SOVEREIGN TRUST INSURANCE PLC

MANAGEMENT ACCOUNTS

FOR THE PERIOD ENDED MARCH 31, 2021

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FINANCIAL HIGHLIGHTS

	Mar.2021	Mar.2020	
	N'000	N'000	%
Total Assets	14,056,943	13,403,373	5
Total Equity	9,018,209	8,061,144	12
Gross Premium Written	5,376,249	3,692,533	46
Net Premium Written	1,911,749	1,626,596	18
Claim Paid	1,265,281	1,083,911	(17)
Net Claims Expense	965,256	896,564	(8)
Profit Before Income Tax	510,133	306,745	66
Profit After Income Tax	392,106	274,536	43
Earnings Per Share (Kobo)	3.45	3.29	
Net Assets Per Share (Kobo)	79.1	96.6	

Statement of Significant Accounting Policies

1. General information

The company was incorporated as a limited liability company on February 26, 1980, but was reorganized and commenced business as a reorganized non-life insurance company on 2nd January 1995 with an authorized share capital of N30 million and a fully paid up capital of the N20 million following the acquisition and recapitalization of the then Grand Union Assurances Limited.

The principal activity of the Company continues to be the provision of all classes of non-life insurance and special risk insurance, settlement of claims and Insurance of Policy Holders' Fund. The Company, currently having its corporate head office at 17 Ademola Adetokunbo Street, Victoria Island, Lagos with 17 other branches spread across major cities and commercial centers in Nigeria, became a Public Limited Company (Plc) on the 7th of April 2004 and was listed on the Nigerian Stock Exchange on 29th November 2006.

2. Going Concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations and management believes that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concerns threats to the operation of the Company.

3 Summary of significant accounting policies

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

3.1 Basis of Preparation and Compliance with IFRS

These financial statements are the stand alone financial statements of Sovereign Trust Insurance. The Company's financial statements for the year 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

Functional and Presentation of Currency

The financial statements are presented in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

Basis of Measurement

The financial statements have been prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss which are measured at fair value through profit or loss.
- Financial assets classified as available for sale which are measured at fair value through other comprehensive income.
- Loans and receivables and held to maturity financial assets and financial liabilities which are measured at amortised cost.
- Investment properties which are measured at fair value.

Summary of Significant Accounting Policies (Cont'd)

3.2 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

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3.3 Judgement, Estimates and Assumption

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

3.3.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

3.3.2 Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

Summary of Significant Accounting Policies (Cont'd)

3.3.3 Fair valuation of investment properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cashflows and the discounting rates.

3.4 Improvements to IFRSs

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

IFRS 9 Financial Instruments

Classification and measurement

Impact

Equity Instrument

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial
statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Company intends to adopt these standards, when they become effective.
The Company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:
A debt instrument that is not measured at amortised cost or at FVOCI must be measured at Fair value through profit or loss (FVTPL). An entity may irrevocably designate a debt instrument as measured at FVTPL at initial recognition. This is allowed if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch').
A debt instrument is generally measured at amortised cost if both of the following conditions are met:
(a) the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the 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.
A debt instrument is normally measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:
(a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the 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.
From the results, the Company does not expect significant impact on its debt financial assets such as other receivables, staff loans, cash & cash equivalent and short term deposit. These instruments are currently measured at amortised cost and are expected to be measured at amortised cost under IFRS 9 as they are held to collect contractual cash flows.

Summary of Significant Accounting Policies (Cont'd)

The Company expects medium impact on the treasury bills currently measured at amortised cost. The treasury bills are held to collect contractual cash flow, manage liquidity and match the duration of insurance liabilities. Hence, the business model is achieved both by collecting contractual cash flows and selling. Treasury bills would therefore be measured at Fair value through other comprehensive income under IFRS 9.
Equity instruments and derivatives are normally measured at FVTPL. However, on initial recognition, an entity may make an irrevocable election (on an instrument-by-instrument basis) to present in OCI the subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9. This option only applies to instruments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. For the purpose of this election, 'equity instrument' is used as defined in IAS 32 Financial Instruments: Presentation.

Standards and interpretations effective during the reporting period
It is important to note that no standard or amendment to existing standard took effect during the reporting period. Hence, there was no impact on the accounting policies, financial position or performance of the Group.

Standards and interpretations issued/amended but not yet effective
Other standards issued/amended by the IASB but yet to be effective are outlined below:

4 Cash and Cash Equivalents

Cash and cash equivalents are balances that are held for the primary purpose of meeting short term cash commitments. Hence this includes cash in hand and cash equivalents that are readily convertible to known amount of cash, are subject to insignificant risk of changes in value and whose original maturity is three months or less.
This includes cash on hand, deposit held at call with banks and other short term highly liquid investments which originally matures in three months or less.

5 Financial Assets

In accordance with IAS 39, all financial assets – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

5.1 Financial Assets

The Company classifies financial assets into the following IAS 39 categories: (a) financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition and the classification depends on the purpose for which the investments were acquired.

(a) Financial Assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Company as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Summary of Significant Accounting Policies (Cont'd)

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the Statement of Comprehensive Income. Gains and losses arising from changes in fair value are included directly in the statement of comprehensive income. Interest income and expense and dividend income and expenses on financial assets held for trading are included in the Statement of Comprehensive Income.

The Company's investments in quoted equities are carried at fair value through profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
(1) those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designated as at fair value through profit or loss;

(2) those that the Company upon initial recognition designates as available for sale; or
(3) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost less impairment (if any) using the effective interest rate method. Interest is included in the statement of comprehensive income and reported under investment income.

C Held to Maturity Financial Assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

(1) those that the Company upon initial recognition designated as at fair value through profit or loss;

(2) those that the Company designates as available-for-sale; and

(3) those that meet the definition of loans and receivables.

These are initially recognised as at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of comprehensive income and reported under investment income.

(d) Available-for-Sale Financial Assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.
Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with

Summary of Significant Accounting Policies (Cont'd)

gains and losses being recognised in the other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized.

If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in the statement of comprehensive income. However, interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income under investment when the Company's right to receive payment is established.

The investment in unquoted equities, Federal Government Bond, managed funds and treasury bills are classified as available for sale.

5.2 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange NSE) and broker quotes from the Financial Markets Dealers Association.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, FX rates, volatilities and counterparty market development.

5.3 Trade Receivables

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment.

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect the entire amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

5.4 Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Summary of Significant Accounting Policies (Cont'd)

6 Reinsurance Assets

Reinsurance premiums are recognised as outflows in accordance with the tenor of the reinsurance contract while cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

7 Deferred Acquisition Costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.
DAC for general insurance are apportioned over the period in which the related revenues are earned.
Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.
DAC are derecognized when the related contracts are either settled or disposed off.

Deferred Expenses-Reinsurance Commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

8 Other Receivables and Prepayments

Other receivables and prepayments are carried at amortised cost less any accumulated impairment losses.

9 Investment in Associate

In the financial statements, the Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.
The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

10 Investment Properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Company, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.
Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the year in which they arise.

Summary of Significant Accounting Policies (Cont'd)

future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.
The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by independent valuation experts.
If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment.

However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the Statement of Comprehensive Income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the Statement of Comprehensive Income.
Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the statement of comprehensive income in the year of retirement or disposal

11 Property, Plant and Equipment

Property and equipment comprise mainly land and buildings, motor vehicles, computer and office equipment, furniture and fittings and plant and machinery and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property and equipment is recognized when it is probable that economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

-Buildings	2.0 %
-Leasehold improvements	10.0 %
-Motor vehicles	25.0 %
-Furniture and fittings	15.0 %
-Computer equipment	33.3 %
-Office equipment	20.0 %
-Plant and machinery	15.0 %

Summary of Significant Accounting Policies (Cont'd)

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The depreciation method is also reviewed at each reporting date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the statement of comprehensive income.

12 Statutory Deposit

Statutory Deposit represents amount deposited with the Central Bank of Nigeria (CBN) in accordance with Section 10 (3) of Insurance Act, 2003. Statutory deposit is measured at cost. Interest income on statutory deposit is recognized in the statement comprehensive income.

13. Intangible Asset

Recognition of software acquired is only allowed if it is probable that future benefits to this intangible asset are attributable and will flow to company. Software acquired is initially measured at cost. The cost of acquired software comprises its Purchase Price, including import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the cost to complete the development. The capitalized costs include all cost directly attributable to the development of the software. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increase the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of the software is 3 years subject to annual reassessment.

14 Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Summary of Significant Accounting Policies (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

_ When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

_ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
_ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Summary of Significant Accounting Policies (Cont'd)

15 Insurance Contracts

Sovereign Trust issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. Sovereign Trust defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.
These contracts are accident and casualty and property insurance contracts.
Accident and casualty insurance contracts protect the Company's customer against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employee (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 holiday)

Property insurance contract mainly compensate the Company's customer for damage suffered to their properties or for the value of properties 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).
In accordance to IFRS 4, the Company has continued to apply the accounting policies it applied in accordance with the prechange over from Nigerian GAAP.

Salvages
Some Insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right). Salvage recoveries are used to reduce the claim expenses when the claim is settled.

Subrogation

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

16 Insurance Contract Liabilities

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

A General Insurance Contracts

Reserves for Unearned Premium

In compliance with Section 20(1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year

Reserve for Outstanding Claims
A full provision is made for the estimated cost of all claims notified but not settled at the date of the financial position, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the financial position date.

Summary of Significant Accounting Policies (Cont'd)

Similarly, provision is made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the statement of financial position date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at the statement of financial position date and the subsequent settlements are included in the Revenue Account of the following year.

Reserves for unearned premium

A provision for additional unexpired risk reserve (AURR) is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)

B **Liability Adequacy Test**

At each end of the reporting period, liability adequacy test are performed by an Actuary to ensure the adequacy of the insurance contract liability. In performing these tests, current best estimates of future contractual cash flows 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 initially by writing off DAC and by subsequently establishing a provision for losses arising from Liability Adequacy test ''the unexpired risk provision.''

17 Financial Liabilities

Financial liabilities are carried at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

(a) Financial Liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near future term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading, unless designated as an effective hedging instrument.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the statement of comprehensive income in fair value gains and losses.

The Company did not have any financial liabilities that meet the classification criteria of held for trading and did not designate any financial liabilities as at fair value through profit or loss.

(b) Other liabilities measured at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.

At reporting date the debt security in issue which is the convertible bond and other liabilities were carried at amortised cost.

18 Trade Payables

Trade payables are recognised when due and are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Derecognition of Trade Payables

Insurance payables are derecognized when the obligation under the liability is settled, cancelled or expired.

Summary of Significant Accounting Policies (Cont'd)

19 Other Payables and Accruals

Other payables and accruals 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.

20 Employee Benefits

The Company operates two retirement benefit schemes in the form of a pension scheme and gratuity benefits scheme. The Company has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(a) Pension Costs

The Company operates a defined contribution scheme for its staff and is managed by a highly reputable pension fund administrator. Under the scheme, the company contributes minimum of 10% while each employee contributes minimum of 8% of basic salary, housing and transport allowances on a monthly basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Gratuity Benefits

The Company operates a non-contributory defined benefits service gratuity scheme for its employees. The employees' entitlement to retirement benefits under the service gratuity scheme depends on the individual years of service, terminal salary and conditions of service. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Plan assets exclude any insurance contracts issued by the Company. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rate of Federal Government Bonds of Nigeria as High Quality Corporate bonds are not available.
Actuarial gains and losses are recognised in full in other comprehensive income when they occur. Past-service costs are recognised immediately in income.

21 Income Tax

(a) Current income tax

Income tax payable/(receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense/(income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on of available-for-sale investment).

Where the Company has tax losses that can be relieved against a tax liability for a previous year, it

Summary of Significant Accounting Policies (Cont'd)

recognizes those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance.

Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.
The Company does not offset income tax liabilities and current income tax assets.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

22 Share Capital

(a) Share Issue Costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

Dividends for the year that are declared after the date of the statement of financial position are disclosed in the subsequent events note.

Dividends proposed by the Directors' but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

23 Contingency Reserves

Non-life business
In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

24 Available-for-Sale Reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments. Net fair value movements are recycled to income statements if an underline available-for-sale investment is either derecognized or impaired.

25 Gross Premium

The Company recognizes gross premium at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium

Summary of Significant Accounting Policies (Cont'd)

26 Reinsurance Expenses

The Company cedes insurance risk in the normal course of business for the purpose of limiting its net loss potential on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.
Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

27 Underwriting Expenses

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are expenses incurred in obtaining and renewing insurance contracts. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff; and are deferred and amortised in proportion to the amount of premium determined separately for each class of business.Maintenance expenses are those incurred in servicing existing policies/contract. Maintenance expenses are charged to the revenue account in the accounting period which they are incurred.

28 Interest income and Expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest income' and 'Interest expense' in the income statement using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

29 Dividend Income

Dividends are recognised in the income statement in 'Investment income' when the entity's right to receive payment is established.

30 Fees and commission Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

31 Other Income

Other incomes are income other than interest income, dividend income and stock trading income. They include rental income, profit on sales of fixed assets and fairvalue gain on investment property.

Summary of Significant Accounting Policies (Cont'd)

32 Management Expenses

Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include wages, Professional fees, depreciation expenses and other non-operating expenses. Management expenses are accounted for on an accrual basis and recognised in the statement of comprehensive income upon utilisation of the service or receipt of goods.

33 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a) Assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

*The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in Statement of comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the Statement of comprehensive Income.

Summary of Significant Accounting Policies (Cont'd)

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Assets classified as available for sale

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through the Statement of Comprehensive Income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the statement of comprehensive income.

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in the Statement of Comprehensive Income. Impairment losses on equity investments are not reversed through the Statement of Comprehensive Income; increases in their fair value after impairment are

Summary of Significant Accounting Policies (Cont'd)

34 Impairment of non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

35 Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.
A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

A contingent liability is a possible obligation that arises from past event 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 Company or the Company has a present obligation as a result of a past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset 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 Company. Contingent assets are not recognised but they are disclosed in the financial statement when they arise.

36 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

Statement of Significant Accounting Policies (Contn'd)

37 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined the Company's executive management as its chief operating decision maker.

38.Earnings Per Share

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Sovereign Trust Insurance Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. Sovereign Trust Insurance Plc has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy during the period.

STATEMENT OF FINANCIAL POSITION

	Notes	Mar.2021	Dec .2020
Assets		₦'000	N'000
Cash and cash equivalents	1	5,993,992	7,274,017
Investment securities	2	610,486	565,133
Trade receivables	3	690,156	747,407
Reinsurance assets	4	2,686,045	2,684,186
Deferred acquisition costs	5	695,511	299,934
Other receivables and repayment	6	344,963	227,155
Investment in associate	7	91,812	91,812
Investment properties	8	1,013,643	1,013,643
Property, plant and equipment	9	1,550,493	1,549,186
Right of use assets	10	63,000	63,000
Statutory deposits	11	315,000	315,000
Intangible assets	12	1,843	2,763
Total Assets		**14,056,943**	**14,833,236**
Liabilities			
Insurance contract liabilities	13	3,102,319	3,762,588
Debt securities in issue	14	1,258,663	1,250,580
Trade payables	15	440,278	453,993
Other payables & accruals	16	53,744	146,092
Lease liabilities	17	26,999	63,379
Current tax payable	18	121,623	390,097
Deferred tax liabilities	19	35,108	140,408
Total Liabilities		**5,038,734**	**6,207,137**
Equity			
Issued share capital	20	5,682,248	5,682,248
Share premium	21	74,058	74,057
Contingency reserve	22	3,469,288	3,307,999
Revaluation reserve	23	390,560	390,560
Accumulated loss	24	(598,495)	(829,316)
Fair value reserve	25	551	551
Total Equity		**9,018,209**	**8,626,100**
Total Equity and Liabilities		**14,056,943**	**14,833,236**

These accounts were approved by the Board on ~~April~~ 30, 2021 and signed on its behalf by

Mr. Kayode Adigun (CFO)
FRC/2013/ICAN/00000002652

Olaotan Soyinka (MD/CEO)
FRC/2013/CIIN/00000002671

Oluseun O. Ajayi (Chairman)
FRC/2013/CIIN/00000003373

The significant accounting policies on pages 3 to 21 and the accompanying explanatory notes on pages 26 to 38 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Mar-21** **₦'000**	**Mar-20** *N'000*
Gross Premiums Written		**5,376,249**	3,692,533
Gross Pemium Income		**5,150,551**	3,579,289
Reinsurance Expenses		**(3,238,802)**	(1,952,693)
Net premiums Earned	26	**1,911,749**	1,626,596
Fee and Commission Income	27	**585,500**	423,052
Net Underwriting Income		**2,497,249**	2,049,648
Claims Expenses	28	**(965,256)**	(896,564)
Underwriting Expenses	29	**(680,999)**	(597,841)
Underwriting Profit		**850,994**	555,243
Investment Incomes	30	**115,667**	112,847
Management Expenses	31	**(438,149)**	(337,714)
		528,512	330,376
Finance Cost	32	**(18,379)**	(23,632)
Profit Before Tax		**510,133**	306,745
Income Taxes	33	**(118,027)**	(32,208)
Profit After Tax		**392,106**	274,536
Other Comprehensive Income			
Amount that can be reclassified to Profit or Loss			
- Unrealised net (losses)/gains arising during the period	34	**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total Comprehensive Income for the Year		**392,106**	274,536
Basic Earnings Per Share (kobo)		**3.45**	**3.29**

The significant accounting policies on pages 3 to 21 and the accompanying explanatory notes on pages 25 to 38 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained Earnings	Available for Sale Reserve	Revaluation Surplus	Contingency Reserve	Total Equity
	₦000	₦000	₦000	₦000	₦000	₦000	₦000
At 1 January 2021	5,682,248	74,057	(829,314)	551	390,560	3,308,000	8,626,102
Profit or loss for the period	-	-	392,106	-	-	-	392,106
Comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income	5,682,248	74,057	(437,208)	551	390,560	3,308,000	9,018,208
Transaction with owners:							-
Transfer to Contingency Reserve	-	-	(161,287)	-	-	161,287	-
At March 31, 2021	**5,682,248**	**74,057**	**(598,496)**	**551**	**390,560**	**3,469,287**	**9,018,208**

	Share Capital	Share Premium	Retained Earnings	Available for Sale Reserve	Revaluation Surplus	Contingency Reserve	Total Equity
	₦000	₦000	₦000	₦000	₦000	₦000	₦000
At 1 January 2020	5,682,248	74,057	(1,183,393)	14,213	225,103	2,974,378	7,786,607
Profit or loss for the period	-	-	274,536	-	-	-	274,536
Comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income	5,682,248	74,057	(908,857)	14,213	225,103	2,974,378	8,061,143
Transaction with owners:							-
Transfer to Share Capital	-				-		-
Transfer to Contingency Reserve	**-**	**-**	(110,776)	-	-	110,776	**-**
At March 31, 2020	5,682,248	74,057	(1,019,632)	14,213	225,103	3,085,154	8,061,143

STATEMENT OF CASH FLOW

	Mar. 2021	*Mar. 2020*
Operating activities	**₦'000**	*N'000*
Premium received from Policy holders	**4,670,725**	3,028,052
Reinsurance Receipt in respect of Claim	**622,435**	745,200
Cash Paid to and on behalf of Employees	**(200,205)**	(193,297)
Fee and Commission Income	**585,500**	423,052
Reinsurance Premium Paid	**(3,238,802)**	(1,952,693)
Commission Paid	**(680,999)**	(597,841)
Interest & Dividend Income	**115,667**	112,847
Other Operating cash payments	**(225,175)**	(127,736)
Claims Paid	**(1,265,281)**	(1,083,911)
Company Income Tax Paid	**(118,027)**	(32,208)
Net cash provided by operating activities	**265,840**	321,464
Investing activities		
Purchase of Property, Plant & Equipment	**(13,156)**	(32,521)
Purchace of Investment Property	-	*4,500*
Proceed on Bond Maturity	***3,671***	*8,880*
Net cash inflow /(outflow) in investing activities	**(9,485)**	**(19,141)**
Financing activities		
Lease Liabilities	**(36,380)**	-
Net cash (outflow)/inflow from financing activities	**(36,380)**	-
(Decrease)/Increase in cash and cash equivalents	**219,975**	**302,323**
Cash and cash equivalents at January 1, 2021	**5,774,017**	6,141,882
Cash and cash equivalents at March 31, 2021	**5,993,992**	6,444,205
Cash and cash equivalents at end of March 31, 2021 comprises		
Cash and cash equivalents	**5,993,992**	6,444,205

The significant accounting policies on pages 3 to 22 and the accompanying explanatory notes on pages 26 to 38 form an integral part of these financial statements.

Notes to the Financial Statements

1	**Cash and Cash Equivalents**	**Mar.2021**	*Mar. 2020*
		₦'000	N'000
	Local bank balances	**1,689,629**	1,398,991
	Short term deposit and placements	**4,304,364**	5,045,214
	Allowance for expected credit loss		
		5,993,992	6,444,205

2	**Investment securities:**	**Mar.2021**	Mar.2020
		₦'000	₦'000
	Equity instruments at fair value other comprehensive income	**44,519**	58,181
	Debt securities at amortised cost	**100,982**	186,613
	Equity instruments at fair value through profit or loss	**464,985**	128,741
		610,485	373,535

2.1	**Equity instruments at fair value through Other Comprehensive Income**	**Mar.2021**	Mar. 2020
		₦'000	₦'000
	WAICA Reinsurance Corp	**41,898**	55,560
	Interconnect Limited	**2,621**	2,621
		44,519	58,181

2.2	**Debt securities at amortised cost**	**Mar. 2020**	Mar. 2020
	Federal Government bonds	**-**	79,698
	State Government bonds	**63,175**	65,471
	Corporate bonds	**37,328**	27,067
	Mortgage Loan	**7,694**	14,377
	Gross amount	**108,197**	186,613
	Expected credit loss	**(7,216)**	-
		100,981	186,613

2.3	**Equity instruments at fair value through Profit or Loss**	**464,985**	128,741

Notes to the Financial Statements (Cont'd)

		Mar.2021	Mar. 2020
3	**Trade Receivable**	**₦'000**	₦'000
	Trade Receivable	**690,156**	536,980

The balance on trade receivable represents amount collected within 30 days after 31st March, 2021

3.1	**Analysis of Trade Receivables**		
	Brokers	**690,156**	536,980
		690,156	536,980
4	**Reinsurance Recoverable**		
	Reinsurance assets- Unearned Premium	**2,244,708**	1,920,116
	Reinsurance assets- Outstanding claim	**441,337**	468,730
		2,686,045	2,388,846

		Mar. 2021	*Mar. 2020*
5	**Deferred Acquisition Cost**	**₦'000**	₦'000
	Opening balance	**299,936**	226,893
	Addition during the year	**395,575**	360,506
	Charged during the year	**-**	-
		695,511	587,399

Deferred acquisition cost represents commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is shown below:

5.1	**Deferred Acquisition Costs by Class**		
	Motor	**-**	6,029
	Fire and property	**401,189**	143,769
	Marine and aviation	**87,159**	71,764
	General Accident	**108,446**	41,291
	CAR/Engineering	**98,717**	63,209
	Energy	**-**	264,256
		695,511	587,399
6	**Other Receivables & Prepayments**		
	Staff debtors	**18,872**	19,808
	Prepayments	**147,883**	98,833
	Other Receivables	**127,908**	170,295
	Contribution to NIA risk pool	**50,300**	50,300
	Impairment	**-**	-
		344,963	339,236

Notes to the Financial Statements (Cont'd)

		Mar. 2021	Mar. 2020
7	**Investment in Associate**	**₦'000**	₦'000
	Investment STI Leasing	**91,812**	87,926
	Share of loss in STI Leasing (7.1)	**-**	-
		91,812	87,926

The Company has 43% interest in STI Leasing Limited, which is involved in Leasing services to private and public sector contributors. STI Leasing Limited was incorporated as a Limited Liability Company under the Company and Allied Matter Act, 2004 and licensed as a Leasing Company. STI Leasing Limited is domiciled in Nigeria and its registered office is at 22 Keffi Street Ikoyi Lagos.

		Mar. 2021	Mar. 2020
8	**Investment Properties**	**₦'000**	₦'000
	Opening carrying amount	**1,013,643**	973,327
	Reclassification to Other Investments	**-**	-
	Addition during the year	-	4,500
	Fair value gain/(loss)	**-**	-
	Balance at the end of the period	**1,013,643**	977,827

		Mar. 2021	Mar. 2020
8a	**Investment Properties**	**₦'000**	₦'000
	May fair gardens	30,000	30,000
	Ibeshe properties	81,500	77,400
	Sunrise Estate Ipaja	49,077	49,000
	Solteby Apartment	47,500	47,000
	Investment Properties along Epie Swali Road Yenagoa	95,100	81,633
	Investment Properties at Alagbaka Junction Akure	422,370	415,335
	Investment Properties along Awolowo Road Ikoyi	288,096	277,459
		1,013,643	977,827

Notes to the Financial Statements

PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDING	OFFICE EQUIPMENT	FURNITURE & FITTINGS	PLANT & MACHINERY	MOTOR VEHICLE	COMPUTER EQUIPMENT	TOTAL
COST AT 31ST JANUARY, 2021	758,366,439	546,043,817	93,738,740	118,540,123	92,171,434	1,275,984,287	236,465,364	3,121,310,204
ADDITIONS	-	4,092,632	1,692,240	490,000	350,000	-	6,531,704	13,156,576
COST AT 31ST MARCH, 2021	**758,366,439**	**550,136,449**	**95,430,980**	**119,030,123**	**92,521,434**	**1,275,984,287**	**242,997,068**	**3,134,466,780**
COST AT 31ST JANUARY, 2021	-	-	87,660,781	113,071,850	75,786,092	1,068,178,007	227,428,270	1,572,125,000
CHARGED FOR THE PERIOD	-	2,730,219	485,775	377,423	1,042,000	6,089,635	1,124,555	11,849,606
COST AT 31ST MARCH, 2021	-	2,730,219	88,146,556	113,449,273	76,828,092	1,074,267,642	228,552,825	1,583,974,606
NET BOOK VALUE								
COST AT 31ST JANUARY, 2021	758,366,439	546,043,817	6,077,959	5,468,273	16,385,342	207,806,280	9,037,094	1,549,185,204
COST AT 31ST MARCH, 2021	**758,366,439**	**547,406,230**	**7,284,425**	**5,580,850**	**15,693,342**	**201,716,645**	**14,444,243**	**1,550,492,173**

10. Right to Use Asset **63,000**

11 Statutory deposit

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2018 (31December 2018: N315, 000, 000, in accordance with section 9(1) and section 10(3) of Insurance Act 2003. Statutory deposits are measured at cost.

	Mar. 2021	Mar. 2020
	₦'000	₦'000
Statutory Deposit	**315,000**	315,000

Notes to the Financial Statements (Cont'd)

12	**Intangible Assets - Computer Software**		
	Cost		
	Opening Balance	**74,551**	72,751
	Additions during the year	**-**	-
	Closing Balance	**774,551**	72,751
	Amortisation		
	Opening Balance	**71,788**	66,628
	Amortisation	**920**	505
	Closing Balance	**72,708**	67,132
	Carrying Amount	**1,843**	5,619

12	**Insurance Contract Liabilities**		
	Outstanding reported claims	**400,772**	593,391
	Incurred But Not Reported (IBNR)	**400,006**	302,404
	Total Outstanding Claim (Note 12a)	**800,778**	895,795
	Unearned premium provision (Note 12b)	**2,301,540**	2,432,519
		3,102,318	3,328,314
	Current	**3,102,318**	3,328,314
	Non-current	**-**	-
		3,102,318	3,328,314

		Mar. 2021	Mar. 2020
12a	**Outstanding Claims Reserve**	**₦'000**	₦'000
	As at January 1	**1,606,718**	1,004,732
	Claims incurred in the current period	**-**	-
	Movement in OCR	**(805,940)**	(108,937)
	At 31 December 2019	**800,778**	895,937

		Mar. 2021	Mar. 2020
12b	**Liabilities as Per Class of Business**		
	Outstanding Claim	**₦'000**	₦'000
	Motor Vehicle	**120,603**	76,630
	Fire and property	**282,545**	107,331
	Marine & Aviation	**108,584**	137,203
	General Accident	**157,950**	153,475
	C. A. R Engineering	**84,417**	89,674
	Energy	**146,678**	331,663
		800,778	895,937

12c Notes to the Financial Statements (Cont'd)
Unearned Premium Provision

Motor vehicle	**610,218**	573,648
Fire and property	**195,792**	385,633
Marine & Aviation	**284,157**	189,025
General Accident	**561,370**	211,444
C. A. R Engineering	**399,554**	648,731
Energy	**249,449**	424,037
	2,301,540	2,432,518

13 Debt Securities in Issue

	Mar. 2021	Mar. 2020
	₦'000	₦'000
As at January 1	**1,250,580**	1,152,429
Redemptions	**-**	-
Interest Expense	**8,083**	8,083
Exchange differences	**-**	-
At 30 March, 2021	**1,258,663**	1,160,512

This represents zero coupon JPY846,000,000 direct, unconditional, unsubordinated and unsecured European Bond with options issued to Daewoo Securities Europe Limited in 2008. The underlying Bond has a put period of 30 months with a yield to put of 4.25% per annum while the tenor of the convertible option is valid up to year 2024. The purpose for which the Bond was issued relates to Expansion of Branch Network, Upgrade of Information and Communication Technology and Working Capital.

14 Trade Payables

Due to reinsurers	**244,866**	400,380
Deferred commission income	**53,110**	81,235
Due to Insurance companies	**205,100**	
	481,235	481,235

15 Other Payables

Unclaimed Dividend payable	**51,016**	51,016
Sundry creditors	**23,260**	23,260
	74,276	74,276

16 Lease Liabilities

	Mar. 2021	Mar. 2020
	₦'000	₦'000
Opening Balance	**66,379**	-
Payments during the year	**(36,380)**	-
	26,999	-
17 Current Tax Liabilities	**121,623**	**50,163**
18 Deferred Tax	**35,108**	207,413

		Mar. 2021	Mar. 2020
19	**Share Capital Authorized**	**₦'000**	₦'000
	15,000,000,000 Ordinary Shares of 50k each	**7,500,000**	7,500,000
	Issued and fully paid		
	11,364,466,014 of Ordinary Shares of 50k each (2020-11,364,466,014)	**5,682,233**	5,682,248
	Movements during the period:		
	As at January 1	**5,682,248**	5.682,248
	Additions Through Right Issue	**-**	-
	At 31 March, 2021	**5,682,248**	5,682,248
20	**Share Premium**		
	As at January 1	**74,057**	74,057
	Capital raising expenses		
	At 31 March, 2021	**74,057**	74,057
	Premiums from the issue of shares are reported in share premium.		
21	**Contingency Reserve**		
	As at January 1	**3,307,999**	2,974,378
	Transfer from retained earnings	**161,287**	110,776
	At 31 March, 2021	**3,469,286**	3,085,153
22	**Revaluation Reserve**	**390,560**	225,103

		Mar.2021	Mar.2020
23	**Retained Earnings**	**₦'000**	₦'000
	As at January 1	**(829,317)**	(1,183,393)
	Statement of comprehensive income	**392,106**	274,536
	Other Comprehensive Income	**-**	-
	Transfer to Contingency Reserve	**(161,287)**	(110,776)
	At 31 March, 2021	**(598,499)**	(1,019,632)

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

24	**Available for Sale Reserve**		
	As at 1 January	**551**	**20,394**
	Transfer from Other Comprehensive Income	**-**	**(6,181)**
		551	**14,213**

		Mar. 2021	Mar. 2020
25	**Net premium income**	**₦'000**	**₦'000**
	Gross premium written	**5,376,249**	3,692,533
	Provision for unearned premium (Note 24a)	**(225,697)**	(113,245)
	Gross premium income	**5,150,551**	3,579,289
	Reinsurance cost (Note 24b)	**(3,238,802)**	(1,952,692)
		1,911,749	1,626,596

	Increased/(Decrease) in unearned premium		
25a			
	Motor	**(47,698)**	(50,129)
	Fire and property	**18,318**	(218,352)
	Marine & Aviation	**108,001**	709
	General Accident	**(316,965)**	2,657
	C.A.R and Engineering	**(160,192)**	62,328
	Energy	**172,840**	316,031
		(225,697)	113,245
25b	**Reinsurance cost**		
	Motor		5,192
	Fire and property	**325,312**	195,856
	Marine & Aviation	**178,233**	151,336
	General Accident	**61,474**	128,457
	C.A.R and Engineering	**407,272**	284,086
	Energy	**2,266,509**	1,187,765
		3,238,802	**1,952,692**

26. Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

		Mar. 2021	**Mar. 2020**
		₦'000	₦'000
	Motor	**38,230**	1,748
	Fire and property	**38,586**	74,088
	Marine & Aviation	**68,953**	51,264
	General Accident	**141,512**	66,664
	C.A.R and Engineering	**153,442**	46,532
	Energy	**221,236**	182,756
		585,500	423,052
27	**Claims expenses**		
	Current year claim paid	**1,265,281**	1,083,911
	Movement in outstanding claims provision	**564,005**	714,762
	Change in IBNR	**(141,942)**	43,085
		843,217	1,841,759
	Recoverable from reinsurer	**122,038**	(945,195)
		965,257	**896,563**
28	**Acquisition Cost**		
		₦'000	₦'000
	Acquisition cost-Commission Paid	**461,757**	445,377
	Maintenance cost	**219,241**	152,464
		680,998	597,841
29	**Investment Income & Other Income**		
	Interest Income	**92,282**	141,813
	Dividend from Quoted investments	**24,528**	2,813
	Rental income	**6,875**	-
	Stock trading(loss)/income	**(8,018)**	(31,779)
		115,667	112,847

		Mar. 2021	Mar.2020
30	**Management Expenses**	**₦'000**	**₦'000**
	Employee Benefits (30a)	**200,205**	193,297
	Other Management Expenses (30b)	**225,175**	127,736
	Depreciation and Amortization	**12,769**	16,680
		438,149	337,714
30a	**Employee Benefits**		
	Salaries	**190,818**	178,959
	Defined contribution pension costs	**9,387**	14,338
		200,205	193,297

Other Management Expenses	Mar.2021	Mar.2020
ADVERT & PUBLICITY	11,350	15,942
NAICOM ASSOCIATION DUES	120,787	-
RENT & RATES	7,427	-
INSURANCE	4,883	1,973
FUEL, ELECTRICITY & ENERGY	11,212	17,544
PROFESSIONAL FEES	9,042	4,597
CONTRIBUTION TO I.T.F	-	9,043
OFFICE AND BUILDING MAINTENANCE	4,134	7,918
TRANSPORT EXPENSES	1,881	9,011
E. D. P. EXPENSES	4,785	9,756
AUTOMOBILE EXPENSES.	4,926	6,939
STAFF TRAINING & EDUCATION	2,508	3,838
FORMS & PRINTING	6,863	6,842
BOARD EXPENSES	2,600	2,701
OFFICE AND STATIONERY EXPENSES	3,811	3,665
HOTEL ACCOMMODATION	1,713	979
STAFF MEDICAL EXPENSES	12,931	8,536
TELEPHONE CALLS	1,857	1,851
SEC & NSE EXPENSES	945	1,802
COURIER & POSTAGES	1,444	1,615
ENTERTAINMENT EXPENSES	446	863
LOCAL GOVERNMENT DUES	1,400	1,342
EQUIPMENT MAINTENANCE & REPAIRS	1,943	-
CLUB MEMBERSHIP & SUBSCRIPTIONS	1,767	1,178
STAFF UNIFORMS	38	-
PERIODICALS & BOOKS	497	776
CONTRIBUTION TO NSITF	-	5,113
TAX CONSULTANCE EXPENSES	750	160
CONTRIBUTION & DONATION	500	100
CONTRIBUTION TO NHF	1,420	-
STAFF WELFARE	1,315	1,594
	225,175	**127,736**

31 Finance Cost

Interest on borrowing	**8,083**	8,803
Bank Charges	**10,296**	14,549
	18,379	23,632

Finance cost represents interest paid on zero coupon rate bond and bank charges

32 Income Tax	**118,026**	**32,208**
33 Unrealized (Losses)/gain	**-**	**-**

34

Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the net profit of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	Mar. 2021	**Mar. 2020**
	₦'000	**₦'000**
Profit/(loss) of the Company	**392,106**	**274,537**
Weighted average number of ordinary shares in issue (11,364,497) Ordinary Shares of 50k each)	**11,364,497**	**11,364,497**
Basic earnings per share (expressed in Kobo per share)	**3.45**	**3.29**

SEGMENT RESULT AS AT MARCH 31, 2021

PREMIUM INCOME :	**MOTOR BUSINESS**	**FIRE & PROPERTY**	**MARINE & AVIATION**	**GENERAL ACCIDENT**	**C.A.R & ENGINEERING**	**ENERGY BUSINESS**	**TOTAL Mar-21**
DIRECT PREMIUM	766,233,074	528,572,496	283,833,497	352,853,114	629,737,161	2,794,988,431	**5,356,217,773**
REINSURANCE INWARD	347,825	7,962,935	2,980,587	8,616,435	-	123,183	**20,030,966**
GROSS PREMIUM WRITTEN	**766,580,899**	**536,535,431**	**286,814,084**	**361,469,549**	**629,737,161**	**2,795,111,614**	5,376,248,739
UNEXPIRED RISK RESERVE	(47,698,693)	18,318,177	108,000,762	(316,965,715)	(160,192,099)	172,840,301	**(225,697,267)**
GROSS PREMIUM EARNED	**718,882,206**	**554,853,608**	**394,814,846**	**44,503,834**	**469,545,062**	**2,967,951,915**	5,150,551,472
OUTWARD REINSURANCE PREMIUM	**-**	**(325,312,369)**	**(178,233,385)**	**(61,474,720)**	**(407,272,202)**	**(2,266,509,366)**	**(3,238,802,041)**
NET PREMIUM EARNED	**718,882,206**	**229,541,239**	**216,581,461**	**(16,970,886)**	**62,272,860**	**701,442,549**	**1,911,749,430**
COMMISSION INCOME	-	60,488,686	32,819,543	68,973,099	122,147,321	252,041,248	**536,469,897**
CHANGE IN DEFERRED COMMISION INCOME	(38,230,826)	(21,902,533)	36,134,043	72,539,445	31,295,062	(30,805,000)	**49,030,191**
TOTAL INCOME AND PREMIUM EARNED	**680,651,380**	**268,127,393**	**285,535,047**	**124,541,658**	**215,715,243**	**922,678,797**	**2,497,249,518**
CLAIMS PAID	(194,240,196)	(227,696,118)	(87,654,890)	(84,569,145)	(70,619,908)	(600,500,330)	**(1,265,280,587)**
CLAIMS RESERVE	(51,125,870)	74,752,068	6,294,596	(8,735,055)	(196,000)	543,015,343	**564,005,082**
CHANGE IN IBNR	(25,459,682)	5,493,412	(66,375,869)	566,645	39,521,435	(95,688,142)	**(141,942,201)**
GROSS CLAIM INCURRED	**(270,825,748)**	**(147,450,638)**	**(147,736,163)**	**(92,737,555)**	**(31,294,473)**	**(153,173,129)**	**(843,217,706)**
REINSURANCE CLAIMS RECOVERED	-	173,246,788	52,472,086	42,089,828	44,346,429	310,279,994	**622,435,125**
CHANGE IN DEFERRED REINSURANCE ASSET	-	(74,210,109)	(35,749,458)	113,946,372	(7,927,862)	(740,532,771)	**(744,473,828)**
NET CLAIMS INCURRED	**(270,825,748)**	**(48,413,959)**	**(131,013,536)**	**63,298,645**	**5,124,095**	**(583,425,906)**	**(965,256,409)**
ACQUISITION COST	(93,678,689)	(11,968,666)	(61,071,434)	(81,018,903)	(135,299,174)	(78,720,326)	**(461,757,192)**
UNDERWITING EXPENSES	(37,481,109)	(41,848,077)	(26,394,833)	(36,480,781)	(37,181,855)	(39,854,528)	**(219,241,182)**
TOTAL UNDERWRITING EXPENSES	**(131,159,798)**	**(53,816,743)**	**(87,466,267)**	**(117,499,683)**	**(172,481,029)**	**(118,574,854)**	**(680,998,373)**
UNDERWRITING PROFIT	**278,665,835**	**165,896,690**	**67,055,245**	**70,340,620**	**48,358,309**	**220,678,038**	**850,994,736**

SEGMENT RESULT AS AT MARCH 31, 2020

PREMIUM INCOME :	**MOTOR BUSINESS**	**FIRE & PROPERTY**	**MARINE & AVIATION**	**GENERAL ACCIDENT**	**C.A.R & ENGINEERING**	**ENERGY BUSINESS**	**TOTAL Mar-20**
DIRECT PREMIUM	715,094,461	515,659,210	277,864,903	274,912,448	500,092,919	1,401,829,568	**3,685,453,509**
REINSURANCE INWARD	631,175	4,527,002	509,397	1,412,144	-	-	**7,079,719**
GROSS PREMIUM WRITTEN	**715,725,637**	**520,186,213**	**278,374,300**	**276,324,592**	**500,092,919**	**1,401,829,568**	**3,692,533,229**
UNEXPIRED RISK RESERVE	50,129,026	218,351,572	(708,732)	(2,656,839)	(62,328,233)	(316,031,364)	**(113,244,570)**
GROSS PREMIUM EARNED	**765,854,663**	**738,537,785**	**277,665,568**	**273,667,753**	**437,764,686**	**1,085,798,204**	**3,579,288,659**
OUTWARD FACULTATIVE	(5,192,623)	-	-	-	-	(986,318,809)	**(991,511,432)**
TREATY CESSION	-	(195,856,486)	(151,353,992)	(128,457,031)	(284,085,610)	-	**(759,753,117)**
DEFERRED REINSURANCE COST	(4,799,223)	(73,294,329)	(47,045,513)	(76,879,356)	(126,675,172)	127,265,261	**(201,428,332)**
OUTWARD REINSURANCE PREMIUM	**(9,991,846)**	**(269,150,815)**	**(198,399,505)**	**(205,336,387)**	**(410,760,782)**	**(859,053,548)**	**(1,952,692,881)**
NET PREMIUM EARNED	**755,862,817**	**469,386,970**	**79,266,064**	**68,331,366**	**27,003,904**	**226,744,656**	**1,626,595,777**
COMMISSION INCOME	908,709	53,860,534	37,529,404	44,045,307	98,013,222	255,437,500	**489,794,676**
CHANGE IN DEFERRED COMMISION INCOME	840,288	20,228,000	13,735,158	22,618,689	(51,481,536)	(72,683,051)	**(66,742,452)**
TOTAL INCOME AND PREMIUM EARNED	**757,611,814**	**543,475,504**	**130,530,626**	**134,995,362**	**73,535,590**	**409,499,105**	**2,049,648,001**
CLAIMS PAID	(188,329,457)	(131,554,874)	(59,879,485)	(78,518,693)	(17,067,234)	(608,561,675)	**(1,083,911,417)**
CLAIMS RESERVE	(58,676,659)	64,096,886	64,156,217	68,167,735	(57,446,401)	(795,060,061)	**(714,762,283)**
CHANGE IN IBNR	(204,384,263)	8,907,229	(69,198,965)	21,437,404	87,931,314	112,221,859	**(43,085,422)**
GROSS CLAIM INCURRED	**(451,390,378)**	**(58,550,759)**	**(64,922,233)**	**11,086,446**	**13,417,679**	**(1,291,399,877)**	**(1,841,759,122)**
REINSURANCE CLAIMS RECOVERED	-	65,583,588	35,226,856	40,029,054	6,002,522	598,357,949	**745,199,968**
CHANGE IN DEFERRED REINSURANCE ASSET	-	(296,605,603)	23,609,952	(56,963,020)	53,164,561	476,789,697	**199,995,587**
NET CLAIMS INCURRED	**(451,390,378)**	**(289,572,774)**	**(6,085,425)**	**(5,847,520)**	**72,584,761**	**(216,252,232)**	**(896,563,567)**
ACQUISITION COST	(79,127,412)	(102,356,684)	(63,003,403)	(54,611,197)	(73,392,064)	(72,886,599)	**(445,377,358)**
UNDERWITING EXPENSES	(28,629,025)	(45,161,114)	(14,221,537)	(18,245,736)	(28,066,846)	(18,139,564)	**(152,463,822)**
TOTAL UNDERWRITING EXPENSES	**(107,756,437)**	**(147,517,798)**	**(77,224,940)**	**(72,856,933)**	**(101,458,910)**	**(91,026,163)**	**(597,841,181)**
UNDERWRITING PROFIT	**198,464,998**	**106,384,932**	**47,220,262**	**56,290,909**	**44,661,442**	**102,220,710**	**555,243,253**