

SUNU ASSURANCES NIGERIA PLC

EARNING FORECAST FOR THE FOURTH QUARTER 2021

ASSUMPTIONS

- 1 Gross Written Premium by the end of the year 2021 is projected at N4.53 billion representing 103.19% of the full year budget. The projected premium is expected to be greater than the premium generated in 2020 by 38.53% which stood at N3.27 billion.
- 2 Gross claims incurred relating to 2021 businesses were projected based on 5 years average loss ratio.
- 3 Investment income arising from the placement with banks, treasury bills and fixed interest Government securities was projected at an average of 5.6%, 6.1% and 7.8% per annum respectively.
- 4 The following non cash transactions were included in the Statement of Profit or Loss and Other Comprehensive Income
 - Provision for Depreciation in line with the Company's depreciation policy
 - Amortization of investment in Equity Resort Hotel based on the remaining concession year
 - Amortization of intangible assets
 - Impairment on placement and treasury bills
- 5 Reinsurance expenses was budgeted at 29.18% of Gross Premium Income. The projections were based on the Underwriting projected revenues on the various product lines. We also took into consideration of the proposed increase in the capacity of the various lines of treaties in 2021 due to increase in shareholders funds.
- 6 The underwriting expenses were projected as indicated below:
 - (i) Commission income was projected at 17.53% of Re-insurance expenses
 - (ii) Commission expenses was projected at 18.77% of Gross Premium Income
 - (iii) Net claims incurred was arrived at after taking cognizance of claims recovered from reinsurers, salvages and adjustment for outstanding claims and related recoveries
 - (iv) Maintenance expenses was projected at 4.14% of gross premium written
- 7 Accretion to Contingency reserve was based on 3% of Gross Premium Written

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Gross Premium Written	4,525,101,395
Change in Unexpired risks	(227,160,090)
Net Premium Written	4,297,941,305
Outward reinsurance cost	(1,254,139,273)
Net Premium income	3,043,802,032
Commission Received	219,850,615
Total Revenue	3,263,652,647
Underwriting Expenses	
Commission Expenses	(806,723,583)
Maintenance Expenses	(187,339,198)
Net claims incurred	(750,601,581)
Underwriting expenses	(1,744,664,362)
Net underwriting profit	1,518,988,285
Operating expenses	(1,552,127,828)
Net fair value gain(loss) on quoted shares	4,845,090
Net realised gain(loss) on assets	1,654,000
Net fair value gain(loss) on Investment Properties	6,000,000
Profit from Equity Resort Hotel	(3,888,000)
Impairment loss	459,214
Investment and other Income	445,269,977
Profit Before tax	421,200,739
Income tax expense	(179,320,924)
Profit After tax	241,879,815
Contingency Reserve	(135,753,042)
Retained Profit	106,126,773

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CASHFLOW FORECAST AS AT 31 DECEMBER 2021

Cashflow from Operating Activities	₦
Premium Received from policy holders	4,455,854,376
Reinsurance Claims Recovery	940,838,660
Commission paid	(984,235,980)
Reinsurance premium paid	(798,119,684)
Direct Claims paid	(1,778,672,475)
Cash paid to and on behalf of employees	(521,652,696)
Other operating cash payments	(1,070,122,870)
Company's income tax paid	(139,703,000)
Net Cash flows from operating activities	104,186,331
Cash from Investing Activities	
Purchase of fixed assets	(615,244,637)
Proceed from sale of fixed assets	1,394,301
Interest & dividend received	199,691,101
(Purchase)/Redemption of investment	319,229,358
Net cash flows from investing activities	(94,929,878)
Cash Flow from Financing Activities	
Increase in Share Capital	-
Financial Liabilities	-
Net cashflows from financing activities	-
Net increase/(decrease) in cash and cash equivalent	9,256,453
Cash and cash equivalent at the beginning of the year	3,129,904,449
Cash and cash equivalent at the end of the quarter	3,139,160,903
Cash and cash equivalent	
Cash and bank balances	185,665,607
Short Term Placements	2,953,495,296
Cash and cash equivalent at the end of the quarter	3,139,160,903