



**NIGERIA
REINSURANCE
CORPORATION**

...new possibilities are taking shape

Annual Report & Accounts

2020

31st December, 2020





*Reports
&
Financial
Statements*

for the year ended
31st December, 2020

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

CONTENTS	PAGE
Chairman’s Statement	4
Financial highlights	7
Corporate Information	8
Report of the directors	9
Statement of Directors' responsibilities on the financial statements	11
Management Report	12
Report of the audit committee	26
Report of the independent auditors	27
Statement of Financial Position	34
Statement of profit or loss and other comprehensive income	34
Statement of changes in equity	35
Statement of cash flows	37
Notes to the financial statements	38
Summarised general business revenue accounts	98
Statement of value added	99
Five-year financial summary	100

**VISSION
STATEMENT:**

To be a profitable
global player in the
Reinsurance Market.

**MISSION
STATEMENT:**

To strategically align
the internal and external
Partnerships effectively using
loyalty principles as guiding
key towards the realization
of the charge.

SHARED VALUES:

- ✿ Professionalism
- ✿ Excellence
- ✿ Customer Focus
- ✿ Integrity
- ✿ Innovation
- ✿ Team Spirit
- ✿ Loyalty

CHAIRMAN'S STATEMENT - 2020

Distinguished shareholders, once again it is with great pleasure, I present to you the Annual Report of the Board of Directors of Nigeria Reinsurance Corporation for the year 2020, as well as the financial position as of 31st December 2020. This report will examine the global and domestic operating environment during the period and highlight the financial performance of your Corporation as well as the prospects going forward.



THE WORLD ECONOMIC REVIEW IN THE YEAR 2020

The year 2020 was an exceptional year, the unprecedented occurrences threw the world into chaos and threatened human existence. The year started with Uncertainty in the global macro environment arising from major disruptions associated with the outbreak of Corona virus disease (COVID-19). The International Monetary Fund announced that the global economy entered a recession due to the COVID-19 pandemic in March 2020. A sharp decline in oil price and price war between Saudi Arabia/ Russia threatened capital flows, increasing vulnerability of financial markets across the globe. Decline in primary commodity prices, disruptions to the global supply chain associated with global lockdown and the social distancing rules also affect the globe. Across the globe there was uncertainties due to the US election, UK Brexit and its impact on the European economy and the rest of the world also affect the global economy. In the Emerging Markets and Developing economies, inflation and price developments remain mixed with inflationary pressure in some of the key countries.

In the African Continent one key issue was the Africa Continental Free Trade Area (AFCFTA) and how positioned its Nations were to seize advantage of a 1.3bn people market.

THE DOMESTIC ECONOMIC OPERATING ENVIRONMENT

In Nigeria, the economy remained under marked stress in Q3, following the steep GDP contraction in Q2 due to the pandemic-induced lockdowns and collapse in oil prices. Crude oil output was down by over a fifth in Q3 from last year as the country increasingly stuck to OPEC cut commitments. Together with oil prices stagnating at weak levels in the quarter, the all-important energy sector likely continued to reel. There was also lack of raw materials which affected business negative due to restrictions on movements and importation globally. Accelerating double-digit inflation of 14.89% and tight FX liquidity weighed on household purchasing power and general business operations. Q4: The private sector PMI edged up on robust output and new orders growth, while firms turned markedly less pessimistic in October. There was also an outbreak of widespread

violent protests and civil unrest which led to massive destruction of business and properties which impacted the insurance sector badly. Other issues that affect the Nigerian economy in the year of review was the Border closure with its West African which impacted on our economy adversely. The potential arrival of the West African currency, the ECO and the debate if Nigeria would join the currency union. The increase in Electricity tariffs, the 2020 Finance Act signed into law, these impacted in the economic activities in the year 2020.

THE INSURANCE INDUSTRY IN 2020

The insurance industry's major challenges during the year was the recapitalization by the National Insurance Commission (NAICOM) which was stalled by the Nigeria's House of Representatives mandating the National Insurance Commission (NAICOM) to suspend the planned 31st December, 2020 mandatory deadline for the completion of the first phase of 50 percent and 60 percent of the minimum paid-up share capital for insurance and reinsurance companies for a minimum of six months from January 2021 in order to cushion the effects of COVID-19 and other unforeseen circumstances on the insurance industry. The industry was also affected by the aftermath of the ENDSARS protest in which several insured properties were affected and to this effect, most of these insurance companies have huge liabilities to settle.

The total gross premium written by the industry in 2020 rose to 20.8 percent higher from N490billion in 2019 to 592.3billion in 2020. This shows that the industry is growing faster than the economy but its contribution to the Gross Domestic Product (GDP) is still low but with lots of business opportunities for improvement. As the industry struggles to increase insurance penetration, insurance contribution to GDP will continue to improve. The current COVID-19 pandemic is likely to foster risk awareness and inspire demand for insurance products and services going forward.

FINANCIAL PERFORMANCE REVIEW

The operating environment impacted your Corporation's performance during the year under review. Consequently, the gross written premium was N973 Million as against N872 Million in 2019. This represents 12% increase in gross premium written during the period. However, claims and underwriting expenses coupled with retrocession recoveries jumped during the period due to reduced underwriting ratios which resulted in a undesirable underwriting result.

The marginal rise in the interest rate during the reporting period and emergence of new opportunities in other investment outlets brought the earning on investment to 321 Million as against the previous income of 2019 which was N296 million. This resulted in an increase of about 8%. While Management Expenses increased by 58% from N468 Million in 2019 to 739 Million in 2020.

The bottom line of your Corporation varied as assets increased from N17.7 Billion in 2019 to N17.9 Billion in 2020, which represents a 2% growth. Similarly, Reinsurance contract liabilities rose by 56% from N899 Million in 2019 to 1.4 Billion in 2020. These

risks are within the risk appetite of your Corporation. The Corporation increased her paid-up share capital from N6 Billion in 2018 to 7.4 Billion to accommodate the anticipated changes in the capital base due to the ongoing recapitalization exercise in the industry.

NIGERIA REINSURANCE CORPORATION GOING FORWARD

Your Corporation is well-positioned to take on the market in the year under review and beyond despite the challenging operating environment. To this end, the Management with the support of the Board is poised on creating new strategic plan that will enable the Corporation to maximize market potentials and return to its top position in the market going forward and we are confident that this objective will be achieved sooner than expected. Every opportunity in the market will be maximally explored to ensure the realization of this goal.

The Corporation will strive to grow its market share and improve premium, leveraging on intense shareholders engagement this will enable her to increase cash & investment assets. Growth in liquid investments will give the Corporation strong liquidity metrics compared to claims, and other liabilities. The overall medium-term outlook for the global economy remains uncertain with increased deterioration in financial market conditions and weak global output growth. The major headwinds to the current projections for global growth include disruptions to the supply chain arising from COVID-19; oil price downturn as a result of subdued global demand, and vulnerable financial markets. Nigerian Reinsurance Corporation sees opportunities in this new normal which will be profitably harnessed.

APPRECIATION

I would sincerely like to thank everyone for your support and commitment in this journey to reposition the Corporation to the path of profitability. More than ever, your Board and Management are honoured to stake everything in commitment to this journey. I also thank the management and staff for their commitment and dedication.

Thank you all and God bless.



AMOS A. AKINGBA PhD (CORNELL)

FINANCIAL HIGHLIGHTS

	2020	2019
	N'Million	N'Million
Gross Premium Income	939	888
Net Underwriting Income	885	830
Underwriting results	(265)	79
Profit / (loss) after taxation before other comprehensive income	(286)	143
Total comprehensive income	(196)	170
Total equity	16,427	16,623
Earnings per 50 kobo share – kobo	(1.9)	1.2
Actual Net assets per 50 kobo share - kobo	<u>110</u>	<u>163</u>

Corporate Information

Directors:	Dr. Amos Akingba	-	Chairman
	Mr. Akinshola ALe	-	Managing
	HE Barr. Ibrahim Jimoh, CFR		
	Otunba Stephen Ojo		
	Mr. Alex Okoh		
	Chief Adeniyi Akintola, SAN		
	Mrs. Modupe Ajibishe		
	Mr. Billy Kongha		
	Mr. Tunji Adeniyi		
	Barr. Ronke Binawari		
	Ms. Olufolake Tawose		
	Mrs. Esther Ajayi	-	(Executive)
Barr. Alonge Olanrewaju	-	(Executive)	

Corporation Secretary: Mrs. Rachel Kehinde-Famajuro

Registered Office: Plot 784A, Herbert Macaulay Way,
Central Business District, Abuja.

Control Office: 46, Marina, Lagos.

Auditors: Adenusi & Company
Chartered Accountants

Actuaries: Ernst & Young

Bankers:

- Access Bank Plc.
- Ecobank Nigeria Plc.
- Energy Bank Sao – Tome Limited
- First Bank Plc
- First Atlantic Bank Ghana
- Guaranty Trust Bank Plc.
- Keystone Bank Limited
- Polaris Bank Limited
- Sterling Bank Plc.
- Union Bank of Nigeria Plc.
- Union Bank UK Plc.
- Wema Bank Plc.

REPORT OF THE DIRECTORS

The directors submit hereunder their report and the audited financial statements of the Corporation for the year ended 31st December, 2020.

1. Result for the year	N'000
Gross premium income	939,356 -----
Net underwriting income	885,217 -----
Profit after taxation before other comprehensive income	(286,137) =====
Total comprehensive income	(195,976) =====

2. Principal activities

The Corporation is engaged in General and Life reinsurance businesses incorporating payment of claims. It provides cover in all classes of reinsurance, treaty and facultative reinsurance which are backed by retrocessions. The products and services include fire, general accident, marine, aviation, individual and group life.

The Corporation is also engaged in investment of funds aimed at sustaining productivity, meet future obligations of claims and conserve shareholders' funds.

3. Review of business

Gross premium written increased by 12% from N872 million to N973 million.

Loss after taxation before other comprehensive income was (N286) million, against the profit of N143 million in 2019. Total comprehensive income was (N196) million compared to N170 million in 2019.

4. Directors' responsibility on financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss for the financial year in accordance with International Financial Reporting Standards and comply with the requirements of the Financial Reporting Act No 6, 2011, the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and guidelines/circulars issued by NAICOM. In doing so, they ensure that:

- Adequate internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.
- Proper accounting records are maintained.
- Applicable accounting standards are followed.

- Suitable accounting policies are used and consistently applied.
- The financial statements are prepared on a going concern basis unless it is not appropriate to presume that the Corporation will continue in business.
- Judgements and estimates made are reasonable and prudent.

5. Donations

Donations of N40million was made to Ondo State Government and N10million to the Nigerian Insurers Association (NIA) as COVID-19 Response Funds during the year. The donation to NIA of which the Corporation is a member was part of the industry's support to the Federal Government of Nigeria in containing the Covid-19 pandemic.

6. Personnel

(a) Employment of physically challenged persons

It is the policy of the Corporation that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop.

(b) Health, safety at work and welfare of employees

Health and safety regulations are in force within the Corporation's premises and employees are aware and observe the regulations to guarantee maximum protection of personnel and assets. The Corporation provides subsidies to all levels of employees for medical expenses, transportation, housing, lunch, etc.

(c) Employees' involvement

Employees are kept fully informed regarding the operational performance and the Corporation continues with its open-door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

Training is carried out at various levels through in-house and external courses. The Corporation's expanding skill-base has been extended by a range of training provided to the employees whose opportunity for career development within the organisation has been enhanced.

7. Auditors

In accordance with the Companies and Allied Matters Act and the regulation of the National Insurance Commission, Messrs. Adenusi & Company have indicated their willingness to continue in office.

By Order of the Board



Rachel Kehinde-Famojuro
Secretary
FRC/2013/NBA/00000019265

Abuja, Nigeria
16th March, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act 1990 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the Corporation at the end of the period and of its profit or loss for the period ended on that date. The responsibilities include ensuring that the Corporation:

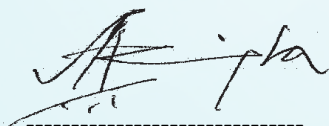
- (a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation and comply with the requirements of the Companies and Allied Matters Act;
- (b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The directors accept responsibility for the preparation of the annual financial statements set out on pages 34 to 37 and 73 to 92, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates; in conformity with the International Financial Reporting Standards (IFRS); in the manner prescribed by the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004; the Financial Reporting Council of Nigeria Act No 6, 2011; the Insurance Act, 2003 and the National Insurance Commission regulations.

The directors further accept responsibility for maintaining adequate accounting records required by the Companies and Allied Matters Act, 1990 as well as adequate systems of internal financial control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made assessment of the Corporation's ability to continue as a going concern and have no reason to believe that the Corporation will not remain as a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:



Chairman
Dr. Amos Akingba
FRC/2013/IODN/00000003762
16th March, 2023



Director
Mr. Akinsola Ale
FRC/2020/008/00000021598
16th March, 2023

MANAGEMENT REPORT

1. **Operating environment**

Global economy

The COVID-19 pandemic, also known as the coronavirus pandemic (first identified in December 2019 in Wuhan, China) paralyzed large parts of the global economy, sharply restricting economic activities, increasing uncertainties and unleashing a recession unseen since the Great Depression of 1930.

To contain the coronavirus (COVID-19) pandemic and protect susceptible populations, most countries imposed stringent lockdown measures in the first half of 2020. Meanwhile, economic activity contracted dramatically on a global scale.

Global growth was projected at -4.9 percent in 2020 (World Economic Outlook (WEO)). The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast.

The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

During the 2020 pandemic, the International Monetary Fund (IMF) provided some sort of emergency financial aid or relief to eighty-three of its member countries, adding up to just over \$100 billion of assistance. Debt took center stage as governments struggled to finance their emergency relief, reopen schools and the economy, and plan for vaccines and more inclusive growth. At the same time, the use of digital currencies surged and new tools were deployed to help those hit hardest by the crisis.

The outbreak is a major destabilizing threat to the global economy. One estimate from an expert at Washington University in St. Louis gave a \$300+ billion impact on the world's supply chain that could last up to two years.

Global stock markets fell on 24 February due to a significant rise in the number of COVID-19 cases outside China.

On 27 February, due to mounting worries about the COVID-19 outbreak, U.S. stock indexes posted their sharpest falls since 2008, with the Dow falling 1,191 points (the largest one-day drop since the financial crisis of 2007-08) and all three major indexes ending the week down more than 10 per cent.

Lloyds of London estimated that the global insurance industry will absorb losses of US\$204 billion, exceeding the losses from the 2017 Atlantic hurricane season and 11 September attacks, suggesting the COVID-19 pandemic will likely go down in history as the costliest disaster ever in human history.

Tourism was one of the worst affected sectors due to travel bans, closing of public places including travel attractions, and advice of governments against travel.

More than 40 million Americans lost their jobs and filed unemployment insurance claims

According to a report by Yelp, about 60% of U.S. businesses that have closed since the start of the pandemic will stay shut permanently.

In early February 2020, Organization of the Petroleum Exporting Countries (OPEC) "scrambled" after a steep decline in oil prices due to lower demand from China. On Monday, 20 April, the price of West Texas Intermediate (WTI) went negative and fell to a record low (minus \$37.63 a barrel) due to traders' offloading holdings so as not to take delivery and incur storage costs. June prices were down but in the positive range, with a barrel of West Texas trading above \$20

According to the World Bank, up to 100 million more people globally could fall into extreme poverty due to the shutdowns.

Nigerian Economy

According to International Monetary Fund, (IMF), the Nigerian economy, amid exceptional uncertainty is projected to grow 1.5% in 2021 from the negative GDP of -3.2% in 2020 as a result of the outbreak of the Corona Virus, followed by the End Sars protest and the violence that erupted thereafter.

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook, likewise, accessibility and affordability of the vaccines to Nigerians.

Of major concerns are the high unemployment, insecurity challenges, power shortages, increase in inflation and a more subdued global economic environment.

The Central Bank of Nigeria (CBN) maintained the current monetary policy rate in March, but introduced additional measures, including:

- ✿ Reducing interest rates on all applicable CBN interventions from 9 to 5 percent and introducing a one-year moratorium on CBN intervention facilities.
- ✿ Creating a NGN50 billion (USD139 million) targeted credit facility, and liquidity injection of NGN3.6 trillion (stimulus package in the form of loans) (2.4% of GDP) into the banking system.
- ✿ NGN100 billion to support the health sector, NGN2 trillion to the manufacturing sector, and NGN1.5 trillion to impacted industries in the real sector.
- ✿ NGN50 billion targeted credit facility through NIRSAL Microfinance Bank for households and MSMEs. Regulatory forbearance was also introduced to restructure loans in impacted
- ✿ Contingency funds of NGN984 million (USD2.7 million) were released to Nigeria's Centre for Disease Control, and an additional NGN6.5 billion (USD18 million) is planned.
- ✿ The government is reviewing its 2020 budget and, given the expected large fall in oil revenues, announced plans to cut/delay non-essential capital spending by NGN1.5 trillion (close to 1% of GDP)

Insurance Industry

The year 2020 saw many industries in Nigeria stagger off their feet due to different events, such as the global pandemic, Covid-19, and #EndSARS protest that disrupted general economic activities in Nigeria.

This is particularly true of the insurance industry, as insurance companies have lamented the brunt they suffered as a result of these crises, claims by victims of the #EndSARS protest and the push for capital increase by industry regulators has created uncertainty around the insurance market.

Citing the COVID-driven economic slowdown, the insurance regulator, the National Insurance Commission, again delayed the imposition of new capital requirements for insurers

As the year 2021 unfolds its potentials gradually, there are high expectations as to what the New Year beholds. It is expected that 2021 would encompass a better experience for the insurance industry.

Much is expected from the newly licensed Insurance & Reinsurance Companies to change the landscape and deliver innovative services and products to existing and emergent policyholders.

The Nigerian Insurers Association gave its support in the fight against Coronavirus through the provision of kits and insurance cover for all medical personnel and allied workers involved in giving care to COVID-19 patients.

2. Operations

The Corporation continues the business of General and Life Reinsurance, underwriting risks, payment of claims and investment of funds. General reinsurance business includes underwriting fire, general accident, motor, marine, aviation, engineering, bonds, contractors' all risk and oil/gas policies.

3. Business objectives and strategy

The broad business objectives include:

- a) Identifying and managing existing and potential risks in a planned and coordinated manner;
- b) Maximizing earnings potential and opportunities;
- c) Developing a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions;
- d) Customer centric service.

These objectives will be achieved by deploying the following strategies:



- ✓ Regular scanning of the business environment to enable appropriate positioning in harnessing upcoming opportunities.
- ✓ Prompt settlement of claims.
- ✓ Loyalty programme for clients.
- ✓ Continuous training of personnel to maintain a gilt-edged workforce.

4. Risks and relationships

4.1 Risk management architecture

Nigeria Reinsurance Corporation has a well-established risk governance structure and an experienced risk team. The risk management framework provides essential tools to take timely and informed decisions to maximize opportunities and mitigate potential threats.

4.2 Approach to Risk

Risk is at the centre of the Corporation's business. The tolerance to risk is established in the context of the resources deployed. Effective risk management is critical to any reinsurance business to sustain financial soundness. In view of this, aligning risk management to the organizational structure and business strategy is integral to the business. The risk management framework and governance structure provide comprehensive controls and management of the major risks inherent in the business activities. It also creates a culture of risk awareness and personal responsibility throughout the Corporation.

4.3 Risk management philosophy and culture

The Corporation considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize strategy development and implementation of day-to-day activities. In this regard, the risk management philosophy is that a strong and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

Underwriting risk appetite

These principles underlie the Corporation's underwriting risk appetite:

- Risks that are not understood and unquantifiable are not reinsured.
- Extreme caution is exercised in underwriting risks with low safety standards, businesses with excessively high risk profile and discrete (one-off) risks, particularly where there is no requisite experience or know-how.
- Businesses and opportunities that can create systemic risk exposure are extensively reviewed and adequately evaluated.
- Compliance with NAICOM's guideline on Know-Your-Customer.

The Corporation develops own products through the research team. The feedbacks from the field marketers guide in developing products that meet individual and corporate needs. The limits, standard and exposure are guided by prudent underwriting procedure and retrocession treaties.

Risk pricing processes

Good and prudent pricing is a key element of reinsurance underwriting process. Appropriate pricing is undertaken to maintain the quality of the reinsurance portfolio. Although all risks can be priced, not all risks are underwritten. Stakeholders and decision takers in underwriting are apprised with the profit implications of underwriting pricing decisions.

Risk reporting and monitoring

In order to evaluate the performance of respective reinsurance portfolio, there is regular reporting and monitoring for each class of reinsurance business. Some of the elements reported are:

- Profit or loss on risk segments.
- Gross premium written by type of risk.
- Lines of business written.
- Policy volume.

Monitoring activities include:

- Peer review processes established within the underwriting department.
- Risk management and control review.

4.4 Insurance Risk management

The Corporation issues contracts that transfer reinsurance risk. The risk in reinsurance contracts is the possibility that the event insured against occurs, resulting in a claim. This risk is random and unforeseeable and premised on actual claims exceeding the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated.

Insurance events are random, and the actual amount and number of claims and benefits will vary from year to year from the level established using statistical techniques. The reinsurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The diversification is in terms of type and amount of risk, geographical location and type of industry covered.

Insurance risks and the mitigants are:

- a. Frequency and severity of claims.

This is mitigated by,

- ✓ Robust underwriting strategy.
- ✓ Adequate retrocession arrangements.
- ✓ Proactive claims handling and investigation. Investigation and adjustment of claims is in conjunction with appointed loss adjusters.

b. Uncertainty in the estimation of future claim payments.

This is mitigated by,

- ✓ Limits in place to enforce appropriate risk selection criteria. This is achieved in diverse ways ranging from reserving the right to renew certain policies, imposition of excess or deductibles and rejection of fraudulent claims.
- ✓ Management of claims with early settlement to reduce the exposure to unpredictable development.

Process used to decide the assumptions

Non-life insurance contract liabilities

- a. Claims Reserve is estimated using the Expected Loss Ratio Approach. This is based on market experience and the financials of the Corporation. The estimated claims are determined by multiplying the loss ratios by the gross earned premium.
- b. Unexpired Premium Reserve is based on market experience.

Life insurance contract liabilities

- a. Claims Reserve is estimated using the claims that have emerged but have not been settled. Based on recent experience, an ultimate claims ratio of 1.5 per mille of the Sum Assured was adopted.
Claims Incurred But Not Reported was obtained by deducting the claims paid from the ultimate expected claims.
- b. Unexpired Premium Reserve is determined on the assumption that policies are evenly written during the calendar quarter. A 30% allowance is provided for expenses.

4.5 Claims Risk and mitigants

Claims management risk

This is the risk of not being able to manage the settlement process by which the Corporation fulfils its contractual obligation to policyholders. The Corporation has in place a claims management policy and procedure for ensuring that claims are handled fairly and promptly. In establishing and maintaining effective claims handling systems and procedures, the Corporation considers the following factors:

- Appropriate systems and controls to ensure that all liabilities or potential liabilities notified are recorded promptly and accurately. Accordingly, the systems and controls in place ensure that a proper record is established for each notified claim.
- Suitable controls to ensure that estimates for reported claims and additional estimates are made on a consistent basis and properly categorized.
- Regular reviews of the actual outcome of the estimates to check for inconsistencies and ensure that procedures remain appropriate.

The reviews include the use of statistical techniques to compare the estimates with the eventual cost of settling the claims, after deducting the amounts already paid at the time the estimates were made.

- A functional system to ensure that claim files without activity are reviewed on a regular basis.
- Appropriate systems and procedures to assess the validity of notified claims by reference to the underlying contracts of reinsurance and retrocession treaties.
- Suitable systems to accommodate the use of experts such as loss adjusters, lawyers, actuaries and accountants, as and when appropriate.
- Appropriate procedures to identify and handle large or unusual claims, including system to ensure that senior management are involved from the outset in the processing of claims that are significant because of the size or nature.

Claims experience risk

In terms of the short-term reinsurance contracts held by the Corporation, the claims experience risk for these policies is that the number of claims and/or the monetary claim amounts are worse than that assumed in the pricing basis.

The Corporation manages this risk by charging premiums which are appropriate to the risks under the reinsurance contracts.

With short-term reinsurance products, the Corporation also holds a concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area. This risk is mitigated by diversification over a large number of uncorrelated risks as well as taking out catastrophe retrocession.

4.6 Retrocession Risk

This is the risk of inadequate retrocession cover which may be triggered by a situation such as the insolvency of a retrocessionaire, omission to cede risk to the treaty, wrong cession to the treaty, assumption of risks without retrocession cover, acceptance of risks above automatic capacity, already saturated market and non-payment of retrocession premium as and when due. The Corporation ensures that it maintains adequate retrocession arrangements and treaties in respect of the classes or category of reinsurance businesses. The Corporation has in place a policy stating:

- Systems for the selection of retrocession brokers and advisers.
- Systems for selecting and monitoring retrocession programmes.
- Clearly defined managerial responsibilities and controls.

4.7 Other Risks and mitigants

RISK TYPE	DESCRIPTION	MITIGANT
Country Risks	Probability of loss due to economic and/or political instability in the country. The present state poses some challenges on the cost of doing business thus adversely affecting returns.	The strategic team of the Corporation implements a robust strategy to mitigate the effect of this risk. This includes continuous monitoring and analyses of economic indicators, government policies and political developments in order to proactively adapt to changes that are imminent.

RISK TYPE	DESCRIPTION	MITIGANT
Reputational Risk	This is a risk with adverse effect on the brand and image of the Corporation.	Proactive measure of self-regulatory principles and practices complemented with zero tolerance policy for unethical behavior is in place.
Market Risk	Market risk is defined as the adverse potential change in the volume of business, especially reinsurance premium.	The rate of economic growth in 2020 was predicted at negative GDP of -3.2% in 2020 as a result of the outbreak of the Corona Virus, followed by the End Sars protest and the violence that erupted thereafter by IMF According to International Monetary Fund, (IMF), the Nigerian economy, amid exceptional uncertainty is projected to grow 1.5% in 2021
Political Risk	An adverse change in the political situation in the country has the potential to affect economic, social and legal aspects of development. If democracy is interrupted, consumer sentiment might be affected and development hindered.	This scenario is unlikely to unfold as we have had over 21 years of uninterrupted period of democracy to date. However, regardless of the political situation, reinsurance and ancillary services are an integral part of everyday living.
Financial Risk	<u>Liquidity</u> Liquidity risk is on the premise that the Corporation may not be able to meet its obligations as and when due. <u>Foreign currency</u> Foreign currency risk is the possibility that foreign exchange movements may adversely affect settlement of foreign currency denominated liabilities.	<u>Liquidity</u> An Asset/Liability management system is in place matching the maturity profiles of Assets and Liabilities. The liquid funds are overwhelmingly in excess of reinsurance contract and other liabilities. <u>Foreign currency</u> Foreign currency liabilities are matched with corresponding assets. Indeed, foreign currency denominated assets are well in excess of their liability counterparts.

RISK TYPE	DESCRIPTION	MITIGANT
	<p><u>Credit exposure</u> This is a risk that reinsurance receivables or contractual counter parties in treaties' transactions fail to live up to their obligations.</p> <p><u>Equity price</u> This is the risk of loss in holding available for sale quoted and unquoted equities. Quoted equities which are traded on the Nigerian Stock Exchange (NSE) are exposed to general movement of the All Share Index and specific to entities.</p> <p><u>Interest rate</u> This is the risk of exposure to unfavourable movements in interest rates. The Corporation is mildly exposed to interest rate risk with investment money market placements.</p>	<p><u>Credit exposure</u> With effect from January, 2013, this risk is mitigated by the regulation of NAICOM that receipt of premium is a condition precedent to providing insurance cover.</p> <p><u>Equity price</u> This is managed by diversifying the portfolio of equities to respective sectors, dividend payment trend and the limits set by the Corporation.</p> <p><u>Interest rate</u> This is managed by close monitoring of interest rate and sensitivity analysis.</p>
Operational Risk	<p><u>Internal Controls</u> Operational risk is defined as the risk of loss resulting from the failure of people, internal processes and systems or from external events.</p> <p><u>Competition</u> The Corporation faces competition from one local</p>	<p><u>Internal Controls</u> The business support groups are primarily responsible for managing operational risk on a day-to-day basis. Operational risk is enhanced by the use of technology to automate processes; establishment of policies; internal controls and monitoring.</p> <p><u>Competition</u> Building and sustenance of brand, unalloyed customer service, development of niche</p>

RISK TYPE	DESCRIPTION	MITIGANT
	<p>and several international players in the industry.</p> <p><u>Revenue target</u> The expected revenue required to drive operations is not achieved.</p>	<p>market and prompt settlement of claims are indicators that the Corporation is poised for pole position, growth, development and excelling in the market place. International competition is moderately reduced by the recent directive of compulsory cession with local reinsurers before international players.</p> <p><u>Revenue target</u> This risk is mitigated by embarking on aggressive marketing. Advertising in media that has international reach as well as reaching out to the niche market is being undertaken.</p>
Business continuity Risk (emergency management)	<p>Business continuity planning is a specialized aspect of disaster and emergency planning that takes account of what needs be done to ensure seamless operations in the event of the occurrence of a peril. These perils include human-induced disasters like fire, viral attack of critical software; environmental hazards and technological issues which disrupt or halt seamless operations.</p>	<p>In the event of the occurrence of a peril like fire, the back-up plan embedded in the operational infrastructure makes for minimal disruption to operations with no loss of business and clients to competitors. Back-up of transactions is done daily and stored in a secured place outside the Corporation's business premises.</p> <p>There is frequent testing of business continuity plans with the training and development of staff to handle such occurrences.</p>
Regulatory Risks	<p>Regulatory risks may arise from changes in regulatory requirements, accounting standards, tax statutes and local laws.</p>	<p>To mitigate the adverse effect of these risks, new and pending legislation and regulations are continuously reviewed. This is to ensure compliance with regulatory authorities, self-regulating measures and conformity to stringent international standards of operations.</p>

5. Results of operations and prospects

Gross premium written increased by 12% from N872 million in 2019 to N973 million in 2020, net underwriting income increased by 7% from N830 million in 2019 to N885 million in 2020 with a decrease of 7% in retrocession expenses from N58 million to N54 million.

Loss after taxation before other comprehensive income was N286million, against the profit of N143 million in 2019. Total comprehensive loss was N196million, from N170 million in 2019.

6. Regulatory environment

Nigeria Reinsurance Corporation is regulated by the National Insurance Commission (NAICOM). As such the Corporation is subject to extant guidelines, regulations and circulars issued by NAICOM.

The Corporation renders quarterly, annual and other returns required by NAICOM in the form and content prescribed.

7. Corporate Governance

Introduction

Nigeria Reinsurance Corporation recognises that good corporate governance is fundamental to earning and retaining the confidence and trust of its stakeholders. It provides the structure through which the objectives of the Corporation are set and the means of attaining those objectives.

Best practice principles, procedures and guidelines provide the basis for promoting sound corporate governance in the Corporation. The governance framework helps the Board to discharge its role of providing oversight and strategic counsel in consonance with its responsibility to ensure conformity with regulatory requirements and acceptable risk.

Compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of the Corporation's culture. The Board monitors compliance with these by means of management reports, which include information on any significant interaction with key stakeholders.

Governance structure

General Meeting

General meetings are duly convened and held in line with the policy of the Corporation, existing statutory and regulatory regimes in an open manner for deliberating on issues affecting the Corporation's strategic direction. This occurs through a fair and transparent process and serves as a medium for fostering interaction between the Board, Management and Shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies. The Board ensures that shareholders are provided with adequate notice of the meeting.

The Board: Composition and Role

The Board is made up of thirteen members, comprising a non-Executive Chairman, nine non-Executive Directors, the Managing Director and two Executive Directors.

In line with best practice, there is separation of powers between the Chairman and Managing Director. The Board can reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no shadow or alternate Directors, which ensure that independent thought is brought to bear on decisions of the Board. The effectiveness of the Board derives from the diverse range of skills and competences of the Directors who have exceptional degrees of insurance, legal, financial, arts and broad entrepreneurial experiences.

The Board is responsible for ensuring the creation and delivery of sustainable value to the stakeholders by the optimal management of resources. The Board is accountable to the shareholders and is responsible for the management of the relationship with the diverse stakeholders. The Board ensures that the activities of the Corporation are executed within the applicable and regulatory framework. The matters reserved for the Board include, but are not limited to, defining the business strategy and objectives, formulating risk policies, investments and making decisions on the establishment of subsidiaries. Executive Management is accountable to the Board for the development and implementation of strategy and policies.

The Board meets on average quarterly and emergency meetings are convened as may be required by circumstances. Directors are provided with notice, agenda and meeting papers in advance of each meeting. Where a director is unable to attend a meeting, he/she is still provided with the relevant papers for the meeting while such Director reserves the right to discuss with the Chairman the matters he/she may wish to raise at the meeting. Decisions are also taken between meetings via written resolutions circulated to all Directors. The Corporation Secretariat continue to provide dedicated support to the Board ensuring that directors receive timely and accurate information required to fulfil their roles.

The Standing Committees

The Board carries out its oversight function through its standing committees, each of which has responsibilities that clearly define their purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best corporate governance practices, the Chairman of the Board does not sit on any of the committees. The standing committees, functions and composition are:

Board Audit and Compliance Committee

The Committee assist the Board in fulfilling its oversight responsibility on the integrity of the financial statements and the financial reporting process; the independence and performance of the internal and external auditors; and the system of internal control. The head of Compliance have unrestricted access to the Committee and makes presentations to the Committee.

Members are:

- ✓ Ms. Olufolake Tawose - Chairman
- ✓ Otunba Stephen Ojo - Member
- ✓ Mr. Billy Kongha - Member

Board Establishment & Governance Committee

The Committee advises the Board on its oversight responsibilities on compensation, benefits and all other human resource matters affecting the Directors and employees. Specifically, the committee is responsible for determining and executing the processing of board appointments, recommending appropriate remuneration for Directors (both executive and non-executive); and approving remuneration for all other members of staff, placement and staff discipline. The objectives of the Committee include ensuring that the human resources potentials are harnessed to sustain the long term success of the Corporation and protect the welfare of employees.

Members are:

- ✓ Chief Niyi Akintola, SAN - Chairman
- ✓ Mr Billy Kongha - Member
- ✓ Mr. Akinsola Ale - Member

Board Finance & General Purposes Committee

The Committee considers and approves budgets, expenditure and acquisition of fixed assets which have been presented by the Executive Committee. It also acts as a catalyst for financial updates.

Members are:

- ✓ Mr. Tunji Adeniyi - Chairman
- ✓ Otunba Stephen Ojo - Member
- ✓ Mr. Billy Kongha - Member
- ✓ Mrs. Esther Ajayi - Member

Investment Committee

The Committee approves investment decisions over the portfolio limits of management. In addition, the Committee has supervisory functions over investment, capital/funding requirements, approval of periodic review and approval of the investment manual, recommendation of investment policies and conduct periodic review of the investment portfolio.

Members are:

- ✓ Dr. Jimoh Ibrahim, CFR - Chairman
- ✓ Mrs. Modupe Ajibishe - Member
- ✓ Mrs. Esther A. Ajayi - Member

Enterprise Risk Management Committee

The Committee has supervisory role over risk underwriting, profile, framework and management. It also reviews the risk policy, appetite, strategy and retrocessions together with measures for prevention, detection, reporting and mitigating the effects of adverse situations.

Members are:

- ✓ Otunba Stephen Ojo - Member
- ✓ Mrs. Modupe Ajibishe - Member
- ✓ Mr. Akinsola Ale - Member

Executive Committee

This committee is made up of senior management of the Corporation. The Committee is risk driven, identifies, analyses and make recommendations on risk pertaining to the Corporation's day to day activities. It ensures that risk limits set by the Board and regulatory authorities are complied with. It provides inputs to the various Board Committees in addition to ensuring the effective implementation of risk policies.

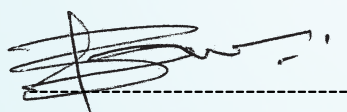
Code of Conduct

The Corporation has articulated a code of conduct which specifies expected behaviour of personnel. The Code requires that each Corporation staff shall read the Code of Conduct document and sign a confirmation that they have read and understood the document upon employment. In addition, there is a re- affirmation process that requires each member of staff to confirm understanding of and compliance with the Code of Conduct from time to time.

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF NIGERIA REINSURANCE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 2020

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004, the members of the Audit Committee of Nigeria Reinsurance Corporation hereby report as follows:

- ✿ We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004 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 Corporation 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 2020 were satisfactory and reinforce the Corporation's internal control systems.
- ✿ We are satisfied that the Corporation has complied with the provisions of the National Insurance Commission on the disclosure of related parties' transactions and balances.
- ✿ We have deliberated with the External Auditors, who confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditors' recommendation on accounting and internal control matters and with the effectiveness of the Corporation's system of accounting and internal control.



Ms. Olufolake Tawose
Chairman, Audit Committee
FRC/2013/ICAN/0000002603
16th March, 2023

Members of the Audit Committee are:

1. Ms. Olufolake Tawose - Chairman
2. Otunba Stephen Ojo - Member
3. Mr. Billy Kongha - Member

In attendance:

Rachel Kehinde-Famajuro – Company Secretary

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF NIGERIA REINSURANCE CORPORATION
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Nigerian Reinsurance Corporation ("the company") as at 31 December 2020, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act Cap C 20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Guidelines and Circulars.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 46 of the financial statements which shows that the Corporation has a solvency margin deficit of N 4,503,667,065 for the composite reinsurance business.

The deficit arose from the proportion of land & building and investment properties admissible, which shall not constitute more than 1/3 of the required solvency margin of the company's composite insurance business. Section 2.11.b (i) & (x) of the Prudential Guidelines for Insurers and Reinsurers 2015.

The Corporation has represented that the issue will be discussed with the regulator the inadmissibility of N9,374,667,000.00 of her investment properties.

Also, there was an impairment in the value of an investment property, Reinsurance House 46, Marina Lagos. We got to know that the property was a leasehold over the year's contrary to its freehold recognition. Therefore, the lease charge which was not recognized in the accounts in the prior years was accounted for in the year and a prior year adjustment was effected accordingly.

What We Have Audited

Nigerian Reinsurance Corporation's financial statements comprise:

- ✦ The statement of financial position as at 31 December 20120
- ✦ The profit or loss account and statement of comprehensive income for the year then ended
- ✦ The statement of changes in equity for the year ended
- ✦ The statement of cash flows for the year then ended and
- ✦ The notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities section of our report.

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

Independence

We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountant Non-compliance with Laws and Regulations (IESBA NOCLAR Code) together with the ethical requirements that are relevant to our audit of the financial statements.

We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA NOCLAR Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the 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

Valuation of Investment Properties (Note 14)

We focused on this area due to the size of the investment property balance and because the assessment of the value of the property involves judgment about the future cash flows from the property, the growth rate and the discount rate applicable to future cash flows.

How our audit addressed the key audit matter

We inspected the lease agreements to verify that the cash flows align with agreed terms of contract and evaluated the composition of the cash flows for correctness, though we could not obtain full details of tenants' rent payment status on some of the properties. The discount and growth rate applied within the model were assessed for reasonableness by comparing to available market and economic information.

We assessed and relied on the competence, independence and objectivity of management's external

valuation experts and reviewed the methodology used in determining the reasonableness of the valuation.

Valuation of Assurance Contract Liabilities (Note 19)

We focused on this area due to the size of the insurance liability balance and because the valuation of claims incurred but not reported (IBNR), life insurance contract liabilities and annuity reserves are dependent on a number of assumptions about future experience.

The actuarial assumptions applied in estimating amounts for IBNR include the expected average ultimate annual loss ratio. This estimate relies on the quality of the underlying data and involves complex and subjective judgments about future events.

The actuarial assumptions used in the valuation of life insurance contracts and annuity reserves are judgmental, particularly with respect to persistency, mortality, expenses and discount rates.

How our audit addressed the key audit matter

We evaluated the design effectiveness and implementation of keys control over claims and provision for outstanding claims balance.

We reviewed the valuation methodology for compliance with IFRS. We evaluated whether the actuarial methodology was consistent with those used in the prior periods. We assessed the competence of the underlying data used in the actuarial valuation by checking to claims underwriting and other data.

We assessed key actuarial assumptions around valuation rate for annuity business and for the rest of the long-term business which are based on current market risk free yields. We also assessed actuarial assumptions with respect to mortality, expenses and persistency for life insurance business.

We considered recent experience and the appropriateness of the judgement applied by management and how future experience will evolve and verified that the valuation considered the current estimate of all contractual cash flows.

We assessed and relied on the competence, independence and objectivity of management's external actuarial experts and reviewed the methodology used in determining the reasonableness of the valuation.

Right of Use (ROU) Asset-Adoption of IFRS 16 Lessees)

Nigeria Reinsurance Corporation implemented IFRS 16 on leases as a first adoption which took effect from 1 January 2019.

Under IFRS 16, the standard allows the lessee to recognize a right of use asset and a lease liability at the date of commencement. The standard thus removes the distinction between operating lease and finance leases as previously required under IAS17, with the only optional exemptions being applied for certain short-term leases and leases of low-value.

The Corporation recognized a carrying amount on ROU asset of N964 million (ten years lease of a building for office accommodation) and no financial liability as at 31 December 2020 as the Corporation paid the total lease amount on inception of the lease.

We considered this a key audit matter given the significance of the amount and the judgments needed in establishing the underlying key assumptions. These assumptions and estimates include assessment of lease term and determining the useful life of right-of-use asset.

In evaluating the Corporation's adoption of the standard, we:

- Reviewed management's impact assessment of adopting the new standard (IFRS 16)
- Evaluated and tested the design and operating effectiveness of the controls that management has established to identify Contract that is, or contains, a lease.
- Considered completeness by reviewing key service contracts to assess whether they contained a lease under IFRS 16.
- We performed procedures to ensure that the practical expedients elected by the corporation were correctly implemented.

Based on our procedures performed and our assessment of the disclosures made, we are satisfied that the disclosure of the expected impact of IFRS 16 is in accordance with the standard.

Other Information

The directors are responsible for the other information.

The other information include Corporate governance report, Internal control and risk management systems in relation to the financial reporting, Statement of directors' responsibilities, Report of the audit committee, Regulatory requirements under IFRS regime, Operational risk management, Value added statements, Five year financial summary, and Share Capitalisation history which we obtained prior to the date of this auditor's report, and the Chairman's statement, Corporate information, Products and services and Corporate directory which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read reports not made available to us before the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the 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, the Financial Reporting Council of Nigeria Act, the Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditors' 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 this financial statements.

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

We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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.
- Obtained an understanding of internal controls 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 company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act. Cap C 20, Laws of the Federation of Nigeria, 2004 and Section 28(2) of the Insurance Act 2003.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



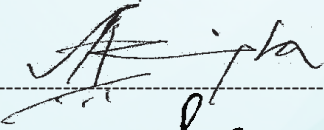
Ahmed Tunde Adenusi, FCA
FRC/2013/ICAN/00000001986
For: Adenusi & Co
Chartered Accountants
ABUJA, Nigeria
17th March, 2023



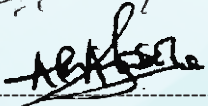
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	Note	12/31/2020 N'000	12/31/2019 N'000 Restated
Assets			
Cash and Cash Equivalents	8	746,862	2,055,452
Financial Assets	9	1,878,688	1,789,354
Bank balances under lien	10	-	-
Trade Receivables	11	-	-
Deferred acquisition costs	12	4,138	2,539
Other receivables and prepayments	13	20,000	-
Investment properties	14	13,054,000	12,702,000
Deferred tax asset	15	83,499	83,499
Intangible Assets	16	3,937	3,049
Right of Use	17	964,800	-
Property and Equipment	17a	173,803	24,733
Statutory Deposit	18	1,000,000	1,000,000
Total assets		<u>17,929,726</u>	<u>17,660,625</u>
Liabilities			
Reinsurance Contract Liabilities	19	1,403,474	898,496
Trade Payables	21	-	-
Provisions and Other Payables	22	36,158	44,784
Retirement Benefit Obligations	23	54,585	85,860
Income Tax Liabilities	24	8,107	8,107
Total liabilities		<u>1,502,324</u>	<u>1,037,247</u>
Equity			
Issued and Paid Share capital	25	7,448,542	5,901,735
Share Premium	26	4,499,367	4,499,367
Statutory Contingency reserve	27	2,285,751	2,259,587
Retained Earnings	28	1,216,217	3,075,325
Fair Value Reserves	29	977,525	887,364
Total Equity		<u>16,427,402</u>	<u>16,623,378</u>
Total liabilities and equity		<u>17,929,726</u>	<u>17,660,625</u>


The financial statements and the notes thereon were approved and authorised for issue by the Board of Directors of the Corporation on the 16th March, 2023 and were signed on its behalf by:



Dr. Amos Akingba
 FRC/2013/IODN/00000003762



Mr. Akinsola Ale
 FRC/2020/008/00000021598



Mrs. E. Adetutu Ajayi
 FRC/2013/ICAN/00000002531

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

		12/31/2020	12/31/2019
	Note	N'000	Restated N'000
Gross Premium Written	330	973,164	872,287
Changes in unearned premium	31	(33,808)	15,878
Gross Premium Income	32	<u>939,356</u>	<u>888,166</u>
Retrocession expenses	33	(54,139)	(58,194)
Net Underwriting Income		<u>885,217</u>	<u>829,972</u>
Claims expenses	34	(860,734)	(528,744)
Underwriting expenses	35	(305,274)	(267,511)
Retrocession Claims recovery		15,727	45,320
		<u>(1,150,281)</u>	<u>(750,936)</u>
Underwriting Results		(265,064)	79,036
Investment Income	36	320,781	296,390
Net fair value gain/(loss) on Investment properties	37	350,845	173,230
Other operating income	38	54,946	20,140
Net Operating Income		<u>461,507</u>	<u>568,796</u>
Expenses			
Management expenses	39	(739,226)	(468,175)
Impairment of assets	40	0	(0)
Expected credit losses -cash	41	(3,182)	(3,647)
Expected credit losses -Staff loan	41	-	-
Expected credit losses - FVOCI - unquoted equities	41	-	49,985
Impairment of Other Receivables & Prepayment	13	-	-
		<u>(742,408)</u>	<u>(421,838)</u>
Losses before taxation	50	(280,901)	146,958
Taxation	42	(5,236)	(3,546)
Losses after Taxation		<u>(286,137)</u>	<u>143,412</u>
Other comprehensive income net of tax Items that may be subsequently reclassified to profit or loss			
Net fair value changes on financial assets	43	90,161	26,652
Gain on Amotised cost - treasury bills	0	-	-
Total other comprehensive income		<u>90,161</u>	<u>26,652</u>
Total Comprehensive loss for the year		<u><u>(195,976)</u></u>	<u><u>170,064</u></u>
Earnings per 50 kobo share (Basic & Diluted) - kobo	51	<u>(1.9)</u>	<u>1.2</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Share Capital N'000	Share Premium N'000	Contingency Reserves N'000	Retained Earnings N'000	Fair Value Reserves N'000	Total N'000
Balance at 1st January 2020	5,901,735	4,499,367	2,259,588	3,075,325	887,363	16,623,378
Prior year adjustment						
Amortised cost Cash & Cash equivalent ECL 1/1/2020				-		-
Amorised cost - treasury bills 1/1/2020						-
Adjustment for under/(Over)stated balances in financial assets						-
Profit after taxation				(286,137)		(286,137)
Transactions with equity holders	5,901,735	4,499,367	2,259,588	2,789,188	887,363	16,337,241
Bonus shares issued						
Transfer to contingency reserve	-		-	-	-	-
Released Fair Value gain on disposal of Property	-		26,164	(26,164)	-	-
Capitalisation of retained earnings						-
Fair value gain on financial assets - quoted	1,546,807			(1,546,807)		
Fair value gain on financial assets - unquoted					136,827	136,827
Realised Fair value gain at 1st January, 2020 on disposals of AFS financial assets during the year						-
Expected Credit Loss - unquoted equities						-
Fair value (loss) on financial assets						-
Transfer to retained earnings					(46,666)	(46,666)
Total contributions by equity holders	1,546,807	-	26,164	(1,572,971)	90,161	90,161
Balance at 31st December 2020	7,448,542	4,499,367	2,285,751	1,216,217	977,524	16,427,402
Balance at 1st January, 2019 (Restated)	4,404,280	4,499,367	2,228,647	7,435,309	860,711	19,428,312
Prior year adjustment on investment property 1/1/2019 (Note 14)				(2,975,000)		(2,975,000)
Amorised cost - treasury bills 1/1/2019						-
Fair Value gain on FVOCI equity Instrument - unquoted 1/1/2019						-
Adjustment for understated balances in financial assets						-
Profit after taxation				143,412		143,412
Transactions with equity holders	4,404,280	4,499,367	2,228,647	4,603,721	860,711	4,603,721
Bonus shares issued						
Transfer to contingency reserve			30,941	(30,941)		
Capitalisation of reserve	1,497,455			(1,497,455)		
Fair Value gain on Financial assets -quoted					29,176	29,176
Fair value gain on financial assets - unquoted					789	789
Realised Fair value gain at 1st January, 2019 on disposals						-
Prior year adjustment on investment property (Note 14)						-
Fair value (loss) on financial assets					(3,312)	(3,312)
Fair value gain on properties						-
Transfer to retained earnings						-
Total contributions by equity holders	1,497,455	-	30,941	(1,528,396)	26,652	26,652
Balance at 31st December, 2019	5,901,735	4,499,367	2,259,588	3,075,325	887,363	16,623,378

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	12/31/2020 N'000	12/31/2019 N'000
Cash flows from operating activities			
Premium Received		423,440	449,432
Claims Paid. (See Note 34.1)		(146,715)	(181,286)
Commission Paid		-	-
Premium Received in Advance		2,240	3,715
Retrocession Expenses		(54,139)	(58,194)
Retrocession Recovery		15,727	18,538
Payment to Employees		(244,034)	(185,760)
Administrative Expenses		(486,539)	(440,820)
Other Operating Income Received		53,826	18,460
Net Cash From Operating Activities		<u>(436,194)</u>	<u>(375,916)</u>
Cash flows from investing activities			
Purchase of property and equipment		(173,130)	(9,698)
Purchase of intangible assets		(2,616)	(1,500)
Improvement / Repairs on property		(1,155)	(1,770)
Lease of property at Broad Street 159/160		(984,800)	
Proceed from the disposal of AFS Fin. Assets		757	
Purchase of AFS Fin. Assets		-	-
Investment in Treasury Bills		-	356,264
Proceeds from Liquidation of Treasury Bill		-	-
Dividend received from investments		47,121	48,686
Interest received on Bank deposits		205,972	253,039
Interest on Treasury Bill Investments		-	10,082
Rental income received		38,637	64,480
Net cash (used by)/generated from investing activities		<u>(869,214)</u>	<u>719,584</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		(1,305,408)	343,667
Cash and cash equivalents at the beginning of the year 1/1/2020	8	2,055,452	1,715,431
Expected credit loss 31/12/2020	8a	(3,182)	(3,647)
Cash and cash equivalents at the end of the year (31/12/2020)	8	<u>746,862</u>	<u>2,055,452</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2020

1. Reporting Entity

a. Legal Form

Nigeria Reinsurance Corporation (previously known at different times as Nigeria Reinsurance Corporation and Nigeria Reinsurance Corporation Plc.) was established on 23rd June 1977 by the Nigeria Reinsurance Act, 1977. It was subsequently incorporated under the Companies and Allied Matters Act Cap C20 LFN 2004. As part of the privatization policy, the Federal Government of Nigeria divested 51% of its 100% equity shareholding from the Corporation in November 2002. The core investor on divestment was Reinsurance Acquisition Group Limited (RAGL), a special purpose vehicle formed for the purpose of acquiring the equity interest in the Corporation. In 2006, Global Fleet Oil and Gas Limited acquired the shareholding of RAGL. The latest recapitalization exercise of 2008 resulted in more shareholders.

a. Main Activities

The Corporation is engaged in General and Life reinsurance businesses incorporating payment of claims. It provides cover in all classes of reinsurance, treaty and facultative reinsurance which are backed by retrocessions. The products and services include fire, general accident, marine, aviation, individual and group life.

The Corporation is also engaged in investment of funds aimed at sustaining productivity, meet future obligations of claims and conserve shareholders' funds.

b. Registered Address

784A, Herbert Macaulay Way
Central Business District, Abuja

2. Basis of preparation

a. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties; available for sale, held to maturity, loans and receivable financial assets and financial liabilities.

a. Underlying assumptions

Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the functional currency of the Corporation.

Accrual Basis

- i. Effects of transactions and other events are recognized when they occur.
- ii. Transactions are recorded in accounting records and reported in the financial statements of the period to which they relate.

Going Concern

The financial statements have been prepared in accordance with the going concern principle which assumes that an entity will continue in operation for the foreseeable future with no intention or need to liquidate, except otherwise stated. The directors are of the opinion that the Corporation will continue as a going concern for the foreseeable future.

3. Statement of Compliance with IFRS

These financial statements are prepared in compliance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB), the interpretations of these standards issued by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1st January, 2014.

These financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act, CAP 117 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).

Judgment estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It requires the directors to make judgments, estimates and assumptions in the process of applying the accounting policies to the reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, actuarial and valuation analyses as well as various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are in line with the provisions of the Insurance Act 2003, IFRS and the Financial Reporting Council of Nigeria (FRC) Act 2011. Actual results may differ from those estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an on-going basis. Adjustments to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or it affects both current and future periods.

4. New Standards and Amendments Adopted

(I) IFRS 9 - Financial Instruments

Effective for periods beginning on or after 1st January 2018

IFRS 9 requires financial assets to be classified into two measurement categories of fair value and amortised value. The determination is made at initial recognition. The classification depends on the business model for managing financial instruments and the characteristic contractual cash flow of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the financial assets of the Corporation into two main categories of fair value and amortized cost (as opposed to the four categories prescribed by IAS 39 - fair value through profit & loss, loans & receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities.

5. New Standards and Amendments not Adopted

(i) IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

Effective for periods beginning on or after 1st 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 amortization 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; or
- b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

At present, the Corporation uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The directors of the Corporation believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets. Accordingly, the directors of the Corporation believe that the application of these amendments to IAS 16 and IAS 38 is not relevant to the financial statements.

(ii) IAS 16 and IAS 41 – Agriculture: Bearer Plants

Effective for periods beginning on or after 1st January, 2016

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Corporation believe that the application of these amendments to IAS 16 and IAS 41 is not relevant to the financial statements as the Corporation is not engaged in agricultural activities.

(iii) IFRS 11 – Accounting for Acquisitions of Interest in Joint Operations

Effective for periods beginning on or after 1st January, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes 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 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.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1st January 2016. The directors of the Corporation believe that the application of these amendments to IFRS 11 is not relevant to the financial statements as it does not have interest in joint operations.

(iv) IFRS 14 - Regulatory Deferral Accounts

Effective for periods beginning on or after 1st January, 2016

The Standard permits an entity that is a first-time adopter of IFRS to continue to use its previous GAAP accounting policies for its rate-regulated activities. Application of the Standard is not mandatory, but if a first-time adopter of IFRS is eligible to apply the Standard, it must elect to do so in its first IFRS financial statements. If it does not, the entity will not be eligible to apply the Standard in subsequent periods.

To isolate the effect of recognizing the regulatory deferral account balances that arise from rate-regulated activities, the Standard requires the entity to present these account balances as separate line items in the statement of financial position and to present movements in these account balances as separate line items in the statement of profit

or loss and other comprehensive income (OCI).

The Corporation does not currently have rate regulated activities, so it is not relevant to the financial statements.

6. New Standards that are not due and not early Adopted

(i) IFRS 9 - Financial Instruments

Effective for periods beginning on or after 1st January, 2018

IFRS 9 requires financial assets to be classified into two measurement categories of fair value and amortised value. The determination is made at initial recognition. The classification depends on the business model for managing financial instruments and the characteristic contractual cash flow of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the financial assets of the Corporation into two main categories of fair value and amortized cost (as opposed to the four categories prescribed by IAS 39 - fair value through profit & loss, loans & receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities.

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include:

- a) Impairment requirements for financial assets.
- b) Limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be substantially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at

amortized cost at the end of the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and to have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes 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 fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial asset, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for 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 also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

(ii) IFRS 15 - Revenue from Contracts with Customers

Effective for periods beginning on or after 1st January, 2018

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, that is, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

(iii) IFRS 16 - Leases

Effective for periods beginning on or after 1st January, 2019

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

A lessee can elect to apply IFRS 16 to leases of intangible assets.

A lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- i) leases with a lease term of 12 months or less and containing no purchase options - this election is made by class of underlying asset; and
- ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) - this election can be made on a lease-by-lease basis.

Assets acquired under lease are depreciated using the useful life of the assets. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, they are depreciated over the shorter of the useful life and the lease term.

As a lessee, the right-of-use lease assets and lease liabilities are recognized on the statement of financial position.

The right-of-use asset is measured at cost less accumulated depreciation and impairment losses. The lease term over which the asset will be depreciated is based on the contract terms

**7. Application of new and revised International Financial Reporting Standards (IFRSs)
New and revised IFRSs/IFRICs affecting amounts reported and/ or disclosures in these
financial statements.**

In the current year, the Corporation has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting periods that begin on or after 1st January 2020.

**Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9
and IFRS 7.**

In September 2019, the IASB issued Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedge items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments did not affect the Corporation's Financial Statements given that it does not apply hedge accounting to its benchmark interest rate exposures.

**Impact of the initial application of COVID-19 Related Rent Concessions Amendment to IFRS
16**

In May 2020, the IASB issued COVID-19 Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concessions is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30th June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30th June 2021 and increased lease payments that extend beyond 30th June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Corporation did not for any rent on concession as a direct result of COVID-19.

Amendments to References to the Conceptual Framework in IFRS Standards

The Corporation has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework they refer to the revised Conceptual framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, AND SIC-32.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Application of new and revised International Financial Reporting Standards (IFRSs) New and revised IFRSs/IFRICs affecting amounts reported and/ or disclosures in these financial statements

Amendments to IFRS 3 Definition of a business

The Corporation has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while business usually have outputs, outputs are not required for an integrated set off activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of

replacing any missing inputs or processes and continuing to produce outputs. The amendments also introducing additional guidance that helps to determine whether a substantive process has been acquired.

The amendment introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Corporation of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1st January 2020.

This amendment did not have any impact on the Corporation's Financial Standards because there was no acquisition.

Amendments to IAS 1 AND IAS 8 Definition of material

The Corporation has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

This amendment did not have any impact on the Corporation's Financial Statements.

New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (Amendments)	Sale of Contribution of Assets between an investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts-Cost of fulfilling a Contract
Annual Improvements to IFRS	Amendments IFRS 1 first- time Adoption of International Financial Reporting
Standards 2018-2020 Cycle	standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Apart from IFRS 17, the directors do not expect that the adoption of the Standards listed above and detailed below will have a material impact on the financial statements of the Corporation in future periods, except as stated otherwise below:

IFRS 17 Insurance Contracts

The new Standards establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersede IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is simplified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model if certain criteria are met by direct measuring the liability for remaining coverage using the Premium Allocation Approach. The General model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is will bring significant changes to entity's processes, systems and financial statements of the Corporation. The standard is effective for annual reporting periods beginning on or after 1st January 2021, with early application permitted.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1st January 2023, with early application permitted. This is not expected to have a material impact on the Corporation Financial Statements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 levels, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1st January 2022. Early application is permitted if an entity also applies all other update references (published together with the updated Conceptual Framework) at the same time or earlier. This may have an impact on the Corporation Financial Statements if such transactions occur in future.

Amendments to IAS 16 -Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, .i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of testing whether an asset is functioning properly IAS 16 now specifies this in assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purpose. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line term(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

Amendments to IAS 37 Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling contracts.)

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1st January 2022, with early application permitted. The Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

Annual Improvements to IFRS Standards 2018-2020 (The Annual Improvements include amendments to four Standards.)

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parents date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a). The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognizes a financial liability, an entity included only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

IFRS 16 Lease

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards all illustrative examples, no effective date is stated.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Corporation.

(ii) Accounting Policies

The significant accounting policies applied by the Corporation in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years presented unless otherwise stated.

(i) Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments is the Executive Management. A segment is a distinguishable component that is engaged in providing related products or services (business segment) or in providing products or services within a economic environment (geographical segment) which is subject to risk and rewards that are different from other segments.

General and Life reinsurance activities are recorded as distinct business segments and the results are analysed in Note 45 to the financial statements. There is no geographic segment reporting as all the businesses are conducted in Nigeria.

(ii) Foreign currency translation

Items included in the financial statements are stated using exchange rates prevailing on the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currency are treated in the profit or loss account.

Monetary items denominated in foreign currency are translated at the closing exchange rate on the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate on the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are treated in the income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments. Foreign exchange gains or losses are presented in the profit or loss under 'Other Comprehensive income'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(iv) Financial Instrument

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Corporation becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price expect to recover from the follower or Retrocession i.e., the lead insurer is exposed to credit risk and shall be required to measure and set aside provisions for expected credit losses.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL - debt investment;

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Corporation makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; how the performance of the portfolio is evaluated and reported to the Corporation's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities – classification, subsequent measurement and gains and losses.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at

amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition financial assets

The Corporation 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 of the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Corporation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Corporation recognises loss allowances for Expected Credit Losses (“ECL”) on:

Financial assets measured at amortised cost;

Debt investments measured at FVOCI; and Contract assets.

The Corporation measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs: debt securities that are determined to have low credit risk at the reporting date; and other debt securities and

bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and including forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Corporation considers a financial asset to be in default when: the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Corporation considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Corporation considers this to be Baa3 or higher per [Moody's Rating Agency] or BBB-or higher per [Standard & Poor's Rating Agency].

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Corporation is exposed to credit risk.

Measurement of ECLS

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Corporation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is

'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due; the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Corporation individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Corporation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included: default or delinquency by a debtor; restructuring of an amount due to the corporation on terms that the corporation would not consider otherwise; indications that a debtor or issuer would enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Corporation

considered a decline of 20% to be significant and a period of nine months to be prolonged.

Disclosure

Use of judgements and estimates

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2018 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 9 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate

Changes in significant accounting policies

A. The Corporation has initially applied IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Corporation's financial statements.

The effect of initially applying this standard is mainly attributed to an increase in impairment losses recognised on financial assets

B. IFRS 9 financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement of financial assets and financial liabilities.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities and derivative financial instruments.

(v) Bank balances under lien

Financial assets held under lien by third parties that do not qualify for de-recognition are reclassified in the statement of financial position from held to maturity financial assets to 'bank balances held under lien'.

Recognition of assets under lien is at cost.

(vi) Trade receivables

Trade receivables arising from reinsurance contracts are stated in the statement of financial position after deduction of allowance made for specific debts considered to be doubtful of recovery.

(vii) Deferred Acquisition Costs

Acquisition costs comprise all direct and indirect costs arising from the writing of both general and life reinsurance contracts. Deferred acquisition costs represent a proportion 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 to the acquisition expenses the ratio of unearned premium to written premium.

(viii) Other receivables and Prepayments

Other receivables are principally accrued income from financial assets which are accrued and received after the reporting period. They are reviewed at every reporting period for impairment.

Prepayments are payments in advance for benefits enjoyed beyond the reporting date. They are carried at costs less accumulated impairment losses.

(ix) Investment properties

Investment properties are long term investment in land and buildings held for generating income or capital appreciation and not occupied substantially for use in operations. An occupation of more than 15% of a property by the Corporation is considered substantial and will not qualify as an investment property. Investment properties are stated at fair values. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

An investment property is reclassified as property, plant and equipment if it becomes owner-occupied. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, the accretion in property revaluation reserve is transferred to retained earnings. Subsequent changes in fair value are recognized in the income statement as "net fair value gain or loss".

If a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement. On disposal of investment property, any accretion in value previously recorded in property revaluation reserve under equity is transferred to retained earnings net of associated tax through "Other Comprehensive Income".

Properties could have dual purposes whereby part of the property is used for own use activities. The portion of a dual use property is classified as an investment property only if it could be sold or leased out separately under a finance lease or if the portion occupied by the owner is immaterial to the total lettable space.

(x) Deferred tax

Deferred tax is computed using the liability method on temporary differences arising between the tax written down values of property, plant and equipment and their carrying amounts in the financial statements. Deferred income tax is determined using extant income tax rates at the end of the reporting period.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(xi) Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use.

Costs associated with maintaining computer software programmes are recognized as an expense when incurred.

Development cost that is directly attributable to the design and testing of identifiable and unique software products are recognized as intangible assets when the following criteria are met:

- ✓ It is technically feasible to complete the software product so that it will be available for use;
- ✓ Management intends to complete the software product and use or sell it;
- ✓ There is an ability to use or sell the software product;
- ✓ It can be demonstrated how the software product will generate probable future economic benefits;
- ✓ Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- ✓ The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the employee costs for software development and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent period.

Computer software development costs recognized as assets are amortised over their useful lives, which does not exceed five years.

(xii) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs and costs of replacement of components are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying value of a replaced component is derecognized. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Corporation did not revalued its properties in December, 2018. Thus the were no accretion in value to be recognized under "Other Comprehensive Income"

Gains and losses on disposal of property and equipment are recognised net of taxes under 'Other Comprehensive Income'. This is ascertained by comparing the proceeds from disposal with the carrying amount.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost. Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each item of property and equipment as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Depreciation is provided on a straight-line basis at annual rates estimated to write off the cost or valuation of each asset to its residual value over its estimated useful life as follows:

✿ Land	- Nil
✿ Leasehold Buildings	- 5% or the unexpired lease period
✿ Office Furniture, Fittings & Equipment	- 20%
✿ Plant & Machinery	- 10%
✿ Motor Vehicles	- 25%

The residual values of property and equipment and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The carrying amount of a property and equipment is immediately written down to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

(xiii) Statutory deposit

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

(xiv) Reinsurance contracts

The Corporation issues contracts that transfer reinsurance risk or financial risk or both. As a general guideline, the Corporation defines as significant reinsurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Types

The Corporation classifies reinsurance contracts into general and life reinsurance contracts.

i. General reinsurance contracts

These contracts are accident, casualty and property reinsurance contracts. Accident and casualty reinsurance contracts protect the Corporation's customers against the risk of causing harm to third parties because 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 reinsurance contracts mainly compensate 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 (business interruption cover).

General reinsurance contracts protect 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 policy holder. There are no maturity or surrender benefits.

ii. Life reinsurance contracts

These contracts insure events associated with human life like death or survival over a period.

Recognition and measurement

i. General reinsurance contracts premium and claims

The Corporation classifies as reinsurance contracts all reinsurance risks accepted from ceding companies or cedant to which it has agreed to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary.

For all contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are stated gross before deduction of commission. Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported. The Corporation does not discount liabilities for outstanding claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions on litigations).

ii. Life reinsurance contracts premium and claims

Life insurance contracts are accounted for on annual basis. Premiums are recognized as revenue when they become payable by the contract holders. Premiums are stated gross before deduction of commission. Claims and other benefits are recorded as an expense when they are incurred.

Surpluses and deficits on actuarial valuation are recorded in the profit or loss account.

With effect from 1st January, 2013, premium income is recognized when collected.

iii. Salvages

Some general reinsurance contracts permit the Corporation to sell (usually damaged) property acquired in the process of settling a claim. There is also the possibility of the right to pursue third parties for payment of some or all costs of damages to client's property (i.e. subrogation right).

iv. Subrogation

Subrogation is the right for a reinsurer 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 assets when the liability is settled, and the Corporation has the right to receive future cash flow from the third party.

v. Deferred income

Deferred income represents a proportion of commission received on reinsurance contracts which are booked during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the reinsurance commission income the ratio of prepaid reinsurance to reinsurance cost.

vi. Retrocession contracts

Contracts entered into by the Corporation with retrocessionaires under which the Corporation is compensated for losses on one or more contracts and meet the classification requirements for reinsurance contracts are classified as retrocession contracts. Contracts that do not meet these classification requirements are classified as financial liabilities. Retrocession contracts entered into with the contract holder being a reinsurer (outward reinsurance) are included with reinsurance contracts.

(xv) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant reinsurance risk.

(xvi) Technical reserves

These are computed in compliance with the provisions of Sections 20, 21, and 22 of the Insurance Act, 2003 as follows:

a. General reinsurance contracts

Reserves for unearned premium

The portion of gross premium written relating to risk for periods falling beyond the reporting accounting period or portion of premium which is estimated to be earned in the following or subsequent years is accounted for as unearned premium.

Reserves for outstanding claims

Outstanding claims are the sum of the total estimated amount of all outstanding claims.

b. Life reinsurance contracts

General reserve fund

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

c. Liability adequacy test

At each end of the reporting year, liability adequacy tests are performed by an Actuary to ensure the adequacy of the reinsurance contract liabilities. In performing these tests, current best estimates of future contractual cash flow and claims handling and administration expenses, as well as investment income from the assets backing such liabilities are used. Any deficiency is immediately charged to profit or loss and subsequently establishing a provision for losses arising from liability adequacy tests.

Whilst the provisions of the Insurance Act 2003 require an actuarial valuation for life reserves only, IFRS 4 requires a liability adequacy test for both life and general reinsurance reserves. The provisions of Section 59 of the Financial Reporting Council Act 2011 give superiority to the provision of IFRS.

Consequently, the Liability Adequacy test was conducted to ascertain the technical reserves for all reinsurance contract liabilities from an actuarial valuation.

(xvii) Trade payables

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

(xviii) Provisions and other payables

Provisions are recognised when there is a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

(xix) Employment Benefits

Retirement benefit obligations

a. Defined Contribution plans

The Corporation maintains a pension scheme for the benefit of its employees. Contribution to the staff pension scheme is made in line with the Pension Reform Act 2014 with the employer contributing 10% and employees contributing 8% each of emoluments. The contributions are mandatorily remitted to the Pension Fund Administrator chosen by individual personnel. The contributions are recognised as employee benefits expense when they are due.

b. Gratuity scheme

In addition, the Corporation operates a gratuity scheme which is based on employees' year of service and exit emoluments. It is non-contributory. The contribution made by the Corporation is charged to the income statement. The gratuity scheme was discontinued in 2011.

c. Short term benefits

Wages, salaries, paid annual leave, sick leave and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by employees.

(xx) Income tax liabilities

Section 4 (2) of the Nigeria Reinsurance Corporation Act 1977 provides tax exemption to the Corporation until the general reserve fund is equal to twice the amount of the paid-up capital. This condition has not been fulfilled so there is no provision for taxation. Direct taxes are not covered by this exemption.

Current tax

The tax currently payable is based on taxable investment income earned by the Corporation for the year in form of frank investment income of dividend. This is usually deducted at source by the payer of dividend.

(xxi) Share capital and premium

Shares are classified as equity when there is no obligation to transfer cash or other assets to the subscribers. Incremental costs directly attributable to the issue of equity instrument are shown in equity as a deduction from the proceeds, net of tax.

(xxii) Statutory contingency reserve

a. General business

In compliance with Section 21 (2) of the Insurance Act 2003, the contingency reserve is credited with the higher of 3% of total premiums, or 20% of net profit. This shall accumulate until it reaches the higher of the minimum paid-up capital or 50 per cent of net premium.

b. Life business

In compliance with Section 22 (1) (b) of the Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

(xxiii) Retained Earnings

Retained earnings represent the current available reserves for dividend distribution to equity holders of the Corporation.

(xxiv) Property Revaluation Reserve

This is the accretion in the value of property and equipment arising from the increment in the carrying cost to the most current valuation figures.

(xxv) Fair Value Reserves

This is the accretion in the value of available for sale financial assets and investment

property arising from restating their values from the time of recognition to the most current fair values. The determination of fair values is in accordance with (v) above.

(xxvi) Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

If the number of ordinary or potential ordinary shares outstanding increases because of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

(xxvii) Contingent liabilities

A Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation. It may also result from past events which are not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of litigation claims under arbitration or court processes in respect of which a liability is not likely to crystallize.

(xxviii) Revenue recognition

Revenue comprises the fair value for reinsurance premium, net of value-added tax. Revenue is recognised as follows:

a. Gross Premium Written

Gross premium on reinsurance business comprise of premium on businesses entered into during the accounting year, irrespective of whether they relate in whole or in part to a later accounting period before deducting retrocession.

b. Gross Premium Income

Premium relating to the expired risk period is taken as earned and recognized as revenue for the period; while premium relating to the unexpired risk period is adjusted for by deduction from the gross premium.

c. Net Premium Income

Net premium income represents the gross premium income or earned income less retrocession premium (outward reinsurance premium expenses).

(xxix) Outward reinsurance expenses

Outward reinsurance expenses represent premium incurred on retrocessions less the unexpired portion at the end of the accounting year.

(xxx) Claims

a. Gross Claims Expenses

This is the direct claims paid during the year including retrocession claims.

b. Gross Claims Incurred

This is made up of claims and handling expenses paid during the year after adjusting for the movement in the provision for outstanding claims.

c. Net Claims Incurred

This is the gross claims incurred after adjusting for retrocession claims recoveries.

(xxxii) Underwriting Expenses

Underwriting expenses comprise commissions paid, acquisition costs, servicing of existing policies/contracts, superintending and technical expenses. Acquisition costs comprise all direct and indirect cost arising from the writing of insurance contracts.

(xxxiii) Surplus and deficit on 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 fund as at the date of valuation. Surplus and deficit arising therefrom are recognized in the profit or loss account through unearned premium or movement in claims.

(xxxiiii) Investment income

Investment income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Corporation's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(xxxiv) Other operating income

Other operating income comprises rental income and gains on the disposal of available-for-sale financial assets. Rental income is recognized when earned.

(xxxv) Management expenses

Management expenses are expenses other than claims, underwriting expenses, expenses for marketing and administration. They include wages, professional fee, depreciation expenses, insurance supervision levy and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin.

(xxxvi) Exceptional items

Exceptional items are income or expenditure transactions that are incidental to operations but need to be reported separately by reason of the magnitude being outside the normal business operations.

Exceptional income comprises material write-back of impairment or repudiated claims, whilst exceptional expenses comprise material impairment costs.

	12/31/2020	12/31/2019
	N'000	N'000
8 Cash and Cash Equivalents		
Balances with local banks	52,842	75,619
Balances with foreign banks	199,610	122,380
Fixed deposits	<u>509,596</u>	<u>1,869,456</u>
	762,048	2,067,456
Expected credit Loss 1/1/2020	(12,004)	(8,357)
Expected credit Loss 31/12/2020	<u>(3,182)</u>	<u>(3,647)</u>
	<u>746,862</u>	<u>2,055,452</u>
Cash and cash equivalents represent highly liquid instruments which are not subject to significant risk of changes in value.		
8a Movements in ECL		
At 1/1/2020	12,004	8,357
Movement during the year	<u>3,182</u>	<u>3,647</u>
ECL at 31/12/2020	<u>15,186</u>	<u>12,004</u>
9 Financial Assets		
These are made up of:		
Fair value through other comprehensive income - Note 9.1	1,876,220	1,786,059
Amortised cost - Fed Govt Treasury Bill - Note 9.2	-	-
Loans & receivables -Note 9.3	-	-
Amortised cost - staff loans & receivables - Note 9.3	<u>2,467</u>	<u>3,294</u>
	<u>1,878,687</u>	<u>1,789,353</u>
9.1 Fair value through other comprehensive income		
Quoted ordinary equities	571,763	481,602
Unquoted ordinary equities	1,304,457	1,304,457
Fair Value gain unquoted equities 31/12/2020	<u>1,876,220</u>	<u>1,786,059</u>
9.2 Amortised cost		
Federal Government of Nigeria Treasury Bills	<u>-</u>	<u>-</u>
9.3 Amortised cost		
Staff loans and advances	<u>2,467</u>	<u>3,295</u>

9.4 Movement in Financial Assets

Class of Financial assets	N'000				Total
	FVOCI Quoted	FVOCI Unquoted	Amortised Cost Treasury Bills	Amortised Cost Staff Loans	
Fair value balance at 1 January, 2020	481,603	1,304,457	356,265	3,295	1,789,354
Fair value accretion during the year	-	-	-	-	-
Net movement in staff loans	-	-	-	(827)	(827)
Additional investment in treasury bills during the year	-	-	-	-	-
Fair value gain during the year	136,827	-	-	-	136,827
Treasury bills liquidated during the year	-	-	-	-	-
Fair value loss financial assets - quoted equities	(46,666)	-	-	-	(46,666)
	-	-	-	-	-
	571,763	1,304,457	-	2,468	1,878,688

9.5 Fair Value Hierarchy of Financial Assets - 31/12/2020

Asset Type	N'000			Total
	Level 1	Level 2	Level 3	
Asset Type	571,763	-	-	571,763
FVOCI - Quoted ordinary equities	-	1,304,457	-	1,304,457
FVOCI - Unquoted ordinary equities	-	-	-	-
Amortised cost - Federal Government of Nigeria Treasury Bill	-	-	2,468	2,468
Amortised cost - Staff loans and advances	571,763	1,304,457	2,468	1,878,688

9.6 Fair Value Hierarchy of Financial Assets - 31/12/2019

Asset Type	N'000			Total
	Level 1	Level 2	Level 3	
Asset Type	481,603	-	-	481,603
FVOCI - Quoted ordinary equities	-	1,304,457	-	1,304,457
FVOCI - Unquoted ordinary equities	-	-	-	-
Amortised cost - Federal Government of Nigeria Treasury Bill	-	-	3,294	3,294
Amortised cost - Staff loans and advances	481,603	1,304,457	3,294	1,789,354

- Level 1 hierarchy of fair value was adopted for the valuation of the quoted equity securities. This is based on the quoted market prices of the Nigeria Stock Exchange for the respective years.
- Level 2 hierarchy of fair value was adopted for Africa Reinsurance Corporation at 31 December, 2020.
- Level 3 hierarchy was adopted for all the unquoted equity securities. This is based on the lower of cost and the proportionate value to the net assets value of the investee companies. The value of investments was written down to nil for investee companies with negative net assets value.

9.7 Maturity profile of Financial assets - 31/12/2020	Within	Beyond	Total
	12 Months	12 Months	
Asset Type	N'000	N'000	N'000
FVOCI - Quoted equities	-	571,763	571,763
FVOCI - Unquoted ordinary equities	-	1,304,457	1,304,457
Amortised cost - Federal Government of Nigeria Treasury Bill	-	-	-
Amortised cost - Staff loans and advances	2,468	-	2,468
	2,468	1,876,220	1,878,688

10 Bank balances under lien	12/31/2020	12/31/2019
	N'000	N'000
Balances with local banks under lien	4,800,273	4,800,273
Provision for doubtful balances with local banks under lien	(4,800,273)	(4,800,273)
	-	-

Balances with local banks under lien in the sum of N4.8 billion(\$32,325,067) is held by Union Bank of Nigeria Plc. The lien is in respect of a pending litigation.

The suit which is premised on the recovery of a credit facility advanced by Union Bank to NICON Investment Limited was struck out at the Federal High Court holden at Lagos in February, 2012, inter alia, for abuse of court process with NICON Investment Limited being awarded damages and some costs.

The Corporation is not directly involved in the litigation but it is joined as a co-defendant by reason of its membership of the Global Fleet Group with the first defendant, NICON Investment Limited, whereas companies in the Global Fleet Group have distinct relationship with Union Bank of Nigeria Plc. as a banker.

The Corporation is not in any way indebted to Union Bank, neither are its equity nor assets pledged to the bank. There is neither obligation nor commitment from the Corporation on the subject matter.

In view of the protracted nature of the legal suit, in 2012 accounting year, full provision was made for loss of the bank balances held under lien and there is no indication to the contrary in the 2020 accounting year.

	12/31/2020 N'000	12/31/2019 N'000
11 Trade Receivables		
11.1 Summary		
Receivables on reinsurance accounts	3,785,479	3,785,479
Impairment - 11.3	(3,785,479)	(3,785,479)
	<u>-</u>	<u>-</u>
11.2 Age Analysis		
Under 90 days		
91 - 180 days		
Above 180 days	3,785,479	3,785,479
	<u>3,785,479</u>	<u>3,785,479</u>
11.3 Impairment		
Balance at the beginning of the year	3,785,479	3,785,722
Write-back of provision	(0)	
Adjustments/write-offs		
Balance at the end of the year	<u>3,785,479</u>	<u>3,785,479</u>

In line with the Insurance Act, 2003 and subsequent circulars by the National Insurance Commission, insurance contracts exist only on the payment of premium by the insured. Consequently, there is no receivable reinsurance premium.

	12/31/2020 N'000	12/31/2019 N'000
12 Deferred acquisition costs		
Analysis by class of reinsurance		
Fire	1,875	1,442
General Accident	63	29
Motor	30	-
Marine and Aviation	42	5
Contractors' All Risk	397	334
Oil & Gas	1,731	729
	<u>4,138</u>	<u>2,539</u>
Acquisition cost brought forward	2,539	4,093
Acquisition cost paid during the year	306,873	265,956
	309,412	270,050
Acquisition cost amortised during the year	(305,274)	(267,511)
Acquisition cost carried forward	<u>4,138</u>	<u>2,539</u>
Movement during the years	2,539	4,093
Balance at beginning of the year	1,600	(1,555)
Movement during the year	<u>4,138</u>	<u>2,539</u>

Deferred acquisition costs represent commissions on unearned premium in respect of the unexpired period of risk.

	12/31/2020	12/31/2019
	N'000	N'000
13 Other receivables and prepayments		
Energy Group (see note 57)	20,000	-
Provision for other receivables & prepayment	-	-
	<u>20,000</u>	<u>-</u>

The N20million due from Energy Group above is the balance of the N500m consideration paid for the property injected that was disallowed in 2019 out of which N480m has been converted to 5years rent

	12/31/2020	12/31/2019
	N'000	N'000
14 Investment properties		*Restated
14.1 Summary		
Balance at the beginning of the year	12,702,000	12,527,000
Transfer from PPE		
Additions during the year	1,155	1,770
Written-off during the year	-	
Unrealised fair value gain/(loss)	350,845	173,230
Balance at the end of the year	<u>13,054,000</u>	<u>12,702,000</u>

14.2 Movement in Investment Properties	Value at 01/01/2020 Restated	Additions in 2020	Disposal	Fair Value in 2020	Value at 31/12/2020
1 Plot 784, Herbert Macaulay Way, Central Area, Abuja - 12-storey building (Note 59)	9,000,000			270,000	9,270,000
2 46, Marina, Lagos - 22-storey building (written down to its rental value) Note 14.2.2	420,000			(210,000)	210,000
3 Tower Fernandez, 1-9, Berkeley Street, Lagos 15-storey building	1,500,000	1,155		28,845	1,530,000
4 58A Associated Estate Karmo Abuja - 5 bedroom duplex	30,000			5,000	35,000
5 Evbuoriarua Layout Benin City - Land - 5,023 hectares	250,000			5,000	255,000
6 North Bank Area Markurdi - Land - 1.46 hectares	11,000			-	11,000
7 Ishaya Bakut Road Markurdi - Land - 9,966.95 sqms	25,000			-	25,000
8 7 Aso Garden Est Maitama Abuja - 4 bedroom detached house	250,000			25,000	275,000
9 8 Aso Garden Est Maitama Abuja - 4 bedroom detached house	250,000			25,000	275,000
10 28 Commonwealth Ave palm Grove Estate Lagos - Block of 6 Flats	300,000			50,000	350,000
11 Flat at St John's Wood London, 51 Grove Court, Grove End Road London	470,000			150,000	620,000
12 Block V, Plot 1-3 Commercial Layout Ijeun Lukosi Abeokuta	196,000			2,000	198,000
0	-				-
	<u>12,702,000</u>	<u>1,155</u>	<u>-</u>	<u>350,845</u>	<u>13,054,000</u>

14.2.1 *The addition to Tower Fernandez, 1-9, Berkeley Street, Lagos - was in respect of roof felting job done on space occupied by one of the tenants.*

14.2.2 *The Lease on Reinsurance House 46, Marina Lagos expired in 2020.*

The Corporation could not buy over the reversionary interest on the property at 46 Marina, Lagos Nigeria which hitherto treated as freehold in her books of accounts, because it was not explicitly stated in the lease agreement nor was a compromise reached on the extension of the lease. The Corporation has therefore written down the carrying amount of the property which was N3.3 billion at 31st December 2018 to its rental value in the year 2019 and 2020 and a prior year adjustment effected (see notes 14.1 and 28) on the comparative balance to restate it in line with IAS 8.

Please see note 60 for full disclosure on the restated 2019 figure.

	12/31/2020	12/31/2019
	N'000	N'000
		Restated
14.2.4 Analysis of Investment properties is as follows;		
Plot 784, Herbert Macaulay Way, Central Area, Abuja - 12-storey building (Note 59)	9,270,000	9,000,000
46, Marina, Lagos - 22-storey building (written down to its rental value) Note 14.2.2	210,000	420,000
Tower Fernandez, 1-9, Berkeley Street, Lagos 15 -storey building	1,530,000	1,500,000
58A Associated Estate Karmo Abuja - 5 bedroom duplex	35,000	30,000
Evbuoriararia Layout Benin City - Land - 5,023 hectares	255,000	250,000
North Bank Area Markurdi - Land - 1.46 hectares	11,000	11,000
Ishaya Bakut Road Markurdi - Land - 9,966.95 sqms	25,000	25,000
7 Aso Garden Est Maitama Abuja - 4 bedroom detached house	275,000	250,000
8 Aso Garden Est Maitama Abuja - 4 bedroom detached house	275,000	250,000
28 Commonwealth Ave palm Grove Estate Lagos - Block of 6 Flats	350,000	300,000
Flat at St John's Wood London, 51 Grove Court, Grove End Road London	620,000	470,000
Block V, Plot 1-3 Commercial Layout Ijeun Lukosi Abeokuta	198,000	196,000
	<u>13,054,000</u>	<u>12,702,000</u>

The Financial Registration Council of Nigeria registration number of Fagbemi Rotimi Olorunyomi who signed the valuation report is FRC/NIESV/00000000369.

a) **The investment properties are:**

- i. The Head Office building situated at Plot 784A, Herbert Macaulay Way (North), Central Business District, Abuja.
- ii. The office property situated at 46, Marina, Lagos. This was reclassified in 2012 to investment property as the portion occupied by the Corporation for its use does not exceed 15% of the available space.
- iii. The block of flats situated at Berkeley Street, Lagos.
- iv. The landed property in Benin & Markurdi, Building at Aso Gardens in Abuja and Flat at St John's Wood London were reclassified in 2015 as investment property in accordance with IAS 40 as they are held primarily for generating income or capital appreciation.

	12/31/2020	12/31/2019
14.3 Income earned during the year		
Rental income earned from investment properties	<u>61,694</u>	<u>79,880</u>
15 Deferred tax asset		
Balance at the beginning of the year	83,499	83,499
Deferred tax abatement/(charge) during the year	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>83,499</u>	<u>83,499</u>
<p>No deferred tax abatement nor charge in the year as the Corporation is a non taxable entity. The only tax payable on investment income was deducted at source.</p>		
16 Intangible Asset		
Computer software		
Cost at the beginning of the year	34,384	32,884
Additions during the year	<u>2,616</u>	<u>1,500</u>
Cost at the end of the year	<u>37,000</u>	<u>34,384</u>
Aggregate depreciation at the beginning of the year	31,335	29,915
Charge during the year	<u>1,728</u>	<u>1,420</u>
Aggregate depreciation at the end of the year	<u>33,063</u>	<u>31,335</u>
Net book value	<u>3,937</u>	<u>3,049</u>
17 Right-of -Use-Asset		
At 31 December, 2020		
Leased Property		
Cost/Valuation	N'000	N'000
At 1 January, 2020	-	-
Additions during the year	964,800	-
Disposals during the year	<u>-</u>	<u>-</u>
At 31 December, 2020	<u>964,800</u>	<u>-</u>
Depreciation		
At 1 January, 2020	-	-
Charge for the year	<u>-</u>	<u>-</u>
Disposals during the year	<u>-</u>	<u>-</u>
At 31 December, 2020	<u>-</u>	<u>-</u>
Net book value		
At 31 December, 2020	<u>964,800</u>	<u>-</u>
At 31 December, 2019	<u>-</u>	<u>-</u>

Sequel to the expiration of the lease on Reinsurance House , 46 Marina and the inability of the Corporation to reach a compromise on the extension of the lease with the Landlords, the Corporation decided to lease the Energy House building at 159/161 Broad Street for a period of ten years (November, 2020 to November, 2031) to ensure continuity of operations in case of an eviction from the current accommodation. The Corporation paid the total lease amount on inception of the lease.

**17a Property and Equipment
At 31 December, 2020**

	Furniture & Fittings N'000	Plant & Machineries N'000	Motor Vehicles N'000	Net Total N'000
Cost/Valuation				
At 1 January, 2020	202,337	124,923	106,813	434,073
Additions during the year	2,398	8,680	162,052	173,130
Disposals during the year	-	-	-	-
At 31 December, 2020	204,735	133,603	268,865	607,203
Depreciation				
At 1 January, 2020	192,824	119,179	97,337	409,340
Charge for the year	2,821	3,396	17,843	24,060
Disposals during the year	-	-	-	-
At 31 December, 2020	195,645	122,575	115,180	433,400
Net book value				
At 31 December, 2020	9,089	11,028	153,685	173,803
At 31 December, 2019	9,512	5,744	9,477	24,733

**Property and Equipment (Cont'd)
At 31st December, 2019**

	Furniture & Fittings N'000	Plant & Machineries N'000	Motor Vehicles N'000	Net Total N'000
Cost/Valuation				
At 1 January, 2019	122,200	174,743	127,433	424,375
Additions during the year	2,723	6,975	-	9,698
Disposals during the year	-	-	-	-
At 31 December, 2019	124,923	181,717	127,433	434,073
Depreciation				
At 1 January, 2019	116,358	157,957	127,432	401,748
Charge for the year	2,821	4,771	-	7,592
Disposals during the year	-	-	-	-
At 31 December, 2019	119,179	162,729	127,432	409,340
Net book value				
At 31 December, 2019	5,744	18,988	1	24,733
At 31 December, 2018	5,842	16,785	1	22,627

	12/31/2020 N'000	12/31/2019 N'000
18 Statutory deposit		
Central Bank of Nigeria	<u>1,000,000</u>	<u>1,000,000</u>
<p>The statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with the provisions of the Insurance Act 2003.</p>		
19 Reinsurance Contract Liabilities		
This is made up of:	47,650.7900	26,639
Life Fund - 19.1	19,642	6,845
Reserve for unearned premium - 19.2	<u>1,336,182</u>	<u>865,012</u>
Reserve for claims - 19.3	<u>1,403,474</u>	<u>898,496</u>
19.1 Life fund		
At the beginning of the year	26,639	33,219
Changes in life insurance contract liability	<u>21,011</u>	<u>(6,579)</u>
At the end of the year	<u>47,651</u>	<u>26,639</u>
19.2 Reserve for unearned premium		
Fire	11,415	4,002
General Accident	101	107
Motor	172	-
Marine and Aviation	244	67
Contractors' All Risk	1,312	1,256
Oil & Gas	<u>6,397</u>	<u>1,413</u>
	<u>19,642</u>	<u>6,845</u>
19.2.1 Movement on Reserve for unearned premium		
At the beginning of the year	6,845	16,144
Changes during the year	<u>12,796</u>	<u>(9,299)</u>
At the end of the year	<u>19,642</u>	<u>6,845</u>
19.3 Reserve for claims		
19.3a. Total Claims		
Fire	985,522	572,266
General Accident	202,968	156,434
Motor	13,716	12,291
Marine and Aviation	35,609	20,062
Contractors' All Risk	53,560	31,047
Oil & Gas	11,808	8,436
Life	<u>32,999</u>	<u>64,474</u>
	<u>1,336,182</u>	<u>865,012</u>

	12/31/2020	12/31/2019
	N'000	N'000
19.3b. Movements on Reserve for claims - Non -Life		
At the beginning of the year	800,537	645,410
Changes during the year	502,645	155,127
At the end of the year	<u>1,303,183</u>	<u>800,537</u>
19.3c. Actual claims		
Fire	830,887	459,698
General Accident	145,917	117,588
Motor	828	1,222
Marine and Aviation	8,647	8,647
Contractors' All Risk	16,004	12,740
Oil & Gas	4,445	44
Life	8,300	760
	<u>1,015,029</u>	<u>600,700</u>
19.3d. Age Analysis of Outstanding Claims - Non Life		
0 - 90 days	224,597	-
91 - 180 days	313	-
181 - 270 days	15,738	-
217 - 365 days	13,137	-
366 days and above	752,943	599,940
	<u>1,006,729</u>	<u>599,940</u>
Age Analysis of outstanding Claims - Life business		
0 - 90 days	8,300	760
91 - 180 days		
181 - 270 days		
217 - 365 days		
366 days and above	<u>8,300</u>	<u>760</u>
19.3e. Incurred But Not Reported		
Fire	154,635	112,568
General Accident	57,051	38,846
Motor	12,888	11,069
Marine and Aviation	26,961	11,414
Contractors' All Risk	37,556	18,307
Oil & Gas	7,363	8,393
Life	24,699	63,714
	<u>321,153</u>	<u>264,312</u>

The reinsurance contract liabilities were subjected to actuarial valuation in order to fulfil the Liability Adequacy Test. The actuary is O. O. Okpaise (FRC/NAS/0000000738) representing Ernst & Young.

**19.3f ANALYSIS OF CLAIMS REPORTED
AND IBNR BY CLASS:**

	12/31/2020		
	CLAIMS REPORTED	IBNR	TOTAL
NON LIFE			
Fire	830,887	154,635	985,522
General Accident	145,917	57,051	202,968
Motor	828	12,888	13,716
Marine/Aviation	8,647	26,961	35,609
Contractors' All Risk	16,004	37,556	53,560
Oil and Gas	4,445	7,363	11,808
TOTAL	<u>1,006,729</u>	<u>296,454</u>	<u>1,303,183</u>

ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	CLAIMS REPORTED	IBNR	TOTAL
LIFE			
Group Life	8,300	24,699	32,999
Individual Life	-		-
TOTAL	<u>8,300</u>	<u>24,699</u>	<u>32,999</u>

19.3g ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	12/31/2019		
	CLAIMS REPORTED	IBNR	TOTAL
NON LIFE			
Fire	459,698	112,568	572,266
General Accident	117,588	38,846	156,434
Motor	1,222	11,069	12,291
Marine/Aviation	8,647	11,414	20,062
Contractors' All Risk	12,740	18,307	31,047
Oil and Gas	44	8,393	8,436
TOTAL	<u>599,940</u>	<u>200,597</u>	<u>800,537</u>

ANALYSIS OF CLAIMS REPORTED AND IBNR BY CLASS:

	CLAIMS REPORTED	IBNR	TOTAL
LIFE			
Group Life	760	63,714	64,474
Individual Life	-		-
TOTAL	<u>760</u>	<u>63,714</u>	<u>64,474</u>

	12/31/2020	12/31/2019
	N'000	N'000
20 Hypothecation of Investments		
20.1 Summary		
<i>Reinsurance contract assets</i>		
Cash and cash equivalents	307,065	638,778
Financial assets - Quoted equities	571,763	141,200
Financial assets - Unquoted equities	193,367	35,554
Investment property	346,000	221,000
	<u>1,418,194</u>	<u>1,036,531</u>
 <i>Reinsurance contract liabilities - Note 19</i>	 <u>1,403,474</u>	 <u>898,496</u>
 <i>Surplus / (Deficit) of investments over reinsurance contract liabilities</i>	 <u>14,720</u>	 <u>138,035</u>

Cash and cash equivalents are deposits with local banks domiciled in Nigeria

20.2 Segment	General	Life	General
	N'000	N'000	N'000
<i>Investments</i>			
Fixed deposit	-	307,065	307,065
Financial assets - Quoted equities	545,160	26,603	571,763
Financial assets - Unquoted equities	193,280	86	193,367
Investment properties	286,000	60,000	346,000
Total	<u>1,024,440</u>	<u>393,754</u>	<u>1,418,194</u>
 <i>Reinsurance contract liabilities</i>			
Life Fund	-	47,651	47,651
Reserve for Unexpired Premium Revenue	19,642	-	19,642
Reserve for Claims	1,303,183	32,999	1,336,182
	<u>1,322,824</u>	<u>80,650</u>	<u>1,403,474</u>
 Surplus of investments over insurance contract liabilities	 <u>(298,385)</u>	 <u>313,105</u>	 <u>14,720</u>

Reinsurance Cash Contract Assets are Deposits with Local Banks domiciled in Nigeria

21 Trade Payables

Due to retrocessionaires	<u><u>-</u></u>	<u><u>-</u></u>
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22 Provisions and Other Payables

Other creditors	7,755.751	6,202
Accrued expenses	23,614.966	9,615
Premium Reserve -overseas inward treaty	101.777	102
Interest on premium reserve	-	-
NHF	4,652.660	4,656
Advance rental income	-	24,178
	<u><u>36,158</u></u>	<u><u>44,784</u></u>

	12/31/2020	12/31/2019
	N'000	N'000
23 Retirement Benefit Obligations		
At 1st January	85,860	109,115
Charge for the year		
	85,860	109,115
Payment during the year	<u>(31,275)</u>	<u>(23,256)</u>
At 31st December	<u>54,585</u>	<u>85,860</u>

The retirement benefit obligations are in respect of firmed and agreed sums due to staff with no additional provision from 2012 when the scheme was discontinued. Therefore, it is not subjected to actuarial valuation.

The corresponding sum of N54,585,000 in cash and cash equivalents has been earmarked for this obligation.

24 Income Tax Liabilities		
Capital Gains Tax	8,107	8,107
Capital Gains Tax arose from property disposed in 2010.	<u>8,107</u>	<u>8,107</u>

25 Share capital		
Authorised		
Ordinary shares of 50k each	<u>12,000,000</u>	<u>6,000,000</u>
Issued and fully paid		
At the beginning of the year	5,901,735	4,404,280
Bonus shares issued during the year	<u>1,546,807</u>	<u>1,497,455</u>
At the end of the year	<u>7,448,542</u>	<u>5,901,735</u>

93.6m units of outstanding shares were issued and allocated to existing shareholders during the year. N1.5billion of the balance in the Retained Earnings was also capitalized during the year. The shares were issued as bonus to the existing Shareholders on 1: 100 and 1:4 units of shares held respectively. This is a capitalization of Reserve in preparation for NAICOM's recapitalization policy.

26 Share premium		
At the beginning of the year	4,499,367	4,499,367
Capitalisation of bonus shares	-	-
At the end of the year	<u>4,499,367</u>	<u>4,499,367</u>

27 Statutory Contingency reserve		
At the beginning of the year	2,259,587	2,228,646
Transfer from profit and loss account	<u>26,164</u>	<u>30,941</u>
At 31st December	<u>2,285,751</u>	<u>2,259,587</u>

	12/31/2020	12/31/2019
	N'000	N'000
28 Retained Earnings		*Restated
At the beginning of the year	3,075,325	7,435,307
Capitalization of reserve	(1,546,807)	(1,497,455)
Prior year adjustment	-	(2,975,000)
Profit after taxation for the year	(286,137)	143,412
	1,242,381	3,106,266
Transfer to statutory contingency reserve	(26,164)	(30,941)
At the end of the year	<u>1,216,217</u>	<u>3,075,325</u>

The Lease on Reinsurance House 46, Marina lagos expired in 2020.

The Corporation could not buy over the reversionary interest on the property at 46 Marina, Lagos Nigeria which hitherto treated as freehold in her books of accounts, because it was not explicitly stated in the lease agreement nor was a compromise reached on the extension of the lease. The Corporation has therefore written down the carrying amount of the property which was N3.3billion as at 31st December 2018 to its rental value in the year 2019 and 2020 and a prior year adjustment effected (see notes 14.1 and 28) on the comparative balance to restate it in line with IAS 8. Please see full disclosure in Note 60, Page 100.

	12/31/2020	12/31/2019
	N'000	N'000
29 Fair Value Reserves		
This is made up of:		
Quoted investments revaluation reserve - Note 29.1	473,946	383,785
Unquoted investments valuation reserve - Note 29.2	503,579	503,579
	<u>977,525</u>	<u>887,364</u>

29.1 Quoted investments revaluation reserve

At the beginning of the year	383,785	357,922
Fair value gain arising during the year	136,827	29,176
Fair value (loss) arising during the year	(46,666)	(3,312)
Release on disposal		
At the end of the year	<u>473,946</u>	<u>383,785</u>

29.2 Unquoted investments revaluation reserve

At the beginning of the year	503,579	502,790
Fair value gain/(loss) arising during the year	-	789
Release on disposal		
At the end of the year	<u>503,579</u>	<u>503,579</u>

30 Gross premium written

General

Fire	446,727	329,290
Accident	101,443	130,686
Motor	30,971	26,594
Marine and Aviation	77,007	78,538
Bond and Engineering	102,382	111,416
Oil & Gas	63,071	36,839
	<u>821,602</u>	<u>713,364</u>
Life	151,561	158,924
	<u>973,164</u>	<u>872,287</u>

	12/31/2020 N'000	12/31/2019 N'000
31 Changes in unearned premium		
General		
Fire	(7,414)	5,999
Accident	6	2
Motor	(172)	65
Marine and Aviation	(177)	(67)
Bond and Engineering	(4,984)	2,257
Oil & Gas	(56)	1,043
	<u>(12,796)</u>	<u>9,299</u>
Life	(21,011)	6,579
	<u>(33,808)</u>	<u>15,878</u>
32 Gross premium income		
General		
Fire	439,313	335,289
Accident	101,450	130,688
Motor	30,799	26,659
Marine and Aviation	76,831	78,471
Bond and Engineering	97,398	113,673
Oil & Gas	63,015	37,883
	<u>808,806</u>	<u>722,663</u>
Life	130,550	165,503
	<u>939,356</u>	<u>888,166</u>
33 Retrocession Expenses		
Outward reinsurance premium	54,139	58,194
	<u>54,139</u>	<u>58,194</u>
34 Claims Expenses		
34.1 Summary		
Claims paid	389,564	364,968
Movement in outstanding claims	471,170	163,777
	<u>860,734</u>	<u>528,744</u>
<p>Claims paid represents the total amount, out of which N242,849 (2019 - N183,681) were claims deducted at source from Premium Income. The balance of N146,715 was paid by cheque as reflected in the cashflows statement.</p>		
34.2 Movement in outstanding claims		
Claims at 1st January - Note 19	(865,012)	(701,235)
Claims at 31st December - Note 19	1,336,182	865,012
Movement in outstanding claims - Note 34.1	<u>471,170</u>	<u>163,777</u>

	12/31/2020	12/31/2019
	N'000	N'000
35 Underwriting expenses		
Acquisition cost	306,873	265,956
Movement in Deferred Acquisition Cost	(1,600)	1,555
Maintainance cost	<u>305,274</u>	<u>267,511</u>
35.1 Acquisition Cost	3	
Commission	06,873	265,956
Movement in Deferred Acquisition Cost	(1,600)	1,555
Other acquisition cost	<u>305,274</u>	<u>267,511</u>
Acquisition Cost represents commission deducted at source from premium received on behalf of the Corporation.		
36 Investment income		
36.1 Attributable to Policyholders' funds		
Equities- quoted	52,357	35,460
Equities- unquoted		
Interest on fund placements	205,972	170,967
Interest on Treasury bill	-	10,082
Rental income	61,694	79,880
Profit on sale of AFS financial assets	757	
	<u>320,781</u>	<u>296,390</u>
36.2 Attributable to Shareholders' funds		
Equities-quoted		
Equities-unquoted		
Interest on fund placements		
	<u>-</u>	<u>-</u>
Total Investment income	<u>320,781</u>	<u>296,390</u>
37 Net fair value gain/(loss) on assets		
Fair value gain/(loss) on investment properties	<u>350,845</u>	<u>173,230</u>
38 Other operating income		
Gain on disposal of AFS financial assets		
(Loss) on disposal of AFS financial assets		
Exchange difference on translation of foreign bank balances	30,707	(618)
Gain on disposal of property		
Other income	24,239	20,758
	<u>54,946</u>	<u>20,140</u>

	12/31/20	12/31/19
	N'000	N'000
39 Employee salaries, wages and allowances	163,436	141,755
Employer - pension contribution	7,988	7,570
Training expenses	50,278	27,605
Subscription	4,117	16,948
Transport & Travelling	8,294	13,896
Diesel & fuel expense	34,814	39,313
Legal & professional fees	63,809	42,995
Insurance & levy	10,169	18,905
Maintainance Expenses	21,439	21,455
Advertising	598	745
Share Capital Expenses	137,029	22,500
Bank Charges	5,508	7,472
Electricity	3,292	4,663
Tax Expenses	5,280	3,152
Security Expenses	6,785	7,118
Donations	50,000	
Other operating expenses (39.1)	132,800	70,591
Depreciation - properties and equipment	24,060	7,592
Amortisation - intangible asset	1,728	1,420
Ground rents	7,803	12,481
	<u>739,226</u>	<u>468,175</u>
39.1 Other operating expenses		
These consist of severance benefits paid to exited staff, board expenses, medical expense, internet facilities and other utilities for the year 2020		
Board Expenses	66,860	32,957
Severance benefits	26,637	-
Medical Expenses	14,896	14,272
Other Utilities	24,407	23,361
	<u>132,800</u>	<u>70,590</u>
40 Impairment of assets		
(Write-back) of impairment on Trade Receivables	(0)	-
(Gain) on general AFS financial Assets - quoted equities		
(Gain) on life AFS financial Assets - quoted equities		
	<u>(0)</u>	<u>-</u>
41 Expected credit loss on cash & unquoted quity Instrument 31/12/2020		
Allowance for credit losses - Cash -31/12/2020	(3,182)	(3,647)
Allowance for credit loss - Staff loan 31/12/2020	-	-
	<u>(3,182)</u>	<u>(3,647)</u>

	12/31/2020	12/31/2019
	N'000	N'000
42 Income taxes		
Deferred tax (abatement)/charge		
Withholding tax on dividends	5,236	3,546
Withholding tax on directors' fees earned		
Withholding tax on rents	-	-
	<u>5,236</u>	<u>3,546</u>
43 Fair value gain/(loss) on Financial Assets		
Fair value gain / (loss) on Financial Assets	<u>90,161</u>	<u>26,652</u>
43.1 Fair value changes on FVOCI equity instrument financial assets		
Transferred to/(from) Fair value reserve		
Loss on general AFS financial Assets - quoted equities		
Loss on life AFS financial Assets - quoted equities		
Fair value gain on FVOCI equity Instrument - quoted	136,827	29,176
Fair value gain on FVOCI equity Instrument - unquoted	-	789
Fair value (loss) on FVOCI equity Instrument - quoted	(46,666)	(3,312)
	<u>90,161</u>	<u>26,652</u>
44 Cashflow from Operating Activities		
Net Cashflow from Operating Activities	(436,194)	(375,916)
45 Cash and Cash Equivalents		
Cash and bank balances	<u>746,862</u>	<u>2,055,452</u>

46 Capital Management

Nigeria Reinsurance Corporation manages its capital through the risk-based approach to ensure that it is adequately capitalised to guarantee survival in a severe loss situation. Prior to NAICOM circular dated May 20, 2019, the minimum cumulative capital to be maintained was N10 billion, made up of N6 billion for general and N4 billion for life reinsurance businesses respectively. However, with the new regulation, a new paid-up share capital of N20 billion is required of the Corporation, which it have to fully comply with no later than June 30, 2021.

Compliance with statutory minimum capital

The Corporation complied with the extant statutory minimum capital for composite reinsurance business, and effort is being made to attain the new paid -up capital of N20 billion before the deadline.

46 Compliance with solvency margin

There was a solvency margin deficit of N4,503,667,065 for the composite reinsurance business. The deficit arose from the proportion of land & building and investment properties admissible, which shall not constitute more than 1/3 of the required solvency margin of the Corporation composite insurance business. Section 2.11.b (i) & (x) of the Prudential Guidelines for Insurers and Reinsurers 2015.

Action Plans to Reverse Shortfall in Solvency includes

- i) The restructuring of its assets by converting some of its investment properties to liquid assets to meet the deficiency in solvency margin.
 - ii) Repatriation of Foreign Balances to local Banks to ensure admissibility for solvency.
- 2) The Corporation is hopeful that the case between Global Fleet and Union Bank, which led to the placement of lien on funds belonging to the Corporation in the sum of \$32.3 million, is resolved as soon as possible. (see note 10) Once resolved, the Corporation will have liquidity above and beyond the requirement of the National Insurance Commission.

We hope to achieve the above within the next three to five years considering the prevailing economic realities and undue delays in litigation processes.

47 Liquidity Risk Management

Liquidity risk is the risk that cash may not be available to pay for obligations as and when due. The Corporation manages this risk by matching cash generating activities to expected inflows. Current liabilities arise from claims and operational obligations. The Corporation has no commitments for capital expenditure in the ordinary course of business. Claims and operational obligations are settled from operating cash flow and returns from investments. There is zero tolerance for default as the Corporation is committed to meeting liabilities as they are proven and fall due.

Summarised is the maturity dates of liquid assets to financial liabilities for 2020:

	Notes	1 - 3 Mths N'000	4 - 6 Mths N'000	7 - 12 Mths N'000	Beyond 12 Mths N'000	Total N'000
Current assets						
Cash and cash equivalents	8	373,431	373,431	-	-	746,862
Financial assets	9	2,467	-	-	1,786,059	1,878,687
Other receivables and prepayments	11		20,000	-	-	20,000
		375,898	393,431	-	1,786,059	2,645,549
Liabilities						
Reinsurance contract liabilities	19	338,956	338,956	677,912	26,639	1,403,474
Trade payables	21	-	-	-	-	-
Provisions and other payables	22	-	28,402	-	30,379	36,158
Retirement benefit obligations	23	-	-	-	85,860	54,585
Income tax	24	8,107	-	-	-	8,107
		347,063	367,358	677,912	142,878	1,502,324
Excess of current assets over liabilities		28,835	26,073	(677,912)	1,643,181	1,143,225
Cumulative current assets over liabilities		28,835	54,908	(623,004)	2,807,558	

48 Asset and Liability Management

The Corporation is exposed to financial risks by virtue of its financial assets, financial liabilities and reinsurance contract liabilities. The most significant financial risk is when the returns from investment proceeds are not adequate to meet insurance and investment liabilities.

The Corporation manages this risk with an Asset and Liability Management (ALM) framework to achieve returns that will surpass the reinsurance and investment liabilities. The fulcrum of the ALM is to match assets to the liabilities from reinsurance contracts based on the benefits due to respective policy holders.

The table below reconciles the reinsurance contracts and shareholders' funds:

Computation of Asset Cover

For the year ended 31st December, 2020

In Thousands of Naira

	Policy holders Funds N'000	Share- holders' Funds N'000	Total N'000
Cash and Cash Equivalents	307,065	439,797	746,862
Financial Assets	765,129	1,113,558	1,878,688
Deferred acquisition costs	-	4,138	4,138
Other receivables and prepayments	-	20,000	20,000
Investment properties	346,000	12,708,000	13,054,000
Intangible Assets	-	3,937	3,937
Right of Use Asset	-	964,800	964,800
Property and Equipment	-	173,803	173,803
Statutory Deposit	-	1,000,000	1,000,000
	1,418,194	16,428,033	17,846,227
Policy Holders Funds/Shareholders & Other Funds	1,403,474	16,442,753	17,846,227
Surplus/ (Deficit)	14,720	(14,720)	-

49 Segment Reporting

This is made up of the respective operating activities of General and Life Reinsurance businesses

	Notes	General N'000	Life N'000	Total N'000
49.1 Analysis of Statement of Financial Position - 31/12/2020				
Assets				
Cash and Cash Equivalents	8	407,354	339,508	746,862
Financial Assets	9	1,851,998	26,690	1,878,687
Bank balances under lien	10	-	-	-
Trade Receivables	11	0	-	-
Deferred acquisition costs	12	4,138	-	4,138
Other Receivables and prepayments	13	20,000	-	20,000
Investment properties	14	12,784,000	270,000	13,054,000
Deferred tax asset	15	74,196	9,303	83,499
Intangible Assets	16	275	3,662	3,937
Right of Use Asset	17	964,800	-	964,800
Property and Equipment	17a	152,838	20,965	173,803
Statutory Deposit	18	735,000	265,000	1,000,000
Total assets		16,994,598	935,128	17,929,726
Liabilities				
Reinsurance Contract Liabilities	19	1,322,824	80,650	1,403,474
Trade Payables	21	-	-	-
Provisions and Other Payables	22	20,375	15,783	36,158
Retirement Benefit Obligations	23	-	54,585	54,585
Income Tax Liabilities	24	-	8,107	8,107
Total liabilities		1,343,200	159,124	1,502,324
Equity				
Issued and Paid Share capital	25	6,226,368	1,222,174	7,448,542
Share Premium	26	1,942,770	2,556,597	4,499,367
Statutory Contingency reserve	27	2,121,696	164,055	2,285,751
Retained Earnings	28	4,399,666	(3,183,449)	1,216,217
Fair Value Reserves	29	960,899	16,626	977,525
Total Equity		15,651,399	776,003	16,427,402
Total liabilities and equity		16,994,598	935,128	17,929,726

**49.2 Analysis of Statement of Financial Position -
31/12/2019 (RESTATED)**

Assets

	Notes	General N'000	Life N'000	Total N'000
Cash and Cash Equivalents	8	1,703,139	352,313	2,055,452
Financial Assets	9	1,773,434	15,920	1,789,354
Bank balances under lien	10	-	-	-
Trade Receivables	11	-	-	-
Deferred acquisition costs	12	2,539	-	2,539
Other Receivables and prepayments	13	-	-	-
Investment properties	14	12,227,000	475,000	12,702,000
Deferred tax asset	15	74,196	9,303	83,499
Intangible Assets	16	932	2,117	3,049
Property and Equipment	17	14,512	10,220	24,732
Statutory Deposit	18	735,000	265,000	1,000,000
Total assets		16,530,752	1,129,873	17,660,625

Liabilities

Reinsurance Contract Liabilities	19	807,383	91,114	898,496
Trade Payables	21	-	-	-
Provisions and Other Payables	22	26,137	18,647	44,784
Retirement Benefit Obligations	23	-	85,860	85,860
Income Tax Liabilities	24	-	8,107	8,107
Total liabilities		833,520	203,728	1,037,247

Equity

Issued and Paid Share capital	25	4,679,561	1,222,174	5,901,735
Share Premium	26	1,942,770	2,556,597	4,499,367
Statutory Contingency reserve	27	2,097,048	162,540	2,259,587
Retained Earnings	28	6,096,278	(3,020,953)	3,075,325
Fair Value Reserves	29	881,576	5,788	887,365
Total Equity		15,697,233	926,146	16,623,379

Total liabilities and equity		16,530,753	1,129,874	17,660,627
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**49.3 Analysis of Statement of Profit or Loss and
Other Comprehensive Income - 31/12/2020**

	Notes	General N'000	Life N'000	Total N'000
Gross Premium Written	30	821,602	151,561	973,164
Changes in unearned premium	31	(12,796)	(21,011)	(33,808)
Gross Premium Income	32	808,806	130,550	939,356
Retrocession expenses	33	(48,986)	(5,153)	(54,139)
Retrocession recovery		-	-	-
Claims expenses	34	(862,633)	1,899	(860,734)
Retrocession Claims Recoveries		15,727	-	15,727
Underwriting expenses	35	(263,722)	(41,552)	(305,274)
		(1,110,628)	(39,653)	(1,150,281)
Underwriting Results		(350,808)	85,744	(265,064)
Investment Income	36	243,866	76,915	320,780
Net fair value gain on assets	37	555,845	(205,000)	350,845
Other operating income	38	35,561	19,385	54,946
Net Operating Income		484,464	(22,957)	461,507
Expenses				
Management expenses	39	(601,203)	(138,023)	(739,226)
Impairment of assets	40	0	-	0
Expected credit losses -cash	41	(3,182)	-	(3,182)
Expected credit losses -Staff loan	41	-	-	-
Expected credit losses - FVOCI - unquoted equities	41	-	-	-
Exceptional expenses	13	-	-	-
		(604,385)	(138,023)	(742,408)
Profit/(Loss) before taxation	50	(119,921)	(160,980)	(280,901)
Taxation	42	(5,236)	-	(5,236)
Profit/(Loss) after taxation		(125,157)	(160,980)	(286,137)
Other comprehensive income net of tax Items that may be subsequently reclassified to profit or loss				
Fair value gain on properties, plant & equipment				-
Net fair value changes on FVOCI financial assets	43	79,322	10,839	90,161
Gain on Amotised cost - treasury bills	0	-	-	-
Total other comprehensive (loss)/income		79,322	10,839	90,161
Total Comprehensive (loss)/income for the year		(45,835)	(150,142)	(195,976)
Appropriation:				
Transfer to contingency reserve	27	24,648	1,516	26,164
		(70,483)	(151,657)	(222,140)
Earnings per 50 kobo share - kobo	51	(3)	(7)	(1.9)

**49.4 Analysis of Statement of Profit or Loss and
Other Comprehensive Income - 31/12/201**

	Notes	General N'000	Life N'000	Total N'000
Gross Premium Written	30	713,364	158,924	872,287
Changes in unearned premium	31	9,299	6,579	15,878
Gross Premium Income	32	722,663	165,503	888,166
Retrocession expenses	33	(52,735)	(5,459)	(58,194)
Retrocession recovery		-	-	-
Net Underwriting Income		669,928	160,044	829,972
Claims expenses	34	(498,379)	(30,365)	(528,744)
Retrocession Claims Recoveries		45,320	-	45,320
Underwriting expenses	35	(225,625)	(41,886)	(267,511)
		(678,684)	(72,251)	(750,936)
Underwriting Results		(8,757)	87,793	79,036
Investment Income	36	209,747	86,642	296,390
Net fair value gain on assets	37	168,765	4,465	173,230
Other operating income	38	14,726	5,414	20,140
Net Operating Income		384,482	184,314	568,796
Expenses				
Management expenses	39	(379,261)	(88,914)	(468,175)
Impairment of assets	40	(0)	-	(0)
Expected credit losses -cash	41	(3,647)	-	(3,647)
Expected credit losses -Staff loan	41	-	-	-
Expected credit losses - FVOCI - unquoted equities	41	49,985	-	49,985
Exceptional expenses	13	-	-	-
		(332,924)	(88,914)	(421,838)
Profit/(Loss) before taxation	50	51,558	95,400	146,958
Taxation	42	(3,546)	-	(3,546)
Profit/(Loss) after taxation		48,012	95,400	143,412
Other comprehensive income net of tax				
Fair value gain on properties, plant & equipment		-	-	-
Net fair value changes on FVOCI financial assets	43	29,964	(3,312)	26,652
Gain on Amotised cost - treasury bills	43.2	-	-	-
Total other comprehensive (loss)/income		29,964	(3,312)	26,652
Total Comprehensive (loss)/income for the year		77,977	92,088	170,064
Appropriation:				
Transfer to contingency reserve	27	21,401	9,540	30,941
		56,576	82,548	139,123
Earnings per 50 kobo share - kobo	51	1	4	1.2

	2020	2019
	N'000	N'000
50 Profit for the year		
<i>This is stated after charging/(crediting)</i>		
Directors' emoluments	19,070	19,070
Directors' expenses	66,860	36,060
Depreciation of property and equipment	24,060	7,592
Amortisation of intangible assets	1,728	1,420
Auditors' remuneration	4,000	4,000
National Insurance Commission levy	11,723	12,448
Investment income	<u><u>(320,781)</u></u>	<u><u>(296,390)</u></u>

Earnings per share

51 Earnings per share is calculated on the weighted average number of shares of 50 kobo each during the year under review.

	<u>(286,137)</u>	<u>143,412</u>
Profit attributable to the equity holders	<u>14,897,084</u>	<u>11,803,470</u>
Weighted average number of ordinary shares in issue	<u>(1.9)</u>	<u>1.2</u>
Earnings per 50 kobo share (Basic & Diluted) - kobo		

Contraventions

52 Nature

Violation of policy on bank placements		
Late submission of ratings		
Excess investments in real property	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
		-
		0

53 Staff

53.1 *The number of employees in receipt of emoluments excluding allowances within the following ranges were:*

	2020	2019
	Number	Number
N	31	28
N		
270,001 - 350,000	4	4
350,001 - 450,000	3	2
450,001 - 550,000	5	3
550,001 - 750,000	11	11
750,001 - 1,000,000	10	10
1,000,001 - 1,500,000	6	3
1,500,001 - 2,000,000	4	4
Over 2,000,000	<u><u>74</u></u>	<u><u>65</u></u>

53.2 The number of persons employed at the end of the financial year were as follows:

	2020 N'000	2019 N'000
Cadre		
Managerial	13	14
Senior	9	7
Junior	46	42
Contract	6	2
	<u>74</u>	<u>65</u>

53.3 The related staff costs were:

Salaries, wages and allowances	163,436	141,755
Pension cost	7,988	7,570
	<u>171,424</u>	<u>149,325</u>

54 Directors' emoluments

The number of directors excluding the chairman whose emoluments (excluding allowances, pension cost and other benefits) fell within the following ranges were:

	2020 Number	2019 Number
₦ ₦		
4,000,000 - 5,000,000	3	3
Over 5,000,000	<u>3</u>	<u>3</u>

None of the directors waived their emoluments during the year.

55 Contingent liabilities and obligations

There are contingent liabilities in respect of legal suits against the Corporation totaling N28,738,437 at 31st December, 2019 (2018 - N28,738,437). The legal suits are being vigorously contested and no provision has been made for loss as the directors are of the opinion that no significant liability will arise therefrom.

56 Guarantees and other financial commitments

56.1 Capital expenditure

Contracted	<u>-</u>	<u>-</u>
------------	-----------------	-----------------

56.2 Pension commitments

The Board of Directors are aware of the provisions of the Pension Reform Act 2004 and full compliance therewith is being ensured.

56.3 Financial commitments

The directors are of the opinion that all known liabilities and financial commitments relevant in assessing the State of Affairs of the Corporation have been taken into consideration in the preparation of these financial statements.

	2020 N'000	2019 N'000
57 Related parties		
57.1 Transactions		
Energy Group	<u><u>1,134,000</u></u>	<u><u>-</u></u>
Due from		
Energy Group (Note 13)	20,000	
NICON Insurance Plc	153,506	153,506
Energy Group	40,000	40,000

58 Approval of financial statements

These financial statements were approved for issue by the Directors on 16th March, 2023. However, these are still subject to regulators' approvals.

59 Subsequent Events Review

The financial statements of the Corporation were prepared for the year ended 31 December, 2020.

There was a significant event that occurred subsequent to the statement of financial position date of a legal matter on the investment property at Central Area Abuja. It was valued at N9.3billion and constitutes 71% of the total investment properties value for the year. AMCON took possession of the property in March 2021, though the Corporation deems the action as illegal and it is currently being challenged at the court.

60 RESTATEMENT OF YEAR 2019

The 2019 balance of Investment Property has been restated.

The lease on Reinsurance House 46, Marina Lagos expired in 2020. The Corporation could not buy over the reversionary interest on the property at 46 Marina, Lagos Nigeria which hitherto was treated as freehold property in her books of accounts, because it was not explicitly stated in the lease agreement nor was a compromise reached on the extension of the lease. The Corporation has therefore written down the carrying amount of the property which was N3.3billion at 31st December 2018 to its rental value in the year 2019 and 2020 and a prior year adjustment effected (see notes 14.1 and 28) on the comparative balance to restate it in line with IAS 8.

According to IAS 18, prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those

statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The general principle in IAS 8 is that an entity must correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by: [IAS 8.42] restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable (which may be the current period). [IAS 8.44].

RECONCILIATION OF BALANCES IN THE FINANCIAL STATEMENTS

	N'000	2019 N'000
<i>i</i> Investment Property (46, Marina, Lagos - 22-storey building)		
Carry Amount before restatement		3,395,000
Amount written-off to retained Earnings(see page 36)	2,975,000	
Amount written-down to rental value (Note 14:2)	420,000	
	<u><u>3,395,000</u></u>	<u><u>3,395,000</u></u>
<i>ii</i> Value of Investment property before restatement(31/12/2019)		15,677,000
Written-off during the year to retained earnings(page 36)		(2,975,000)
Balance at the end of the year		<u><u>12,702,000</u></u>

Effects of adjustments on 2020 Profit and Loss Balances (Page 35)

	Before Restatement N'000	Restatement effect N'000	After Restatement N'000
Net Fair Value gain/(loss) on Investment Properties	(2,624,155.00)	(2,975,000)	350,845.00
Net Operating Income	(2,513,493.00)	(2,975,000)	461,507
Loss Before Tax	(3,255,901.0)	(2,975,000)	(280,901)

Effects of adjustments on 2019 Balances

	Before Restatement N'000	Restatement effect N'000	After Restatement N'000
Investment Property (46, Marina, Lagos - 22-storey building)	3,395,000	(2,975,000)	420,000
Total Investment Property	15,677,000	(2,975,000)	12,702,000
Total Assets	20,635,625	(2,975,000)	17,660,625
Retained earnings	6,050,323	(2,975,000)	3,075,323
Total Equity	19,598,376	(2,975,000)	16,623,376
	2020 N'000		2019 N'000
46, Marina, Lagos - 22-storey building written-down Value	210,000		420,000

**SUMMARISED GENERAL BUSINESS REVENUE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	General		Marine &		Contractors'	Oil &	2020	2019
	Fire	Accident	Motor	Aviation	All Risks, Bonds & Guarantees	Gas	N'000	N'000
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross Written Premium	446,727	101,443	30,971	77,007	102,382	63,071	821,602	713,364
Changes in Unearned Premium	(7,414)	6	(172)	(177)	(4,984)	(56)	(12,796)	9,299
Gross Premium Income	439,313	101,450	30,799	76,831	97,398	63,015	808,806	722,663
Retrocession expenses	(15,351)	-	-	(14,416)	-	(19,219)	(48,986)	(52,735)
Net Underwriting Income	423,962	101,450	30,799	62,414	97,398	43,796	759,820	669,928
Direct expenses								
Gross Claims Paid	251,931	38,462	5,331	39,875	20,798	3,589	359,988	343,252
Movement in outstanding claims	413,256	46,534	1,424	15,547	22,512	3,371	502,645	155,127
Gross Claims Incurred	665,187	84,997	6,756	55,422	43,311	6,961	862,633	498,379
Retrocessionaires' claims recoveries	(15,727)	-	-	-	-	-	(15,727)	(45,320)
Net Claims Incurred	649,460	84,997	6,756	55,422	43,311	6,961	846,906	453,060
Underwriting expenses								
Commission paid	144,720	36,430	3,929	23,987	37,587	18,668	265,321	224,070
Movement in deferred acquisition costs	(434)	(34)	(30)	(37)	(63)	(1,002)	(1,600)	1,555
	144,287	36,396	3,899	23,950	37,524	17,667	263,722	225,625
Total expenses	793,747	121,393	10,654	79,372	80,834	24,627	1,110,628	678,684
Underwriting result								
2020	(369,784)	(19,943)	20,144	(16,958)	16,564	19,168	(350,808)	(8,757)
2019	(80,956)	30,177	3,189	(8,422)	36,110	11,145	(8,757)	

**OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	2020		2019	
	N'000	%	N'000	%
Gross premium income	939,356		888,166	
Retrocessions, claims and underwriting expenses	<u>(1,220,147)</u>		<u>(854,449)</u>	
	(280,791)		33,716	
Investment and other income	<u>726,572</u>		<u>489,760</u>	
	445,780		523,476	
Bought-in materials and services	(503,306)		(187,240)	
Impairment of assets	0		(0)	
Loss on disposal of AFS financial assets	<u> </u>		<u> </u>	
Value added	<u>(57,525)</u>	100	<u>336,236</u>	100
 Applied as follows:				
To pay employees				
Salaries, wages and other benefits	163,436	42	141,755	68
Pensions	7,988	2	7,570	4
 To pay government				
Taxation	5,236	1	3,546	36
 Retained for future replacement of assets and expansion of business				
Depreciation of P&E and amortisation of intangible assets	25,788	3	9,012	14
Contingency reserve	26,164	9	30,941	14
Retained profit	<u>(286,137)</u>	43	<u>143,412</u>	(36)
Value added	<u>(57,525)</u>	100	<u>336,236</u>	100

Value added is the wealth created respectively by the efforts of the Corporation and its employees. This statement shows the allocation of that wealth between employees, shareholders and re-invested for the creation of more wealth.

**FIVE YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	N'Million	Restated			
	2020	2019	2018	2017	2016
Assets					
Cash and Cash Equivalents	747	2,055	1715	1,933	975
Financial Assets	1,879	1,789	2,068	1,641	2,438
Bank balances under lien	-	-	-	-	-
Trade Receivables	-	-	-	-	-
Deferred acquisition costs	4	3	4	61	44
Other Receivables and Prepayments	20	-	99	222	279
Investment properties	13,054	12,702	15,502	15,272	15,663
Deferred tax asset	83	83	83	150	77
Intangible Assets	4	3	3	5	6
Right of use Asset	965	-	-	-	-
Property, Plant and Equipment	174	25	23	33	52
Statutory Deposit	1,000	1,000	1,000	1,000	1,000
Total assets	17,930	17,661	20,498	20,317	20,533
Liabilities					
Reinsurance Contract Liabilities	1,403	898	751	534	505
Trade Payables	-	-	-	-	-
Provisions and Other Payables	36	45	57	75	99
Retirement Benefit Obligations	55	86	109	133	134
Income Tax Liabilities	8	8	8	8	8
Total liabilities	1,502	1,037	924	750	745
Equity and reserves					
Issued and Paid Share capital	7,449	5,902	4,404	4,404	4,404
Share Premium	4,499	4,499	4,499	4,499	4,499
Contingency reserve	2,286	2,260	2,229	2,198	2,174
Retained Earnings	1,216	3,075	7,580	7,567	7,858
Property Revaluation Reserve	-	-	-	-	-
Fair Value Reserves	978	887	861	898	852
Total equity	16,427	16,623	19,573	19,568	19,788
Total liabilities and equity	17,930	17,661	20,498	20,317	20,533

	N'Million				
	2020	2019	2018	2017	2016
Premium and profits					
Gross premium income	939	888	998	790	743
Profit/(loss) after taxation before other comprehensive income	(286)	143	(266)	849	538
Total comprehensive income	(196)	170	(220)	899	1,107
Transfer to contingency reserve	(26)	(31)	(25)	(174)	(204)
Retained (loss)/(profit)	(222)	139	(245)	726	903
Per share data					
Earnings/(loss) per share - kobo	(1.9)	1.2	(3)	10	6
Net assets per share - kobo	110	163	222	225	214

Note

Earnings or loss per share is based on the profit/(loss) for the year and the weighted number of shares in issue during the respective years.

The earnings per share for 2015 to 2020 were based on the nominal value of 50 kobo per share.

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