our balance sheet improved as the company's total assets increased from N15.5billion in 2020, to N20.6billion in 2021, representing a 32.9% growth. The composition of our assets is well structured to position the company for better future performance.

It was without doubt a very tough year for many businesses, but the fundamentals of our company are strong, and this is buttressed by our capacity to remain profitable, despite the harsh economic conditions prevailing in the operating environment. With this result, we remain a profitable and sustainable brand which will stand the test of time, in defiance of all the unforeseen circumstances that may impact the operating environment. We will continue to re-engineer our strategy in line with current realities; we will not rest on our oars but continue to improve on our performance.

RECAPITALIZATION

The industry apex regulator, National Insurance Commission (NAICOM), had in 2019 set new minimum capital requirements for underwriters. This pronouncement dictated the pace of the insurance

industry in 2020. The first phase of the recapitalization exercise required that operators meet a minimum of 50% of the new requirement by December 2020 and the balance was to be met in September 2021.

In order to meet up with the deadline, initial efforts by some operators in this regard led to the injection of capital by foreign investors, while mergers and acquisition processes and capital raise were initiated by some other operators. However, the exercise came to an abrupt halt following a December 21, 2020 restraining order of the Federal High Court in Lagos. The court action was led by a group of shareholders to restrain the National Insurance Commission (NAICOM) from continuing with the recapitalization exercise.

Although the industry recapitalization programme is currently on hold, NAICOM has continued to adopt other measures and initiatives for the effective regulation of the industry, some of which include the automation of the Annual Returns filing, and licensing of more insurance companies, to stimulate competition in the market. They have also allowed existing operators to establish micro-insurance business as a department - a development that is intended to drive up financial inclusion and increase penetration in Nigeria.

In its bid to achieve an increased paid-up capital to remain strong and competitive in the ever-growing financial market, our Company has received and reviewed various financing proposals from a number of investors. We are therefore glad to inform all stakeholders that the Company is currently in talks with some strategic partners to forge sustainable alliance, in order to reinforce the organization's financial standing, whilst facilitating organic growth from within.

It is important to mention that our capital raising strategy had been in motion ever before introduction of the paid-up capital requirement by the Commission.

We shall keep our esteemed shareholders abreast of further developments in this regard, as we remain committed towards the actualization of our recapitalization drive, in order to achieve our objective of having a paid-up capital of N14.22billion.

FUTURE OUTLOOK

Looking ahead, we seek to consolidate our position within the industry, and strive for an even greater market share. We shall continue to leverage our dynamic capabilities, such as our creative and resourceful human capital, our unflagging commitment to providing excellent customer-service experience, and our robust technology platform to their full potential, in order to exceed our shareholders' expectations.

CONCLUSION

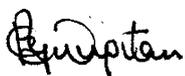
Distinguished shareholders, ladies, and gentlemen, I want to sincerely appreciate our esteemed stakeholders for their unflinching support and loyalty to the brand. We assure you that the confidence reposed in the company will continuously energize us to deliver optimal performance to your delight.

It is noteworthy that this achievement would not have been possible without the support of our Board of Directors, and the commitment of our Management and staff, who had to adjust to working from home during the initial breakout of the pandemic. They have all been relentless at all levels of operations in meeting the needs of our esteemed customers, both at home and abroad.

I am deeply grateful for their dedication and flexibility, especially amidst the difficult circumstances.

Finally, I would like to thank all our shareholders for their support in years past, and solicit their continued support for the years ahead, whilst also appreciating our highly esteemed customers for their loyalty and continued patronage.

It is my greatest pleasure to be at your service. I thank you all.



Cecilia O. Osipitan (Mrs.)
Managing Director/CEO
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