Deloitte.

Great Nigeria Insurance Plc

Consolidated and Separate Financial Statements
31 December 2016

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Corporation Information

Certificate of incorporation number: RC 2107

NAICOM license number: RIC 014

Directors, Officers and Advisors

Mr. Bade Aluko	Chairman	Appointed October 2016
Mrs. Cecilia O. Osipitan	Managing Director/CEO	
Mrs. Roselyn Ulaeto	Executive Director	
Mr. James Kayode Naiyeju	Non-Executive Director	Resigned April 28, 2016
Mr. Dapo Otunla	Non-Executive Director	Resigned April 28, 2016
Archbishop Felix Alaba Job	Non-Executive Director	
Mr. Olugbenga Awosode	Non-Executive Director	
Mr. Akintola O. Ajayi	Non-Executive Director	
Mrs. Abimbola Onakomaiya	Independent Director	
Mr. Shamusideen kareem	Non-Executive Director	

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

Corporation Information

Bankers	Wema Bank PLC First Bank Nigeria Limited Skye Bank PLC Sterling Bank PLC Ecobank Limited Zenith Bank PLC United Bank for Africa PLC First City Monument Bank Limited Access Bank PLC Diamond Bank PLC Union Bank PLC Unity Bank PLC Heritage Bank Limited 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

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 2016.

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 the 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 2016 were as follows:

	Group		Company	
	2016	2015	2016	2015
	N' 000	N' 000	N' 000	N' 000
Gross premium written	2,208,815	3,171,145	2,124,553	3,077,846
(Loss)/profit before taxation	(442,770)	249,549	(444,589)	283,467
Income tax	(32,420)	276,987	(30,498)	254,960
(Loss)/profit after taxation	(475,190)	526,536	(475,087)	538,427
Transfer to statutory contingency reserve	(45,612)	(124,324)	(45,612)	(124,324)
Transfer to retained earnings	(520,802)	403,447	(520,699)	414,103
Shareholders' funds	5,429,983	5,886,648	5,425,278	5,881,840
(Loss)/Basic earnings per share (k)	(12.41)	13.79	(12.41)	14.07

Directors' Report

Directors and their interests:
The directors who served during the year were as follows:

Name	**Units of Ordinary Shares Held**	**Designation**
Mr. Bade Aluko	-	Chairman
Mrs. Cecilia O. Osipitan	55,000,000	Managing Director/CEO
Mrs. Roselyn Ulaeto	-	Executive Director
Mr. James Kayode Naiyeju	-	Non-Executive Director
Mr. Dapo Otunla	-	Non-Executive Director
Arch Bishop 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 2016, the following shareholders held 5% or more of the issued share capital of the Company during the year:

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

Share range			**2016** **No of shareholders**	**Percentage of shareholders**	**No of holdings**	**Percentage of holdings**
1	-	1,000	1,800	32.43%	1,524,243	0.04%
1,001	-	5,000	2,126	39.31%	6,442,040	0.17%
5,001	-	10,000	638	11.50%	5,934,636	0.16%
10,001	-	50,000	534	9.62%	15,242,160	0.40%
50,001	-	100,000	143	2.58%	12,815,738	0.33%
100,001	-	500,000	195	3.51%	53,270,393	1.39%
500,001	-	1,000,000	48	0.86%	43,436,386	1.13%
1,000,001	-	5,000,000	44	0.79%	114,675,230	3.00%
5,000,001	-	10,000,000	9	0.16%	68,316,780	1.78%
10,000,001	-	50,000,000	9	0.16%	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%
Total			5,550	100%	3,827,485,380	100%

Directors' Report

	2015			
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%
10,000,001 - 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%
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 2016 (2015: 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:

	₦
Investiture of 22nd Chairman Nigerian Insurers Association	500,000
Sponsorship of ICSAN 2016 Corporate Governance Roundtable	200,000
Sponsorship: 2016 Miss Insurance Dance Party	100,000
Sponsorship of 4th Ins. Golf Tournament 2016	100,000
Payment for Professional Insurance Ladies Association for Sponsorship towards Investiture Ceremony	100,000
	1,000,000

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.

Directors' Report

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.

Securities Trading Policy:
The Company has a Securities Trading Policy applicable to all employees and Directors in line with Rule 17.15 of the Disclosure of Dealings in Issuers' Shares Rulebook of the Exchange. Within this reporting period no violation of the Policy occurred.

Complaints Management Policy:
The Company has a Complaint Management Policy Framework in compliance with Securities and Exchange Commission rule and same is available on the Company's website.

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, 2016 and the profit for the year ended on that have 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

21 June, 2017

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 on 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 services 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

First Almond Attorneys was instructed by GNI PLC to conduct a Board and Corporate Governance evaluation for the Financial Year ended 31 December 2016.

Our assessment encompassed a detailed analysis of the Company's statutory documents, corporate policy documents and a quantitative assessment which involved the distribution of questionnaires to Directors wherein we obtained information on Board structure and composition, minutes of Board meetings and committee meetings.

The assessment was reviewed in line with National Insurance Commission (NAICOM) Corporate Governance Codes 2009, Securities and Exchange Commission (SEC) Code of Corporate Governance for Public companies in Nigeria 2011 and Global best practices on Corporate Governance.

Our assessment was reviewed against Corporate Governance global best Practices Criteria which are:

- Board Composition and Constitution
- Strategic Guidance of the Company
- Compliance and Risk Management
- Financial Reporting and Internal Controls
- Monitoring of Management and Board Performance
- Board's Accountability to Shareholders
- Ethics, Integrity and Responsibility

Corporate Governance Report

Furthermore, we conducted the evaluation in line with the following objectives:

- To ascertain the level of compliance with the previous Board evaluation result.
- To ascertain compliance with regulations
- To review GNI Plc.'s Corporate Governance culture.
- To ascertain areas of non-compliance and recommend solutions for compliance
- To make recommendations on improving the efficiency of the Board

The Board of directors have their duties hinged on strategic guidance and Management of the Company.

The Board in compliance with regulations have a Board Charter which guides their operations. The Charter contains details on roles, objectives, structure composition and responsibilities of the Board, Corporate Strategy, Succession Planning .There is a provision for conduct of the Board in order to enhance shareholders values. The Charter is comprehensive with detailed responsibilities of the Chairman, Directors, Executive and Non-executive, Managing Director/CEO, Independent directors, Board meetings, Board committees and training of Directors

There are eight (8) directors on the Board comprising of five (5) Non-Executive directors, two (2) Executive directors including the CEO and One Independent director.

During the year, two non-executive Directors; Mr. Dapo Otunla and Mr. James Kayode Naiyeju resigned from the Board. Mr. Bade Aluko was appointed as the Chairman of the Board in line with laid down procedure and policy.

The Managing Director/ CEO who is the head of the Management Team comprising of an Executive director and other Senior Management is responsible for guiding the development and growth of the company. Part of her duty as provided for in the Board Charter include, developing with the Board, implementing and monitoring the strategic and financial plans of the company, fostering a culture that rewards performance, integrity, respect and a considered sense of urgency, ensuring the on-going development, implementation and monitoring Risk management and controls within the organisation and to provide the Board with relevant accurate and clear information in a timely manner.

The Board Composition for the year ended 31 December 2016 is as follows:

Directors	**Designation**
Bade Aluko	Chairman
Archbishop Felix Alaba Job	Non-Exec. Director
Akintola Olusola Ajayi	Non-Exec. Director
Shamusideen Kareem	Non-Exec. Director
Olugbenga Awosode	Non-Exec. Director
Abimbola Mercy Onakomaiya	Independent Director
Cecilia Osipitan	Managing Director/CEO
Roselyn Ulaeto	Executive Director

Corporate Governance Report

Following NAICOM's amendment of its Corporate Governance Code, the Board Committees were re-constituted in the later part of the year. The Directors names and committee membership is as stated below:

Name of Director	Role	Finance, Investment & General Purpose	Enterprise Risk Management & Governance	Board Audit & Compliance	Statutory Audit
Bade Aluko	Chairman				
Archbishop Felix Alaba Job	Non-Exec. Director	Member	Chairman	Member	Not a member
Akintola Olusola Ajayi	Non-Exec. Director	Chairman	Member	Not a member	Member
Shamusideen Kareem	Non-Exec. Director	Member	Not a member	Member	Member
Olugbenga Awosode	Non-Exec. Director	Member	Member	Member	Not a member
Abimbola Mercy Onakomaiya	Non-Exec. Director	Not a member	Member	Chairman	Member
Cecilia Osipitan (Mrs.)	Managing Director/CEO	Member	Member	Not a member	Not a member
Roselyn Ulaeto (Mrs.)	Executive Director	Member	Member	Not a member	Not a member

Key

(dark shading)	**Member**
(light shading)	**Chairman**
(no shading)	**Not a member**

Board of Directors Meetings' Attendance

Meetings held	1	2	3	4
Names	25-Feb-16	21-Jul-16	20-Oct-16	30-Nov-16
Bade Aluko	√	√	√	√
Archbishop Felix Alaba Job	N	√	√	√
Akintola Olusola Ajayi	√	√	√	√
Shamusideen Kareem	√	√	√	√
Olugbenga Awosode	√	√	√	√
Abimbola Mercy Onakomaiya	√	√	√	√
Cecilia Osipitan (Mrs.)	√	√	√	√
Dapo Otunla	√	N/A	N/A	N/A
James Naiyeju	√	N/A	N/A	N/A
Roselyn Ulaeto (Mrs.)	√	√	√	√

Key:		**√- Present**		**N - Absent**	**N/A- Not a Director**	

Corporate Governance Report

BOARD COMMITTEES

FINANCE, INVESTMENT & GENERAL PURPOSE COMMITTEE

This Committee formerly Finance & Investment Committee was re-named in the later part of the year following NAICOM's amendment of its Code of Governance wherein General Purpose was merged with the Committee.

The committee's responsibilities as stated in the Charter amongst others 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 instruments as the Company shall consider or utilize

- Develop and recommend to the Board, polices and plans for employees' selection, recruitment, evaluation and succession.

- Develop and oversee policies and program for talent acquisition, deployment and development.

- Develop an investment strategy for the Company and each subsidiary.

- 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 and assess the effectiveness of the Company's Remuneration Policy, including remuneration structure, retention and termination policies for staff.

- 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, investments in real estate, and such other investment instruments as the Company shall consider or utilize.

- Review and make recommendations to the Board on the structure of remuneration paid by the Company to third parties.

- Review and analyse possible investments 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 and also act and advise the Board on all matters of estate acquisition, development or disposal and the efficient utilisation of estate and other physical resources, in the delivery of the Company's strategies and mission.

- 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.

- 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.

Corporate Governance Report

Committee Meetings' attendance

Meetings held	1	2	3
	24-Feb-16	**19-Jul-16**	**29-Nov-16**
Bade Aluko	√	√	N/A
Archbishop Felix Alaba Job	√	√	√
Akintola Olusola Ajayi	√	√	√
Shamusideen Kareem	N/A	√	√
Olugbenga Awosode		√	√
Abimbola Mercy Onakomaiya	N/A	√	N/A
Cecilia Osipitan (Mrs.)	√	√	√
James Naiyeju	N/A	N/A	N/A
Roselyn Ulaeto (Mrs.)	√	√	√

Key:	Y-Present	X - Absent	N/A: Not Applicable

ENTERPRISE RISK MANAGEMENT AND GOVERNACE COMMITTEE

This Committee formerly Risk Management & Compliance was re-named in the later part of the year following NAICOM's amendment of its Code of Governance wherein the Board Governance Committee was merged with the Committee.

The Committee met three (3) times during the year. The responsibilities of the Committee as provided in the committee charter are as follows:

- Review the adequacy and effectiveness of the Company's risk management and controls.
- Oversight of Management's process for the identification of significant risks across the company and adequacy of prevention, detection and reporting mechanisms
- Review of the company's risk management system and internal control environment including the performance of the internal audit function.
- Oversee the company's risk policy, appetite and risk limits as approved by the Board.
- Undertake at least annually a thorough risk assessment covering all aspects of the Company's businesses.
- Review the adequacy of the size and composition of the Board to ensure the on-going effectiveness of the company's risks management framework.
- Evaluate and make recommendation to the Board concerning the nature and composition of the Board Committees, including designation of Committee chairs, Board Committees structure and operations.
- Identify individuals qualified to become directors consistent with membership criteria, shall coordinate and assist the Board in the recruitment of new directors and shall select or recommend to the Board candidates for election as directors, including directors nominees for AGM.
- Recommend to the Board the allocation of Directors to each of the Board committees the committee shall recommend a particular director to the Board to fill such vacancy
- Review any proposed changes to the company's Memorandum and Articles of Association and other documents affecting the Company's corporate governance and shall make recommendation to the Board with respect to any such changes.
- Periodically assess the Company's governance

Corporate Governance Report

- Develop, review and recommend to the Board, as appropriate, other principles and policies relating to corporate governance; and monitor compliance with and the effectiveness of such principles and policies, as appropriate.
- Evaluate and make recommendation to the Board concerning the process for distribution of information to the Board and its committees including the content and timing of delivery of materials relating to meeting of the Board and Board Committees as well as general information about the Company and its operations.

Committee Meetings' attendance

Meetings held	**1**	**2**	**3**
Names	**25-Apr-16**	**19-Jul-16**	**29-Nov-16**
Bade Aluko	√	N/A	N/A
Archbishop Felix Alaba Job	√	N/A	√
Akintola Olusola Ajayi	√	√	√
Shamusideen Kareem	N/A	√	N/A
Olugbenga Awosode	√	√	√
Abimbola Mercy Onakomaiya	N/A	N/A	√
Cecilia Osipitan (Mrs.)	X	√	√
Dapo Otunla	X	N/A	N/A
James Naiyeju	X	N/A	N/A
Roselyn Ulaeto (Mrs.)	√	√	√

Key:	**Y-Present**	**X - Absent**	**N/A: Not Applicable**	

BOARD AUDIT & COMPLIANCE COMMITTEE

Following NAICOM's amendment of its Corporate Governance Code, this committee was established. The committee is vested with the following duties amongst others:

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditors and performance of the company's internal audit functions as well as that of external auditors
- Review of the terms of engagement and recommend the appointment or re-appointment and compensation of external auditors to the Board. Review and pre-approve both audit and non-audit services (if any) to be provided by the external auditors
- The Committee shall keep under review the effectiveness of the Company's financial reporting and the statements to be made in the annual report concerning internal control policies and procedures for the identification, assessment and reporting of risks.
- Review with the external auditors and, as appropriate, Management, any significant changes to the audit plan, if any, and any serious disputes or difficulties with Management encountered during the audit, including Management's response.
- Ensure the development of comprehensive internal control framework for the Company, obtain assurance and report annually in the financial statements on the operating effectiveness of the Company's internal control framework.
- Discuss the internal auditor's review of quarterly financial statements.
- Discuss the annual audited financial statements and half yearly unaudited financial statements

Corporate Governance Report

- Review and discuss with Management and external auditor the Company's annual audited financial statements, forecast and financial information, and the external auditors' report thereon including disclosure made in Management 's discussion and analysis.

- Review and discuss with Management and the internal auditors the Company's quarterly unaudited financial statements, related notes and financial information, including disclosures made in the Management's discussion and analysis.

- Provide guidelines and standards for administering the acceptance of key operational, reputational, financial, market, technology and compliance risks.

- Review the Company's compliance with legal and regulatory requirements that may impact the company's risk profile.

Committee Meetings' attendance

Meetings held	**1**
	3-Nov-16
Archbishop Felix Alaba Job	√
Abimbola Mercy Onakomaiya	√
Shamusideen Kareem	√
Olugbenga Awosode	√

Key:		**√ - Present**	**X - Absent**

STATUTORY AUDIT COMMITTEE

The Companies and Allied Matters Act requires the establishment of an Audit Committee on the Boards of Companies. There are three shareholders representative on the committee, Two Non-Executive directors and One Independent director. The committees' duties are stated as follows in accordance with CAMA:

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditors and performance of the company's internal audit functions as well as that of external auditors
- The Committee shall keep under review the effectiveness of the Company's financial reporting and the statements to be made in the annual report concerning internal control policies and procedures for the identification, assessment and reporting of risks.
- Review of the terms of engagement and recommend the appointment or re-appointment and compensation of external auditors to the Board. Review and pre-approve both audit and non-audit services (if any) to be provided by the external auditors.
- Ensure the development of comprehensive internal control framework for the Company, obtain assurance and report annually in the financial statements on the operating effectiveness of the Company's internal control framework.
- Oversees management's process for identification of significant fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place.

Corporate Governance Report

Committee Meetings' attendance

Meetings held		1	3	4
Names		24-Feb-16	17-Oct-16	29-Nov-16
Mrs. Christie O. Vincent-Uwalaka		√	√	√
Mrs. Bisi Bakare		√	√	√
Mr. Adio Oluwa Simeon		√	√	√
Mr. Bade Aluko		√	√	√
Mrs. Abimbola Onakomaiya		X	√	√
Mr. Shamusideen Kareem		N/A	√	√

Key:		**√ - Present**	**X - Absent**	**N/A-Not Applicable**

Our findings show that there has been a remarkable improvement by the Board in promoting Corporate Governance practices and culture in GNI Plc. Most of the recommendations stated in the previous report have been complied with. Regulatory requirements on Board composition have been complied with. Internal control measures have been put in place.

The Board has set a tone at the top that inefficiency and other unsavoury practices that will hinder the growth and efficiency of the company will not be tolerated.

However, the Board should appoint another Independent director. Non-Executive directors with Insurance background should also be appointed to complement other directors on the Board.

The issue of late filings of returns must be curbed as this a major issue in the Company. The fines for penalty on late filings are excessive and thus may erode shareholder confidence in the Management and Board.

Thank you

Yours Faithfully,

Bakare

OLAJUMOKE BAKARE (MRS)
MANAGING PARTNER
FRC/2013/NBA/00000001439

Report of the Audit Committee

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 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 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 2016 were satisfactory and reinforce the Company's internal control system.
- We are satisfied that the company 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 recommendation for improvement and with the effectiveness of the Company's system of accounting and internal control.

SIGNED ON BEHALF OF THE COMMITTEE BY:

Mrs. Christie. O Vincent-Uwalaka
FRC/2013/ICAN/00000002666
21 June 2017

Members of the Audit Committee are:

Mrs. Christie .O. Vincent-Uwalaka	Chairperson
Mrs. Abimbola Onakomaiya	Member
Mr. Akin Ajayi	Member
Mr. Shamusideen Kareem Bade Aluko	Member
Mrs. Bisi Bakare	Member

Statement of Directors' Responsibilities

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 2016, and the results of its operations, statements of cash flows and changes in equity for the year ended, 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, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) 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 2016 were approved by the board of directors on 21 June 2017

Mr. Bade Aluko	**Mrs. Cecilia O. Osipitan**
Chairman	Managing Director/CEO
FRC/2016/IODN/00000015579	FRC/2012/CIIN/00000000596

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Great Nigeria Insurance Plc
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion
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 statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Great Nigeria Insurance Plc** as at 31 December 2016 and the consolidated and separate financial performance and statement of 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, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matter	How the matter was addressed in the audit
Insurance contract liabilities	
Under IFRS 4, the Group is required to perform liability adequacy test on its insurance liabilities to ensure the carrying value of the liabilities is adequate. Liability Adequacy test are carried out separately for the Life and Non-Life business of the Group, as well as the subsidiary. As disclosed in notes 17 and 18 to the consolidated and separate financial statements, the insurance contract liabilities for the Group amounted to N3.22 billion (Company: N3.17 billion) [2015: Group – N3.61 billion Company – N3.54 billion].	Our procedures included the following among others: • We reviewed the methodology and processes adopted by management for making reserves in the books of the company. • Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. • We reviewed and benchmarked the valuation method of the insurance contract liabilities with the recommended approach by NAICOM and industry best practice. • We validated the data used in the valuation of the insurance contract liabilities. • We involved Deloitte Actuary in the review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirement of IFRS 4.

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Key Audit Matter	How the matter was addressed in the audit
The Company usually involves an actuary in the determination of its insurance liability on a yearly basis after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary. The insurance and investment contract liabilities were significant to our audit because the balances are material to the financial statements. Also, the valuation of Insurance and investment contract liabilities entails the use of assumptions and estimates which may be subject to management bias in the considerations of data used for the actuarial valuation of the insurance contract liabilities.	• We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. • For the purposes of our audit, we focused our audit effort on the insurance contract liabilities valuation in relation to the assumptions and estimates made by management. We concluded that the actuarial valuation of the insurance contract liabilities appeared appropriate based on our review of the data, assumptions and basis of estimates.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report, which we obtained prior to the date of this auditor's report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP I17 LFN 2004, circulars and guidance issued by the National Insurance Commission (NAICOM), Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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Report on Other Legal and Regulatory Requirements
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 Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

The Company contravened certain sections of the Insurance Act; NAICOM circulars and guidelines; rules and regulations of the Securities and Exchange Commission; and rules and regulations of the Nigeria Stock Exchange with respect to its activities in 2016. The particulars thereof and penalties paid are as disclosed in Note 47 to the financial statements.

For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
19 July, 2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

Engagement partner: Michael Daudu
FRC/2013/ICAN/00000000845

1 GENERAL INFORMATION

1.1 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 standards and amendments that will be effective for reporting period that begin 1 January 2016

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these consolidated financial statements as summarised in the table below:

Standard	Effective date	Details
IFRS 14 Regulatory Deferral Accounts	1-Jan-16	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. This standard does not impact on the consolidated financial statements as the Group does not provide services subject to rate regulation and in addition, the group has applied IFRS 1 in prior year when converting to IFRS.

Standard	Effective date	Details
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	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.
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	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 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. Based on the assessment, it was noted that none of its intangible assets or property, plant and equipment are being amortised or depreciated based on revenue.

Standard	Effective date	Details
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Effective for annual periods beginning on or after 1 January 2016	The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. For the purpose of bringing bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as a living plant that:i. is used in the production or supply of agricultural produce;ii. is expected to bear produce for more than one period; andiii. has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16.
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Effective for annual periods beginning on or after 1 January 2016	The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. 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 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement 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 Group has assessed the impact of this amendment in its financial statements and noted that this amendment does not affect the entity's accounting treatment of its investment in its subsidiary.
Disclosure Initiative (Amendments to IAS 1)	Effective for annual periods beginning on or after 1 January 2016	The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. Disclosure Initiative (Amendments to IAS 1) makes the following changes: i. Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply. ii Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Standard	Effective date	Details
		iii. Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Effective for annual periods beginning on or after 1 January 2016	The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. Investment Entities: The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also states that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. In addition, when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. In addition, an investment entity measuring all of its subsidiaries at fair value must provide the disclosures relating to investment entities as required by IFRS 12.

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.

Annual Improvements to IFRSs 2012 - 2014 Cycle
(Effective for annual periods beginning on or after 1 January 2016, 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 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal.	The amendment introduces specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to hold for distribution to owners (or vice versa). The amendment clarifies that such a change is considered as a continuation of the original plan of disposal and accordingly an entity should not apply paragraphs 27-29 of IFRS 5 regarding changes to a plan of sale in those situations.
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	The amendment provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. Also, the amendment clarifies that the offsetting disclosures are not specifically required for all interim periods.
IAS 19 Employee Benefits	Discount rate: regional market issue	The amendment clarifies that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The basis for conclusions to the amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level which is consistent with the currency in which the benefits are to be paid. For currencies for which there is no deep market in such high quality bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency should be used
IAS 34 Interim Financial Reporting	Disclosure of information included 'elsewhere in the interim financial report'	The amendments clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended 31 December 2016

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 2016:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- IFRS 16 Leases
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Additional disclosure on changes in financing activities
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 upon applying IFRS 9

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.

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 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 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 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.

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

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.

IFRS 16 Leases

IFRS 16 Leases was issued, it specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date of this standard is 1 January 2018

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
IAS 12 Income Taxes was amended to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments to IAS 7 Additional disclosure on changes in financing activities
IAS 7 was amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

IFRS 2 was amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share based payment transactions from cash-settled to equity-settled.

Effective date is 1 January 2018

Amendments to IFRS 4 upon applying IFRS 9
IFRS 4 Insurance Contracts was amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

i. an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
ii. an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. Overlay approach to be applied when IFRS 9 is first applied.

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

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties, and potentially give rise to different results under different assumptions and conditions.

Except for the changes explained in Note 2 above, the Group has consistently applied the following accounting policies to all periods presented in the financial statement.

(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, 2016.

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.

(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.

(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.

(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;

See Note 56 for assets allocation that covers policy holders' funds.

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 3.22(1)(a) on accounting policy for unexpired risk and unearned premium.

(f) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated financial statements.
The Group has adopted the following new standards, including any consequential amendments to the other standards, with a date of initial application of 1 January 2013.

(i) IFRS 13 Fair value measurement
(ii) Disclosures - Offsetting financial assets and financial liabilities (Amendment to IFRS 7)

(g) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determinating whether control over and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

(i) Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company, but the Company has included new disclosures in the financial statements, which are required under IFRS 13.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that its probable that future taxable profits will be available against which they can be used. 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 finnacial assets 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 acqusition 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.

(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 lended 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.

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

Financial assets

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

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 31days, 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.

- 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 loses 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.

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 depreciated.

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

		Years
Buildings	-	40
Furniture and equipment	-	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.

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.

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.

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.

(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 polices 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 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.

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 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 = Ultimate claim amount minus paid claims till date minus 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.

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)

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.

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 3.27 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
As at 31 December 2016

In thousands of Naira		Group		Company	
	Notes	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Assets					
Cash and bank balances	5	1,717,895	2,783,162	1,572,473	2,655,803
Financial assets	6	1,702,256	1,135,760	1,702,256	1,135,760
Trade receivables	7	52,509	66,853	16,264	23,746
Reinsurance assets	8	342,340	437,554	342,340	437,554
Deferred acquisition cost	9	52,762	108,104	52,762	108,104
Finance lease receivable	10	-	21,192	-	21,192
Other receivables and prepayments	11	157,590	123,560	169,821	166,450
Investment in subsidiary	12	-	-	183,556	187,527
Investment properties	13	4,565,408	4,522,983	4,565,408	4,522,983
Intangible assets	14	2,144	61,053	2,144	61,053
Property, plant and equipment	15	902,807	936,609	756,180	782,902
Deferred tax asset	25	6,033	6,033	6,033	6,033
Statutory deposit	16	500,000	500,000	500,000	500,000
Total assets		10,001,744	10,702,863	9,869,237	10,609,107
Liabilities					
Insurance contract liabilities	17	2,433,909	2,884,878	2,379,460	2,813,013
Investment contract liabilities	18	789,499	726,262	789,499	726,262
Trade payables	19	41,992	30,297	41,992	30,297
Retirement benefit obligation	20	2,406	3,097	2,406	3,097
Short term borrowing	21	519,893	-	519,893	-
Provisions and other payables	23	590,526	471,422	579,368	464,563
Deposit for shares	24	50,050	500,000	-	500,000
Deferred tax liabilities	25	12,446	9,730	4,840	2,782
Current income tax liabilities	26	131,040	190,529	126,501	187,253
Total liabilities		4,571,761	4,816,215	4,443,959	4,727,267
Net assets		5,429,983	5,886,648	5,425,278	5,881,840
Equity					
Share capital	27	1,913,742	1,913,742	1,913,742	1,913,742
Share premium	28	3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve	29	796,149	750,537	796,149	750,537
Retained earnings	30	(993,469)	(472,769)	(949,649)	(428,950)
Assets revaluation reserve	31	600,176	581,651	554,372	535,847
Total equity attributable to owners of the Company		5,427,262	5,883,825	5,425,278	5,881,840
Non-controlling interest		2,721	2,823	-	-
Shareholder's fund		5,429,983	5,886,648	5,425,278	5,881,840

These financial statements were approved by the Board of Directors on 21 June, 2017 and signed on its behalf by:

Mr. Bade Aluko
Chairman
FRC/2016/IODN/00000015579

Mrs. Cecilia .O. Osipitan
Managing Director/CEO
FRC/2012/CIIN/0000000596

Additional certification by:

Mr. Lekan Popoola
Chief Financial Officer
FRC/2014/ICAN/00000008933

Consolidated and separate statement of profit or loss and other comprehensive income

		Group		Company	
In thousands of Naira	Notes	**31-Dec-16**	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Gross premium written	32	2,208,815	3,171,145	2,124,553	3,077,846
Change in unearned premium	32(a)	491,304	(206,737)	469,228	(175,559)
Earned premium income	32(a)	2,700,119	2,964,408	2,593,781	2,902,287
Reinsurance expense	32(a)	(483,912)	(442,012)	(483,912)	(442,012)
Net insurance premium revenue		**2,216,207**	**2,522,396**	**2,109,869**	**2,460,275**
Commission income	33	105,038	88,523	105,038	88,523
Net underwriting Income		**2,321,245**	**2,610,919**	**2,214,907**	**2,548,798**
Net claims expense	34	1,543,701	1,090,166	1,488,843	1,016,490
Acquisition expenses	35	311,414	376,140	305,952	372,442
Maintenance costs	36	185,633	241,393	185,633	241,393
Underwriting expenses		**2,040,748**	**1,707,699**	**1,980,428**	**1,630,325**
Underwriting results		**280,497**	**903,220**	**234,479**	**918,473**
Investment income	37	306,572	381,481	297,560	366,922
Net fair value gains on assets measured at fair value through profit or loss:	38	(60,411)	73,983	(60,411)	73,983
Other operating income	39	154,683	14,446	154,683	14,446
Management expenses	40	(1,238,880)	(1,170,168)	(1,181,699)	(1,099,471)
Profit or loss on investment contract	18(d)	130,618	71,093	130,618	71,093
Results of operating activities		**(426,921)**	**274,055**	**(424,770)**	**345,446**
Impairment losses	41	(15,849)	(24,506)	(19,819)	(61,979)
(Loss)/ Profit before taxation		**(442,770)**	**249,549**	**(444,589)**	**283,467**
Income tax	26	(32,420)	276,987	(30,498)	254,960
(Loss)/ Profit after taxation		**(475,190)**	**526,536**	**(475,087)**	**538,427**
Other comprehensive income, net of tax					
Items within OCI that will not be reclassified to the profit or loss:					
Gain on revaluation of property,	31	20,583	75,834	20,583	27,817
Tax on gain on revaluation of property, plant and equipment	31	(2,058)	(12,035)	(2,058)	(2,782)
Other comprehensive income		**18,525**	**63,799**	**18,525**	**25,035**
Total comprehensive income for the year		**(456,665)**	**590,335**	**(456,562)**	**563,462**
(Loss)/ Profit attributable to:					
Shareholders		(475,088)	527,771	(475,087)	538,427
Non-controlling interest		(102)	(1,235)	-	-
		(475,190)	**526,536**	**(475,087)**	**538,427**
Total comprehensive income					
Shareholders		(456,563)	590,600	(456,562)	563,462
Non-controlling interest		(102)	(265)	-	-
		(456,665)	**590,335**	**(456,562)**	**563,462**
Earnings per share					
- Basic (loss)/earnings per share (k)	42	(12.41)	13.79	(12.41)	14.07
- Diluted (loss)/ earning per share	42	(12.41)	13.79	(12.41)	14.07

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Group

2016	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable parent's	Non-Controlling interest	Total equity
Balance at 1 January 2016	1,913,742	3,110,664	581,651	750,537	(472,769)	5,883,825	2,823	5,886,648
Total comprehensive income for the year								
Profit or loss for the year	-	-	-	-	(475,088)	(475,088)	(102)	(475,190)
Other comprehensive income, net of tax:								
Revaluation of property in use by the company	-	-	18,525	-	-	18,525	-	18,525
Total other comprehensive income for the year	-	-	18,525	-	-	18,525	-	18,525
Total comprehensive income for the year	-	-	18,525	-	(475,088)	(456,563)	(102)	(456,665)
Transaction with owners, recorded directly								
Transfer to contingency reserve	-	-	-	45,612	(45,612)	-	-	-
Total contributions by and distributions to	-	-	-	45,612	(45,612)	-	-	-
Balance as at 31 December 2016	1,913,742	3,110,664	600,176	796,149	(993,469)	5,427,262	2,721	5,429,983

Group
2015

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable 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
Total comprehensive income for the year								
Profit or loss for the year	-	-	-	-	527,771	527,771	(1,235)	526,536
Other comprehensive income, net of tax:								
Revaluation of property in use by the company	-	-	64,064	-	-	64,064	(265)	63,799
Total other comprehensive income for the year	-	-	64,064	-	-	64,064	(265)	63,799
Total comprehensive income for the year	-	-	64,064	-	527,771	591,835	(1,500)	590,335
Transaction with owners, recorded directly in equity:								
Acquisition during the year								
Reconciliation of non controlling interest								
Transfer to contingency reserve	-		-	124,324	(124,324)	-	-	-
	-	-	-	124,324	(124,324)	-	-	-
Total contributions by and distributions to equity holders								
Balance as at 31 December 2015	1,913,742	3,110,664	581,651	750,537	(472,769)	5,883,825	2,823	5,886,648

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Company 2016	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total Equity
Balance at 1 January 2016	1,913,742	3,110,664	535,847	750,537	(428,950)	5,881,840
						-
Total comprehensive income for the year						-
Profit or loss for the year	-	-	-	-	(475,087)	(475,087)
Other comprehensive income, net of tax:						
Revaluation of property in use by Company	-	-	18,525	-	-	18,525
Total other comprehensive income for the year	-	-	18,525	-	-	18,525
Total comprehensive income for year	-	-	18,525	-	(475,087)	(456,562)
Transaction with owners, recorded directly in equity:						
Transfer to contingency reserve	-	-	-	45,612	(45,612)	-
Total contributions by and distributions to equity holders	-	-	-	45,612	(45,612)	-
Balance as at 31 December 2016	1,913,742	3,110,664	554,372	796,149	(949,649)	5,425,278

Company

2015

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

Consolidated and Separate Statement of Cash Flows

In thousands of Naira

		Group		Company	
	Notes	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Cash flows from operating activities:					
Cash premium received		2,223,159	2,949,657	2,132,035	2,905,831
Reinsurance premium paid		(493,219)	(624,549)	(493,219)	(624,549)
Gross benefit and claims paid		(1,648,932)	(1,164,836)	(1,598,735)	(1,091,160)
Reinsurance recoveries		257,554	206,561	257,554	206,561
Commission paid		(256,072)	(386,418)	(250,610)	(382,720)
Maintenance expenses paid		(185,633)	(241,393)	(185,633)	(241,393)
Commission received		123,127	88,523	123,127	88,523
Cash from deposit Administration		47,832	144,360	47,832	144,360
Cash received/paid to intermediaries and other suppliers		(476,048)	(806,229)	(425,417)	(848,288)
Cash paid to employees		(552,729)	(578,930)	(527,183)	(556,465)
Cash used in operations		(960,961)	(413,254)	(920,249)	(399,300)
Income tax paid	26	(91,250)	(40,657)	(91,250)	(40,657)
Net cash used in operating activities		(1,052,211)	(453,911)	(1,011,499)	(439,957)
Cash flows from investing activities:					
Purchases of property, plant and equipment	15	(21,622)	(59,932)	(21,335)	(59,932)
Proceed from disposal of property, plant and equipment		6,266	958	6,266	958
Finance lease repayment proceeds		21,192	126,471	21,192	126,471
Purchase of financial assets		(919,479)	-	(919,479)	-
Proceeds from disposal and redemption of financial assets		255,127	-	255,127	-
Dividend received		23,302	31,629	23,302	31,629
Interest received		540,841	303,337	531,829	288,778
Rent received		36,517	46,515	36,517	46,515
Net cash (used in)/provided by investing activities		(57,856)	448,978	(66,581)	434,419
Cash flows from financing activities:					
Proceeds from borrowings		494,750	-	494,750	-
Repayment of deposit for shares		(500,000)	-	(500,000)	
Additional deposit for share		50,050	500,000	-	500,000
Finance lease repayment	23	-	(68,812)	-	(68,812)
Net cash provided by/ (used in) financing activities		44,800	431,188	(5,250)	431,188
Cash and cash equivalent at beginning of year		2,783,162	2,356,907	2,655,803	2,230,153
Net (decrease)/ increase in cash and cash equivalent		(1,065,267)	426,255	(1,083,330)	425,650
Cash and cash equivalent at end of year	5	1,717,895	2,783,162	1,572,473	2,655,803

Notes to the financial statements

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
5 Cash and bank balances				
Cash at bank and in hand	461,772	849,265	459,910	849,235
Cash book overdraft	(413,365)	(353,210)	(413,365)	(353,210)
Short-term bank deposits (note 5.1)	1,779,829	2,389,264	1,636,269	2,261,935
Cash and cash equivalent	1,828,236	2,885,319	1,682,814	2,757,960
Less:				
Allowance for Impairment (note 5.2)	(110,341)	(102,157)	(110,341)	(102,157)
	1,717,895	**2,783,162**	**1,572,473**	**2,655,803**

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 12.7% (2015: 10.3%). 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 in prior year. During software changeover, ledger balances were being duplicated and this led to opening balance differences. The movement in the impairment balance at year end relates to some provision written back on bank balances and an additional impairment charge on placement with Resort savings and Loans Plc.

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Movement in allowance for impairment				
At 1 January	102,157	54,496	102,157	54,496
Additional impairment	16,884	51,382	16,884	51,382
Impairment written back	(8,700)	(3,721)	(8,700)	(3,721)
	110,341	**102,157**	**110,341**	**102,157**

6 Financial assets

Financial assets comprise of;

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Held to maturity (see note (a) below)	926,918	297,912	926,918	297,912
Loans and receivables (see note (b) below)	82,127	71,334	82;127	71,334
Available-for-sale (see note (c) below)	187,192	157,659	187,192	157,659
Fair value through profit and loss (see note (d) below)	506,019	608,855	506,019	608,855
	1,702,256	**1,135,760**	**1,702,256**	**1,135,760**
Current	1,009,045	369,245	1,009,045	369,245
Non-current	693,211	766,515	693,211	766,515
	1,702,256	**1,135,760**	**1,702,256**	**1,135,760**

(a) **Held to maturity**

Government Bond	266,855	9,113	266,855	9,113
Treasury bills	639,850	-	639,850	-
Placements with financial institutions	20,213	288,799	20,213	288,799
	926,918	297,912	926,918	297,912

Notes to the financial statements

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

In thousands of Naira	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
Loan to policy holders	91,268	78,629	91,268	78,629
Staff Loans	3,436	3,436	3,436	3,436
	94,704	82,065	94,704	82,065
Impairment (see note (b)(ii) below)	(12,577)	(10,731)	(12,577)	(10,731)
	82,127	71,334	82,127	71,334

(ii) The movement in allowance for impairment losses is as follows:

	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
At 1 January	10,731	10,285	10,731	10,285
Addition during the year	1,846	446	1,846	446
At 31 December	12,577	10,731	12,577	10,731

(c) Available-for-sale financial assets

	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
Unlisted equity securities at cost (see note(c)(i) below)	**187,192**	**157,659**	**187,192**	**157,659**

(i) 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-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
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 Nigeria Aluminum Extrusions Limited	11,394	11,394	11,394	11,394
Investment in Sterling Assurance Nigeria Limited	82,225	82,225	82,225	82,225
Energy and Allied Investment	30,491	19,644	30,491	19,644
Waica Reinsurance Plc (see note c(ii))	18,686	-	18,686	-
	187,192	**157,659**	**187,192**	**157,659**

(ii) Investment in Waica Reinsurance Plc represents GNI Plc's investment in the entity at a cost of $61,267 and which was valued in naira at year end at a closing rate of N305/$1.

(d) Fair value through profit and loss investment securities

In thousands of Naira	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
Listed equities	608,855	604,339	608,855	604,339
Fair value gain/ (Loss)	(102,836)	4,516	(102,836)	4,516
	506,019	**608,855**	**506,019**	**608,855**

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.

Notes to the financial statements

(e) Movement schedule of financial assets

2016

In thousands of Naira	**Held to maturity**	**Loans and receivables**	**Available -for-sale**	**Fair value through profit or loss**	**Total**
At 1 January	297,912	71,334	157,659	608,855	1,135,760
Additions	909,220	12,639	10,259	-	932,118
Foreign exchange gain			7,348		7,348
Bonus	-	-	11,926		11,926
Redemption	(255,127)	-	-	-	(255,127)
Interest accrued	10,011				10,011
Interest received	(35,098)				(35,098)
Fair value gain/loss	-	-	-	(102,836)	(102,836)
Impairment	-	(1,846)	-	-	(1,846)
At 31 December	926,918	82,127	187,192	506,019	1,702,256

7 Trade receivables

(a) Trade receivables comprise:

	Group		**Company**	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Due from agents	174,812	215,926	174,812	172,819
Due from brokers	1,055,357	1,034,245	1,055,357	1,034,245
Due from insurance companies	273,058	267,400	236,813	267,400
	1,503,227	1,517,571	1,466,982	1,474,464
Impairment allowance (see note (b) below)	(1,450,718)	(1,450,718)	(1,450,718)	(1,450,718)
	52,509	**66,853**	**16,264**	**23,746**

(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	1,450,718	1,450,718	1,450,718	1,450,718

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, 2017 in accordance with the no premium no cover guideline issued by the National Insurance Commission.

(i) The age analysis of trade receivables as at the end of the year was as follows:

Gross premium	**Group**		**Company**	
Days	**31-Dec-16**	**31-Dec-15**	**31-Dec-16**	**31-Dec-**
0 - 90 days	52,509	153,663	16,264	153,663
91 - 180 days	-	-	-	-
Over 180 days	1,450,718	1,320,801	1,450,718	1,320,801
	1,503,227	1,474,464	1,466,982	1,474,464

Notes to the financial statements

8 Reinsurance assets

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Reinsurance recoveries-General business	180,433	220,897	180,433	220,897
Prepaid re-insurance-Life business	12,105	21,964	12,105	21,964
Prepaid re-insurance- General business	125,583	77,357	125,583	77,357
Minimum and deposit premium- General business	24,219	41,584	24,219	41,584
Balance due from reinsurance brokers	4,229	75,752	4,229	75,752
	346,569	437,554	346,569	437,554
Impairment allowance (see note (8iii)	(4,229)	-	(4,229)	-
	342,340	**437,554**	**342,340**	**437,554**
Current	342,340	437,554	342,340	437,554
Non-current	-	-	-	-
	342,340	**437,554**	**342,340**	**437,554**

(b) The Company conducted an impairment review of the reinsurance assets and arrive at an impairment charge of N4.2 million. 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 insurance contracts and it approximates the fair value at the reporting date.

(c) Reinsurance assets consists of the following:

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Prepaid reinsurance	137,688	99,321	137,688	99,321
Reinsurance share of IBNR	87,512	71,432	87,512	71,432
Claim recoverable	92,921	225,217	92,921	225,217
Minimum and deposit premium prepaid	24,219	41,584	24,219	41,584
	342,340	**437,554**	**342,340**	**437,554**
i **Movement in prepaid reinsurance**				
Balance at 1 January	99,321	75,464	99,321	75,464
Additions in the year	480,425	454,025	480,425	454,025
Amortised in the year-reinsurance expense	(442,328)	(430,168)	(442,328)	(430,168)
Balance at 31 December	**137,688**	**99,321**	**137,688**	**99,321**
ii **Movement in minimum and deposit premium**				
At 1 January	41,854	11,844	41,854	11,844
Additions in the year	24,219	41,854	24,219	41,854
Amortised in the year-reinsurance expense	(41,854)	(11,844)	(41,854)	(11,844)
At 31 December	**24,219**	**41,854**	**24,219**	**41,854**
iii **Movement in impairment allowance**				
At 1 January	-	-	-	-
Additional charge	4,229	-	4,229	-
At 31 December	**4,229**	-	**4,229**	-

Notes to the financial statements

9 Deferred acquisition cost

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

In thousands of Naira	Group		Company	
General business	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Deferred acquisition cost- Fire	13,132	4,576	13,132	4,576
Deferred acquisition cost- Gen. Accident	16,587	19,987	16,587	19,987
Deferred acquisition cost- Motor	10,973	10,727	10,973	10,727
Deferred acquisition cost- Marine	7,057	3,309	7,057	3,309
Deferred acquisition cost- Bond	-	211	-	211
Deferred acquisition cost- Engineering	-	855	-	855
Deferred acquisition cost- Oil & Gas	5,013	6,570	5,013	6,570
Deferred acquisition cost- Workmen's compensation	-	20	-	20
	52,762	46,255	52,762	46,255
Life Business	-	61,849	-	61,849
	52,762	**108,104**	**52,762**	**108,104**
Current	52,762	108,104	52,762	108,104
Non- current	-	-	-	-
	52,762	**108,104**	**52,762**	**108,104**

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

At 1 January	108,104	97,826	108,104	97,826
Additions during the year	256,072	386,418	250,610	382,720
Amortisation during the year	(311,414)	(376,140)	(305,952)	(372,442)
At 31 December	**52,762**	**108,104**	**52,762**	**108,104**

10 Finance lease receivable

Finance lease receivable comprise:

Gross investment in finance lease (See note 10 a below)	-	33,444	-	33,444
Unearned finance income	-	(12,252)	-	(12,252)
Net investment in finance lease	**-**	**21,192**	**-**	**21,192**
Current	-	21,192	-	21,192
Non- current	-	-	-	-
	-	**21,192**	**-**	**21,192**

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 financial statements

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

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
At 1 January	33,444	159,915	33,444	159,915
Repayment during the year	(33,444)	(126,471)	(33,444)	(126,471)
At 31 December	-	33,444	-	33,444

11 Other receivables and prepayments

(a) Other receivables and prepayments comprise:

Prepayment	27,604	36,530	22,105	29,729
Stock and inventory	7,541	7,542	7,541	7,542
Dividend receivable	2,567	2,567	2,567	2,567
Staff advances	27,022	23,663	27,022	23,663
Rent receivable	111,786	99,998	111,786	99,998
Receivable from former Wema Bank Group (See note a (i) below)	84,908	84,908	84,908	84,908
Intercompany receivables	-	-	17,730	49,691
Deposit for investments (see note a (ii) below)	102,094	102,094	102,094	102,094
Other receivables (see note a (iii) below)	168,999	139,600	168,999	139,600
	532,521	496,902	544,752	539,792
Impairment allowance (see note (b) below)	(374,931)	(373,342)	(374,931)	(373,342)
	157,590	**123,560**	**169,821**	**166,450**
Current	157,590	123,560	169,821	166,450
Non-current	-	-	-	-
	157,590	**123,560**	**169,821**	**166,450**

(i) 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.

(ii) 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.

(iii) Other receivables include balance due from Allied Bank Plc and Withholding tax. Allowance has been made on the account balance.

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

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
At 1 January	373,342	597,786	373,342	597,786
Write off during the year	-	(200,000)	-	(200,000)
Write back during the year	-	(86,832)	-	(86,832)
Addition during the year	1,589	62,388	1,589	62,388
At 31 December	374,931	373,342	374,931	373,342

Notes to the financial statements

12 Investment in subsidiary

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
At 1 January	-	-	187,527	225,000
Impairment allowance	-	-	(3,971)	(37,473)
At 31 December	**-**	**-**	**183,556**	**187,527**

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

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
At 1 January	4,522,983	4,453,516	4,522,983	4,453,516
Fair value gain	42,425	69,467	42,425	69,467
At 31 December	**4,565,408**	**4,522,983**	**4,565,408**	**4,522,983**

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

In thousands of Naira Investment properties location	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
GNI House, Alagbaka Road Akure	336,685	336,685	336,685	336,685
GNI House, Along Onikolobo Road, Panseke, Abeokuta	214,200	214,200	214,200	214,200
GNI House, 47/57 Martins street, Off Broad Street Marina Lagos (see note 13b)	2,550,875	2,550,875	2,550,875	2,550,875
GNI House, 39/41 Martins street, Off Broad Street Marina Lagos	469,561	464,912	469,561	464,912
GNI House, No. 11 Malanje Street, Wuse Zone 4 Abuja	331,500	331,450	331,500	331,450
Oregun Warehouse, Plot 13-17, Morrison Crescent Oregun Lagos	517,401	512,278	517,401	512,278
GNI House, No. 13, West Arbour Street London E1 OPQ U.K	145,186	112,583	145,186	112,583
	4,565,408	4,522,983	4,565,408	4,522,983

(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 maintained at the value it was in prior year - N2.25b. 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 2016.

Notes to the financial statements

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.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
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.	-Prices per square meter -Rate of development in the area -Quality of the building. -Influx of people and/or businesses to the area	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).

(d) The impairment allowance represents the extent of loss suffered by the entity on the fire afftected property at 47/57 Martins Street, Marina, Lagos. The extent of loss is based on the cost of restoration as determined by the entity's consultant - Goldhedges Limited and as used by Loss Adjusters - Corporate Loss Adjusters Limited and International Loss Adjusters (West Africa Limited) for the determination of claim on the property from the insurance company with which the property was insured.

14 Intangible assets

(a) *In thousands of Naira*

	Group Purchased Computer Software		Company Purchased Computer Software	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Cost:				
At 1 January	229,382	229,382	199,382	199,382
At 31 December	229,382	229,382	199,382	199,382
Amortisation:				
At 1 January	168,329	78,215	138,329	78,215
Amortisation charge	58,909	90,114	58,909	60,114
At 31 December	227,238	168,329	197,238	138,329
Carrying amount	**2,144**	**61,053**	**2,144**	**61,053**

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

Notes to the financial statements

15 Property, plant and equipment

(a) Group

In thousands of Naira

	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE & EQUIPMENT	TOTAL
Cost								
At 1 January 2016	498,988	443,133	36,549	103,515	332,663	93,049	108,543	1,616,440
Revaluation gains	17,303	8,097	-	-	-	-	-	25,400
Additions	-	-	739	2,477	6,278	5,742	6,386	21,622
Disposals	-	-	-	-	(18,963)	-	-	(18,963)
At 31 December 2016	516,291	451,230	37,288	105,992	319,978	98,791	114,929	1,644,499
Accumulated depreciation								
At 1 January 2016	61,153	66,465	18,599	90,801	263,173	88,811	90,829	679,831
Disposal	-	-	-	-	(13,338)	-	-	(13,338)
Eliminated on revaluation	2,680	2,137	-	-	-	-	-	4,817
Charge for the year	12,475	11,078	3,852	7,259	28,278	3,076	4,364	70,382
At 31 December 2016	76,308	79,680	22,451	98,060	278,113	91,887	95,193	741,692
Carrying amount								
At 31 December 2016	**439,983**	**371,550**	**14,837**	**7,932**	**41,865**	**6,904**	**19,736**	**902,807**
At 1 January 2016	**437,835**	**376,668**	**17,950**	**12,714**	**69,490**	**4,238**	**17,714**	**936,609**

i. The Group had no capital commitments as at year end (31 December 2015: Nil)
ii. The Group's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valuers on 31 December 2016 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 financial statements

(b) Property, plant and equipment

Company

In thousands of Naira

	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE & EQUIPMENT	TOTAL
Cost								
At 1 January 2016	458,082	332,691	29,825	100,981	323,773	93,049	108,543	1,446,944
Revaluation gain	17,303	8,097	-	-	-	-	-	25,400
Additions	-	-	607	2,322	6,278	5,742	6,386	21,335
Disposals	-	-	-	-	(18,963)	-	-	(18,963)
At 31 December 2016	475,385	340,788	30,432	103,303	311,088	98,791	114,929	1,474,716
Accumulated depreciation								
At 1 January 2016	60,247	61,024	16,567	88,762	257,802	88,811	90,829	664,042
Charge for the year	11,452	8,317	3,004	6,747	26,055	3,076	4,364	63,015
Disposal	-	-	-	-	(13,338)	-	-	(13,338)
Arising on revaluation	2,680	2,137	-	-	-	-	-	4,817
At 31 December 2016	74,379	71,478	19,571	95,509	270,519	91,887	95,193	718,536
Carrying amount								
At 31 December 2016	**401,006**	**269,310**	**10,861**	**7,794**	**40,569**	**6,904**	**19,736**	**756,180**
At 1 January 2016	**397,835**	**271,667**	**13,258**	**12,219**	**65,971**	**4,238**	**17,714**	**782,902**

Notes to the financial statements

16 Statutory deposit

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

In thousands of Naira	Group	Group	Company	Company
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
General	300,000	300,000	300,000	300,000
Life	200,000	200,000	200,000	200,000
	500,000	**500,000**	**500,000**	**500,000**
Current	-	-	-	-
Non-current	500,000	500,000	500,000	500,000
	500,000	**500,000**	**500,000**	**500,000**

17 Insurance contract liabilities

(a) Insurance liabilities

Notified claims	799,079	766,504	780,903	750,229
Claims incurred but not reported	733,971	726,210	723,975	718,974
Outstanding claims (see note (b) below):	1,533,050	1,492,714	1,504,878	1,469,203
Unearned premiums (see note (c) below)	455,580	965,451	429,303	917,097
Life insurance contract liabilities (see note (d)(i) below)	445,279	426,713	445,279	426,713
	2,433,909	**2,884,878**	**2,379,460**	**2,813,013**
Current	799,079	912,041	780,903	893,207
Non-current	1,634,830	1,972,837	1,598,557	1,919,806
	2,433,909	**2,884,878**	**2,379,460**	**2,813,013**

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 2016.

Notes to the financial statements

(b) Claims reported and IBNR:

31-Dec-16

The claims reported are analysed below:

In thousands of Naira	**Gross claims Outstanding 31-Dec-16**	**Provision for IBNR 31-Dec-16**	**Outstanding Claims 31-Dec-16**
General			
General accidents	133,532	72,131	205,663
Fire	45,607	65,916	111,523
Marine	42,562	6,804	49,366
Motor	28,513	17,677	46,190
Oil and gas	92,219	34,255	126,474
Employer's liability	1,914	4,065	5,979
	344,347	200,848	545,195
Life			
Group life	409,571	523,127	932,698
Individual life	26,985	-	26,985
	436,556	523,127	959,683
Healthcare	18,176	9,996	28,172
	799,079	733,971	1,533,050

31-Dec-15

The claims reported are analysed below:

In thousands of Naira	**Gross claims Outstanding** 31-Dec-15	**Provision for IBNR** 31-Dec-15	**Outstanding Claims** 31-Dec-15
General			
Fire	279,559	61,633	341,192
General accidents	51,220	47,481	98,701
Motor	42,525	20,933	63,458
Marine	22,218	27,472	49,690
Bond	-	290	290
Oil and gas	96,033	20,741	116,774
Employers liability	1,799	1,837	3,636
	493,354	180,387	673,741
Life			
Group life	220,501	534,645	755,147
Individual life	36,374	3,942	40,315
	256,875	538,587	795,462
Healthcare	16,275	7,236	23,511
	766,504	726,210	1,492,714

Notes to the financial statements

General *In thousands of Naira*	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
Gross provision for outstanding claims	344,347	493,354	344,347	493,354
Provision for IBNR	200,848	180,387	200,848	180,387
Provision for outstanding claims - closing	545,195	673,741	545,195	673,741
Provision for outstanding claims - opening	(673,741)	(804,412)	(673,741)	(804,412)
Increase in provision for outstanding claims	(128,546)	(130,671)	(128,546)	(130,671)
Life				
Gross provision for outstanding claims	436,556	256,875	436,556	256,875
Provision for IBNR	523,127	538,587	523,127	538,587
Provision for outstanding claims - closing	959,683	795,462	959,683	795,462
Provision for outstanding claims - opening	(795,462)	(1,183,283)	(795,462)	(1,183,283)
Increase/(decrease) in provision for outstanding claims	164,221	(387,821)	164,221	(387,821)
Health				
Gross provision for outstanding claims	18,176	16,275		
Provision for IBNR	9,996	7,236		
Provision for outstanding claims - closing	28,172	23,511		
Provision for outstanding claims - opening	(23,511)	(1,658)		
Increase in provision for outstanding claims	4,661	21,853		
	40,336	(496,639)	35,675	(518,492)

(c) Unearned premium

Unearned premium comprises:

	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
General				
Fire	99,198	72,819	99,198	72,819
General accidents	83,240	72,502	83,240	72,502
Motor	124,524	111,222	124,524	111,222
Marine	38,999	18,510	38,999	18,510
Employer's liability	1,373	155	1,373	155
Engineering	7,496	-	7,496	-
Bond	746	1,301	746	1,301
Oil and gas	28,379	41,993	28,379	41,993
	383,955	318,502	383,956	318,502
Life				
Group life	45,347	598,595	45,347	598,595
Healthcare	26,278	48,354	-	-
	455,580	**965,451**	**429,303**	**917,097**

Notes to the financial statements

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

In thousands of Naira **2016**	**General**	**Group Life**	**Health Care**	**Combined**
At 1 January	318,502	598,595	48,354	965,451
Increase/(decrease) provision in unearned premium reserve	65,454	(553,248)	(22,076)	(509,870)
At 31 December	383,956	45,347	26,278	455,581

In thousands of Naira **2015**	**General**	**Group Life**	**Health Care**	**Combined**
At 1 January	315,609	514,476	17,176	847,261
Increase/(decrease) provision in unearned premium reserve	2,893	84,119	31,178	118,190
At 31 December	318,502	598,595	48,354	965,451

d(i) ***Life Fund***

In thousands of Naira	**Group 31-Dec-16**	**Group 31-Dec-15**	**Company 31-Dec-16**	**Company 31-Dec-15**
Group life fund	6,135	940	6,135	940
Individual life fund	439,144	425,773	439,144	425,773
	445,279	**426,713**	**445,279**	**426,713**

(d)(ii) The movement in life fund during the year was as follows:

In thousands of Naira **2016**	**Individual Life**	**Group Life**	**Combined**
At 1 January	425,773	940	426,713
Increase in life fund	13,371	5,195	18,566
At 31 December	439,144	6,135	445,279

In thousands of Naira **2015**	**Individual Life**	**Group life**	**Combined**
At 1 January	337,698	468	338,166
Increase in life fund	88,075	472	88,547
At 31 December	425,773	940	426,713

18 Investment contract liabilities

(a) At amortised cost

In thousands of Naira	**Group 31-Dec-16**	**Group 31-Dec-15**	**Company 31-Dec-16**	**Company 31-Dec-15**
Deposit administration	774,095	705,006	774,095	705,006
Guaranteed interest (see note (c) below)	15,404	21,256	15,404	21,256
	789,499	**726,262**	**789,499**	**726,262**
Current	-	-	-	-
Non-current	789,499	726,262	789,499	726,262
	789,499	**726,262**	**789,499**	**726,262**

Notes to the financial statements

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

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
At 1 January	726,262	652,995	726,262	652,995
Additions during the year	52,545	234,178	52,545	234,178
Guaranteed Interest	15,404	21,256	15,404	21,256
Withdrawals	(4,712)	(182,167)	(4,712)	(182,167)
At 31 December	789,499	726,262	789,499	726,262

(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

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Interest income	146,022	92,349	146,022	92,349
Guaranteed Interest	(15,404)	(21,256)	(15,404)	(21,256)
At 31 December	130,618	71,093	130,618	71,093

19 Trade payable

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

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Due to reinsurers	41,992	30,297	41,992	30,297
Current	41,992	30,297	41,992	30,297
Non-current	-	-	-	-
Due to reinsurers	41,992	30,297	41,992	30,297

20 Retirement benefit obligation

This represents the balance of the Company's accruals for gratuity to be paid to its employees on exit from the Company based on its gratuity scheme which was discontinued in 2010. The gratuity 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	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
At 1 January	3,097	13,119	3,097	13,119
Payment during the year	(691)	(10,022)	(691)	(10,022)
At 31 December	**2,406**	**3,097**	**2,406**	**3,097**

21 Short term borrowing

Borrowing carried at amortised cost	**519,893**	-	**519,893**	-

The borrowing represents cash advance of N500m granted to the company by WEMA bank to meet urgent working capital needs. The facility has a tenor of 180 days with 24.5% interest rate. The repayment term is bullet repayment (principal and interest) on or before maturity date. The borrowing is secured on a N539 Million fixed deposit investment with Wema Bank Plc.

Notes to the financial statements

22 Provisions and other payables

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Unearned income (see note (a) below)	29,305	29,305	29,305	29,305
Accrued Supervisory fees	35,570	35,570	35,570	35,570
Pension Payable (see note b) below)	779	-	-	-
Withholding tax payable	7,863	7,505	7,224	7,505
Other accruals and payables	77,247	65,213	77,247	65,213
Provision (see note (c) below)	40,230	40,230	40,230	40,230
Claims fund (see note (d) below)	159,236	159,236	159,236	159,236
Sundry creditors	240,296	134,363	230,556	127,504
	590,526	**471,422**	**579,368**	**464,563**
Current	29,305	29,305	29,305	29,305
Non-current	561,221	442,117	550,063	435,258
	590,526	**471,422**	**579,368**	**464,563**

(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.

(b) **Pension payable**

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
At 1 January	-	20,373	-	20,373
Addition during the year	25,438	28,948	24,124	28,948
Remittance during the year	(24,659)	(49,321)	(24,124)	(49,321)
At 31 December	**779**	-	-	-

(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.

23 Finance lease obligation

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

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
At 1 January	-	68,812	-	68,812
Payments during the year	-	(68,812)	-	(68,812)
At 31 December	-	-	-	-

The analysis of the finance lease obligations was as follows:

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Falling due within one year	-	68,812	-	68,812
Falling due after one year	-	-	-	-
	-	68,812	-	68,812
Future interest	-	(15,368)	-	(15,368)
	-	53,444	-	53,444

(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.

24 Deposit for shares

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
At 1 January	500,000	-	500,000	-
Cash deposited	50,050	500,000	-	500,000
Withdrawal	(500,000)	-	(500,000)	-
At 31 December	50,050	500,000	-	500,000

The deposit for shares represents cash deposited by the shareholders. During the year, the deposit made for Great Nigeria Insurance shares were withdrawn by the prospective shareholders while prospective shareholders made additional deposit for GNI Healthcare share.

25 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:

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Assets:				
Property, plant and equipment	(6,033)	(6,033)	(6,033)	(6,033)
Unrelieved losses	-	-	-	-
Deferred tax assets	(6,033)	(6,033)	(6,033)	(6,033)
Liabilities:				
Property, plant and equipment	12,446	9,730	4,840	2,782
Investment properties	-	-		
Deferred tax liabilities	12,446	9,730	4,840	2,782
Net Deferred tax liabilities/(assets)	**6,413**	**3,697**	**(1,193)**	**(3,251)**

Notes to the financial statements

Group
The movement in temporary differences recognised during the year ended 31 December 2016 is as follows:

In thousands of Naira	Balance as 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at 31 December
Property, plant and equipment	(171,695)	-	2,058	(169,637)
Tax Adjustment	17,838	-	-	17,838
Unrelieved losses	(317,846)	659	-	(317,187)
Investment properties	475,400	-	-	475,400
	3,697	659	2,058	6,414

Company
The movement in temporary differences recognised during the year ended 31 December 2016 is as follows:

In thousands of Naira	Balance as 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at 31 December
Property, plant and equipment	(42,684)	-	2,058	(40,626)
Unrelieved losses	(294,691)	-	-	(294,691)
Investment properties	334,124	-	-	334,124
	(3,251)	-	2,058	(1,193)

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

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

Company

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

In thousands of Naira	Balance as 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at 31 December
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)

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.

26 Taxation

(a) Current income tax liabilities

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

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
At 1 January	190,529	190,327	187,253	188,179
Payments during the year	(91,250)	(40,657)	(91,250)	(40,657)
Income tax expense (see note (b) below)	-	39,731	-	39,731
Minimum tax (see note (c) below)	31,761	1,128	30,498	-
At 31 December	**131,040**	**190,529**	**126,501**	**187,253**
Current	131,040	190,529	126,501	187,253
Non-current	-	-	-	-
	131,040	**190,529**	**126,501**	**187,253**

(b) Income tax expense for the year comprises;

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Corporate income tax charge	-	33,136	-	33,136
Tertiary education tax	192	768	-	768
Information technology levy	-	5,827	-	5,827
	192	39,731		39,731
Deferred tax charge	659	(317,846)	-	(294,691)
	851	**(278,115)**	**-**	**(254,960)**

Notes to the financial statements

(c) Minimum Tax

In thousands of Naira	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
Minimum tax	31,569	1,128	30,498	-
	31,569	1,128	30,498	-
Total	**32,420**	**(276,987)**	**30,498**	**(254,960)**

i **Tax Expense - Group**

In thousands of Naira	31-Dec-16	31-Dec-15
Company Income Tax	-	34,264
Education Tax	192	768
Minimum tax	31,569	-
Current Income tax Charge	31,761	35,032
Deferred Tax Credit/Charge	659	(317,846)
NITDA	-	5,827
	32,420	**(276,987)**
	-	34,264

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 deductable 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.

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

In thousands of Naira

	31-Dec-16		31-Dec-15	
(Loss)/ Profit before tax	100%	(442,770)	100%	249,549
Tax using domestic tax rate	30%	(132,831)	30%	71,012
Non deductible expenses	(11%)	49,958	30%	93,394
Tertiary education tax	0%	192	0%	745
Tax exempt income	6%	(26,397)	(8%)	(23,921)
Tax incentives	24%	(106,820)	(52%)	(140,487)
Minimum tax adjustment	(7%)	31,569	11%	34,351
Information technology levy		-	2%	5,943
	(49%)	216,090	-	-

Notes to the financial statements

i Tax Expense - Company

In thousands of Naira	31-Dec-16 General Business	Life Business	Total	31-Dec-15
Company Income Tax	-	-	-	33,136
Education Tax	-	-	-	768
Minimum tax	13,131	17,367	30,498	
Current Income tax Charge	13,131	17,367	30,498	33,904
Deferred Tax Credit	-	-	-	(294,691)
NITDA	-	-	-	5,827
	13,131	17,367	30,498	(254,960)

The current tax charge has been computed at the applicable rate of 30% (31 December 2016: 30%) plus education tax of 2% (31 December 2016: 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.

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

In thousands of Naira	31-Dec-16 General Business	Life Business	Total	%	31-Dec-15 Total	%
Profit before tax	(10,692)	(433,897)	(444,589)	100%	283,468	100%
Tax using domestic tax rate	(3,208)	(130,169)	(133,377)	30%	85,041	30%
Non-deductible expenses	11,504	38,995	50,499	-11%	105,510	37%
Tertiary education tax	-	-	-	0%	767	0%
Tax exempt income		(6,159)	(26,397)	6%	(20,921)	-7%
Tax incentives	(241)	(106,574)	(106,815)	24%	(158,052)	-56%
Minimum tax adjustment	13,131	17,367	30,498	-7%	33,136	12%
Information technology levy	-	-	-	-	5,827	2%
	12,183	203,907	216,090	-49%	39,890	18%

Notes to the financial statements

27 Share capital

Share capital comprises:

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
(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
Composite business 3,827,484,380 units	**1,913,742**	**1,913,742**	**1,913,742**	**1,913,742**

28 Share premium

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

29 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 net 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.

30 Retained earnings

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

31 Asset revaluation reserve

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

Revaluation reserve comprises

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
At 1 January	581,651	517,587	535,847	510,812
Revaluation gain / Adjustment	20,583	75,834	20,583	27,817
Tax on revaluation of property	(2,058)	(12,035)	(2,058)	(2,782)
Non-controlling interest	-	265	-	-
At 31 December	**600,176**	**581,651**	**554,372**	**535,847**

Notes to the financial statements

32 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.

In thousands of Naira	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
General business				
Fire	327,748	142,870	327,748	142,870
General accidents	312,520	523,690	312,520	523,690
Employer's liability	8,930	5,665	8,930	5,665
Engineering	27,306	22,880	27,306	22,880
Marine	144,728	164,819	144,728	164,819
Bond	1,069	3,719	1,069	3,719
Oil and gas	88,828	178,660	88,828	178,660
Motor	307,175	286,940	307,175	286,940
	1,218,304	1,329,243	1,218,304	1,329,243
Life business				
Individual Life	413,829	339,448	413,829	339,448
Group life	417,721	1,353,630	417,721	1,353,630
Annuity	74,699	55,525	74,699	55,525
	906,249	1,748,603	906,249	1,748,603
GNI Healthcare	84,262	93,299	-	-
Group premium written	**2,208,815**	**3,171,145**	**2,124,553**	**3,077,846**

32a Net insurance premium revenue

Short-term insurance contracts:				
- Gross premium	2,208,815	3,171,145	2,124,553	3,077,846
Changes in unearned premium (see note 17c)	509,870	(118,190)	487,794	(87,012)
Changes in life fund (see note 17d)	(18,566)	(88,547)	(18,566)	(88,547)
Premium revenue arising from insurance contracts issued	**2,700,119**	**2,964,408**	**2,593,781**	**2,902,287**
Short-term reinsurance contract:				
- Reinsurance cost	(483,912)	(442,012)	(483,912)	(442,012)
Net premium revenue ceded to reinsurers on insurance contracts issued	(483,912)	(442,012)	(483,912)	(442,012)
Net insurance premium revenue	**2,216,207**	**2,522,396**	**2,109,869**	**2,460,275**

In thousands of Naira	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
33 Commission income				
- Insurance contracts	**105,038**	**88,523**	**105,038**	**88,523**
34 Net claims and benefits paid				
Insurance claims and loss adjustment expenses				
Gross benefits & claims paid	1,648,932	1,661,475	1,598,735	1,609,652
Gross changes in outstanding claims	40,336	(496,639)	35,675	(518,492)
	1,689,268	1,164,836	1,634,410	1,091,160
Recoverable from re-insurance	(145,567)	(74,670)	(145,567)	(74,670)
Net claims and benefits expenses	**1,543,071**	**1,090,166**	**1,488,843**	**1,016,490**
35 Expenses for the acquisition of insurance and investment contracts				
Costs incurred for the acquisition of general insurance contracts expensed in the year.	114,272	218,320	114,272	218,320
Costs incurred for the acquisition of life insurance contracts expensed in the year.	191,680	154,122	191,680	154,122
Costs incurred for the acquisition of Health insurance contracts expensed in the year.	5,462	3,698	-	-
	311,414	**376,140**	**305,952**	**372,442**
36 Maintenance cost				
Costs incurred for the maintenance of general insurance contracts	80,912	41,407	80,912	41,407
Costs incurred for the maintenance of life insurance contracts	104,721	199,986	104,721	199,986
	185,633	**241,393**	**185,633**	**241,393**
37 Investment income				
Dividend income	23,302	31,629	23,302	31,629
Interest income	234,965	303,337	225,953	288,778
Rental income	48,305	46,515	48,305	46,515
	306,572	**381,481**	**297,560**	**366,922**
Attributable to:				
- Shareholders	165,549	206,000	160,682	198,138
- Policy holders	141,023	175,481	136,878	168,784
	306,572	**381,481**	**297,560**	**366,922**

Notes to the financial statements

	In thousands of Naira	Group		Company	
		31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
38	**Net fair value gains on assets measured at fair value through profit or loss**				
	Net fair value gains on financial assets at fair value through profit or loss	(102,836)	4,516	(102,836)	4,516
	Fair value gains on investment properties	42,425	69,467	42,425	69,467
		(60,411)	**73,983**	**(60,411)**	**73,983**
39	**Other operating income**				
	Profit on disposal of asset	641	889	641	889
	Exchange gain (note 39.1)	106,663	13,035	106,663	13,035
	Other income	47,379	522	47,379	522
		154,683	**14,446**	**154,683**	**14,446**

39.1 Exchange gains of N107 million represents net foreign exchange gains of investments and bank balances held in foreign currency (USD) and (Euro) as at 31 December 2016. The CBN exchange rates for United States Dollar and European Euro to Nigerian Naira as at year end were N304.5/$1 and N321.58/Euro.

40	**Management expenses**	Group		Company	
		31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	Management expenses comprise of:				
(a)	Employee benefit expense				
	Wages and salaries	458,494	456,656	439,721	440,140
	Pension costs - defined contribution plans	25,438	26,111	24,124	25,000
	Other benefits	68,884	86,141	62,647	81,303
		552,816	568,908	526,492	546,443
(b)	Other operating expenses				
	Depreciation	70,382	73,057	63,015	66,566
	Amortisation of intangible assets	58,910	90,114	58,910	60,114
	Auditor's remuneration	26,500	22,000	22,500	18,000
	Bank charges	7,305	9,417	7,305	9,417
	Directors fees and expenses	17,101	26,208	15,747	26,208
	Repairs & maintenance expense	59,421	54,353	58,881	53,865
	Travel and representation	38,822	23,347	38,822	23,347
	Advertising	9,016	5,755	9,016	5,755
	Occupancy expenses	21,454	16,116	21,454	16,116
	Motor vehicle running expenses	607	29,565	607	29,565
	Fees and assessment	17,507	34,199	17,507	34,199
	Office supply and stationery	17,143	26,865	17,143	26,865
	Communication and postages	32,344	35,363	32,344	35,363
	Legal, Professional & Other Charges	118,890	41,089	109,336	41,089
	Insurance	12,786	23,891	12,786	23,891
	Overhead/other administrative expenses	152,733	89,921	144,691	82,668
		660,921	601,260	630,064	553,028
(c)	Finance cost (See note c(i))	25,143	-	25,143	-

Notes to the financial statements

(c)(i) Finance cost represents interest expenses and other transactions costs incurred on the N500 Million borrowings from Wema Bank Plc.

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Management expenses	**1,238,880**	**1,170,168**	**1,181,699**	**1,099,471**

41 Impairment losses

Allowance/(write back) of impairment - Life Business	(588)	(23,879)	3,382	13,594
Allowance/(write back) of impairment - General Business	16,437	48,385	16,437	48,385
Net impairment losses	15,849	24,506	19,819	61,979

42 Earning per share

(Loss)/ Basic diluted earnings 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		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
(Loss)/ Profit attributable to equity holders (N'000)	(475,088)	527,771	(475,087)	538,427
Weighted average number of ordinary shares in issue (thousands)	3,827,485	3,827,485	3,827,485	3,827,485
(Loss)/ Basic earnings per share (Kobo per share)	(12.41)	13.79	(12.41)	14.07

Notes to the financial statements

43 Reconciliation of (loss)/profit before tax to net (used by)/cash provided by operating activities:

In thousands of Naira	Notes	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
(Loss)/profit before tax		(442,770)	249,549	(444,589)	283,467
Adjustment for non-cash items:					
Impairment (write back)/allowances for assets		7,665	(223,153)	11,635	(185,680)
Depreciation on property, plant and equipment	40(b)	70,382	73,057	63,015	66,566
Amortization of intangible assets	40(b)	58,910	90,114	58,910	60,114
Dividend income on equity investments	37	(23,302)	(31,629)	(23,302)	(31,629)
Interest Income	37	(234,965)	(303,337)	(225,953)	(288,778)
Rental income	37	(48,305)	(46,515)	(48,305)	(46,515)
Finance and other income earned		(154,042)	(56,958)	(154,042)	(56,958)
Profit from disposal of fixed assets		(641)	(889)	(641)	(889)
Profit from investment contract liabilities		(130,618)	-	(130,618)	-
Fair value gain on investment properties	38	(42,425)	(69,467)	(42,425)	(69,467)
Fair value loss on FVTPL		102,836	-	102,836	-
Finance cost on borrowing		25,143	-	25,143	-
		(812,132)	(319,228)	(808,336)	(269,769)
Changes in working capital:					
Trade receivables		14,344	(14,751)	7,482	3,544
Changes in financial assets		(12,639)	26,533	(12,639)	26,533
Other receivables and prepayment		(23,832)	152,938	6,828	150,739
Re-insurance asset		90,985	(9,302)	90,985	(9,302)
Deferred acquisition cost		55,342	(10,278)	55,342	(10,278)
Insurance contract liabilities		(450,969)	(289,903)	(433,553)	(342,933)
Investment contract liabilities		47,833	73,267	47,833	73,267
Trade payables		11,695	(41,344)	11,695	(41,344)
Retirement benefit obligation		(691)	(10,022)	(691)	(10,022)
Provisions and other payables		119,103	28,836	114,805	30,265
Cash used by operations		**(960,961)**	**(413,254)**	**(920,249)**	**(399,300)**

Notes to the financial statements

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

	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Chairman	4,579	4,579	4,579	4,579
Highest paid director	30,000	30,000	30,000	30,000

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

	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	Number	Number	Number	Number
₦1,400,001 - ₦1,500,000	-	-	-	-
₦1,700,001 - ₦1,800,000	-	-	-	-
Above ₦1,800,000	3	3	3	3
	3	3	3	3

45 Actuarial valuation

(a) The latest available actuarial valuation of the life business was performed as at 31 December 2016. 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 2016 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%.

(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.

Notes to the financial statements

46 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.

In thousands of Naira		2016 **31-Dec**	2015 **31-Dec**
Sales of insurance contracts :	***Relationship***		
Premium	Key Mgt. Personnel	8,945	8,945
Receivables			
GNI Healthcare Limited	Subsidiary	7,489	7,489
Key management personnel compensation for the year comprises:			
Short term employee benefit		52,200	52,200
Post employee benefit		-	-

47 Contravention of circulars, guidelines and regulations

The Group contravened the following guidelines during the year:

Nature of Contravention	**Penalty** N	**Regulatory body**	**Status**
Late Submission of 2014 audited account	3,800,000	NSE	Paid
Late filling of 2014 audited financial statements	5,065,625	SEC	Paid
Late filling of 2015 audited financial statements	665,000	NAICOM	Paid
Non filing/delay in filing of returns (2014-2015)	6,209,375	SEC	Paid
Late Submission of Oil & Gas Treaty Arrangement	250,000	NAICOM	Paid
Late Submission of Financial Strength rating of Foreign Reinsurers	250,000	NAICOM	Paid
Late submission of 4th Qtr Reinsurance Premium Remittance	250,000	NAICOM	Paid
Late Submission of Board Resolution on Approved Maximum Exposure	250,000	NAICOM	Paid
Penalty of NAICOM/AML/Compliance Examination	100,000	NAICOM	Paid
	16,840,000		

48 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

Notes to the financial statements

49 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 N287m in 2016 (2015: 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 22).

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.

50 Solvency Margin

The Company's solvency margin for its composite business as at 31 December 2016 was N5.28 billion. This is N281 million above the required minimum solvency margin of N5 billion for composite business based on the most recent regulatory guidelines.

51 Comparative

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

52 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 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 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.

Notes to the financial statements

(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 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.

In thousands of naira	Group 31-Dec-16	Group 31-Dec-15	Company 31-Dec-16	Company 31-Dec-15
Financial instruments	1,702,256	1,135,760	1,702,256	1,135,760
Other receivables	157,590	123,560	169,821	166,450
Reinsurance assets	342,340	437,554	342,340	437,554
Trade receivables	52,509	66,853	16,264	23,746
Cash and cash equivalents	1,717,895	2,783,162	1,572,473	2,655,803
	3,972,590	**4,546,889**	**3,803,154**	**4,419,313**

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

	Group		Company	
In thousands of naira	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Gross Amount				
Neither past due nor impaired	-	-		
Past due but not impaired	52,509	66,853	16,264	23,746
Impaired	1,450,718	1,450,718	1,450,718	1,450,718
Total	1,503,227	1,517,571	1,466,982	1,474,464
Impairment				
Neither past due nor impaired	-	-	-	-
Past due but not impaired	-	-	-	-
Impaired	1,450,718	1,450,718	1,450,718	1,450,718
Total	1,450,718	1,450,718	1,450,718	1,450,718
Carrying Amount	**52,509**	**66,853**	**16,264**	**23,746**

Notes to the 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 financial statements

The Group's counterparty exposure as at 31 December 2016 is represented below:

Group portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,700,029,071	98%
Investment House	28,623,451	2%

The Company's counterparty exposure as at 31 December 2016 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,606,518,583	98%
Investment House	28,623,451	2%

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

Group portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	2,053,270	83%
Investment House	433,168	17%

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

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,928,772	82%
Investment House	433,168	18%

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.

Notes to the financial statements

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.

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.

31-Dec-16
In thousands of Naira

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	327,748,070	182,105,522	145,642,548
General Accident	312,520,772	142,467,740	170,053,032
Marine	144,728,343	64,293,955	80,434,388
Engineering	27,305,668	17,305,006	10,000,662
Bond	1,068,609	340,089	728,520
Travel Insurance	88,827,677	20,784,812	68,042,865
Special risk	8,929,697	736,569	8,193,128
Motor	307,174,764	8,405,333	298,769,431
Total	**1,218,303,600**	**436,439,026**	**781,864,574**

31-Dec-15
In thousands of Naira

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	11,029,365
Bond	311,154	61,904	249,250
Travel Insurance	184,600	-	184,600
Special risk	149,088,639	-	149,088,639
Motor	16,800,994	-	16,800,994
Total	**2,580,341,022**	**194,759,299**	**2,385,581,723**

(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.

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 was taken for deferred acquisition cost as for the calculation of the UPR balance.

Notes to the 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 31st December, 2016

Sensitivity Analysis

Discounted IABCL

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	205,662,807	215,050,793	187,453,886	209,400,919	202,002,879	202,360,549	209,084,989
Fire	111,523,427	121,214,842	102,908,742	112,495,677	110,556,763	110,735,513	112,327,493
Marine	49,365,797	53,027,192	46,037,327	49,897,067	48,836,385	49,055,508	49,681,528
Motor	46,189,928	57,171,921	35,328,627	46,672,914	45,708,762	45,913,605	46,471,302
Engineering	-	-	-	-	-	-	-
Employers Liability*	126,473,200	134,002,442	123,247,872	126,473,200	126,473,200	126,473,200	126,473,200
Oil & Gas*	5,979,337	6,824,805	5,111,797	5,979,337	5,979,337	5,979,337	5,979,337
Total	**545,194,496**	**587,291,995**	**500,088,251**	**550,919,114**	**539,557,326**	**540,517,712**	**550,017,849**
Account Outstanding	**344,346,312**	**344,346,312**	**344,346,312**	**344,346,312**	**344,346,312**	**344,346,312**	**344,346,312**
IBNR	200,848,184	242,945,683	155,741,939	206,572,802	195,211,014	196,171,400	205,671,537
Percentage Change		7.7%	-8.3%	1.1%	-1.0%	-0.9%	0.9%

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

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	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
Bond	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**	**602,891,336**	**679,413,014**	**668,119,632**	**668,908,596**	**678,678,241**
Account Outstanding	493,353,928	493,353,928	493,353,928	493,353,928	493,353,928	493,353,928	493,353,928
IBNR	180,387,619	233,972,784	109,537,406	186,059,086	174,765,704	175,554,668	185,324,313
Percentage Change		**8.0%**	**-10.5%**	**0.8%**	**-0.8%**	**-0.7%**	**0.7%**

Insurance Risk

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

Marine

	Development Year				
Accident 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

	Development Year				
Accident 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 financial statements

Motor

	Development Year				
Accident 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

	Development Year						
Accident Year	1	2	3	4	5	6	7
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	1,447
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 financial statements

Cumulative Claims Development Pattern:

Marine

	Cumulative Development Pattern Annual Projections (Naira)								
Accident Year	1	2	3	4	5	6	7	8	9
2007	9	848	848	848	848	848	848	848	848
2008	4,957	4,957	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	11,626	11,626
2010	1,488	4,865	5,050	5,050	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	13,514	13,514
2012	4,343	17,778	17,960	18,620	18,715	18,715	18,715	18,715	18,715
2013	868	15,875	20,849	22,751	22,866	22,866	22,866	22,866	22,866
2014	6,531	9,330	41,028	42,339	42,555	42,555	42,555	42,555	42,555
2015	11,157	25,673	33,650	34,726	34,902	34,902	34,902	34,902	34,902

Fire

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

Motor

	Cumulative Development Pattern Annual Projections (Naira)								
Accident Year	1	2	3	4	5	6	7	8	9
2007	10,141	27,506	29,243	30,269	30,269	30,269	30,269	30,269	30,269
2008	43,788	63,306	71,627	71,985	74,244	74,244	74,244	74,244	74,244
2009	49,532	99,721	113,623	116,487	117,039	117,039	117,039	117,039	117,039
2010	43,789	77,313	78,894	80,799	80,799	80,799	80,799	80,799	80,799
2011	73,165	112,901	113,547	113,547	114,668	114,668	114,668	114,668	114,668
2012	56,758	79,549	79,711	80,774	81,542	81,542	81,542	81,542	81,542
2013	57,210	99,989	101,156	102,656	103,633	103,633	103,633	103,633	103,633
2014	53,099	103,510	108,594	110,204	111,253	111,253	111,253	111,253	111,253
2015	48,168	82,516	86,569	87,853	88,688	88,688	88,688	88,688	88,688

General Accident

	Cumulative Development Pattern Annual Projections (Naira)								
Accident Year	1	2	3	4	5	6	7	8	9
2007	12,511	52,965	67,666	68,755	74,387	74,487	74,487	74,487	74,487
2008	28,108	57,373	59,422	66,695	67,843	69,533	70,980	70,980	70,980
2009	22,972	53,836	55,018	56,602	57,790	57,955	57,955	64,820	64,820
2010	4,311	26,271	41,613	43,342	52,957	53,350	56,790	56,790	56,790
2011	10,307	36,879	52,238	60,429	62,754	68,126	68,615	68,615	68,615
2012	13,724	76,131	105,458	120,151	128,236	129,426	130,354	130,354	130,354
2013	20,837	56,589	68,948	96,607	103,108	104,065	104,810	104,810	104,810
2014	22,204	68,900	106,890	116,576	124,420	125,575	126,475	126,475	126,475
2015	19,499	94,394	118,074	128,772	137,438	138,713	139,707	139,707	139,707

Notes to the financial statements

Life insurance contracts

Individual life insurance contracts offered by the Group include: whole life, term assurance, group life, credit life products, endowment assurances and immediate life annuity pensions.

Whole life and term assurance are conventional regular premium products where a lump sum benefit, either fixed or decreasing, is payable on death or permanent disability. Contracts with a deposit premium option acquire surrender values.

Immediate Life Annuity business offer regular income for life, guaranteed to be payable for a minimum period, in exchange for a lump sum or premium at retirement. The Group is exposed longevity and the re-investment risks. An asset-liability matching exercise is performed regularly to ensure that appropriate assets are held that match liabilities by nature, term, currency and cash-flow.

Other annuity products are similar to our endowment products in nature and don't carry any longevity risks.

To the extent that maturity values or investment returns are guaranteed, there is a risk that actual returns are lower than those expected/guaranteed.

Credit life products are variants of both the whole life and term assurance products for products sold through the banks. The death benefit cover is normally a decreasing term assurance policy linked to the outstanding debt with the bank at death.

Funeral products, the Family Benefit Plan and the Family Comfort Plan, offer a whole of life level benefit to cover funeral expenses for the insured members. The contract ceases on the first death. The Group's Life business provided death in service cover for employees and few contracts have also included cover for funeral.

There is a risk that expense will overrun as downward pressure on rates increases and the demand for better service increases. Also, brokers hold on to premiums for some time before remitting it to the insurers introducing default risk. There is also a risk that reinsurers will default on legitimate claims.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits of N5m on any single life insured and N140m on all high risk individuals insured are in place.

The Group has the right to review its mortality and morbidity rates should experience worsen but may be undermined by increased competition.

The insurance risks described above can be exacerbated by the selective withdrawal or decision to pay reduced premiums by healthy lives assureds. As a result, the amount of insurance risk is also subject to contract holder behaviour.

For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity and the risk that actual interest rate differs from that guaranteed.

The following tables show the concentration of life insurance by type of contract.

31-Dec-16

Types of Life Insurance contracts	Gross Life insurance and investment contract liabilities	Life Insurance and Investment contract liabilities ceded to Reinsurance	Life Insurance and Investment contract Liabilities (Net)
	N	N	N
Whole life			-
Term assurance	1,011,164,934	12,105,430	999,059,504
Endowments	197,596,797	-	197,596,797
Guaranteed annuity products	123,086,019	-	123,086,019
Deposit based products	907,958,865	-	907,958,865
Total life insurance liabilities	**2,239,806,615**	**12,105,430**	**2,227,701,185**

31-Dec-15

Types of Life Insurance contracts	Gross Life insurance and investment contract liabilities	Life Insurance and Investment contract liabilities ceded to Reinsurance	Life Insurance and Investment contract Liabilities (Net)
	N	N	N
Whole life			
Term assurance	1,079,282,900	21,153,910	1,058,128,990
Endowments	242,166,309	-	242,166,309
Guaranteed annuity products	85,819,421	-	85,819,421
Deposit based products	824,048,346	-	824,048,346
Total life insurance liabilities	**2,231,316,976**	**21,153,910**	**2,210,163,066**

Sensitivity Analysis
Sensitivity analysis is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact on the Group'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.

Key Assumptions
Material judgment is required in determining the liabilities and, in particular, in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable reserves are set aside to meet liabilities.

The key assumptions to which the estimation of liabilities is particularly sensitive to are as follows: