

**This document is important and should be read carefully. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.**

"For Information concerning certain risk factors which should be considered by Prospective investor, see 'Risk factors' on pages 25 & 26 hereof"



## Law Union & Rock Insurance Plc

### **PRIVATE PLACEMENT**

Of

**1,031,199,000**

**Ordinary Shares of 50 kobo each**

at

**70 Kobo per share**

**Payable in full on Application**

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**APPLICATION LIST OPENS: Thursday, February 2, 2017**

**APPLICATION LIST CLOSES: Monday, February 6, 2017**

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### **Issuing House**



This Placement Memorandum and the securities which it offers have been cleared and registered by the Securities and Exchange Commission. It is a civil wrong and criminal offence under the Investments and Securities Act, No. 29 of 2007 to issue a Placement Memorandum that contains false or misleading information. Clearance and registration of the Placement Memorandum and the Securities that it offers do not relieve the parties from any liability arising under the act for false and untrue statements contained therein or for any omission of a material fact.

**This Placement Memorandum is dated Monday, January 23, 2017**

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## 1.0 IMPORTANT NOTICE

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This Placement Memorandum contains confidential information about Law Union and Rock Insurance Plc in connection with the Private Placement of 1,031,199,000 Ordinary shares of 50 kobo each ("The Shares") at 70 Kobo per share ("The Placement" or "Special Placement") in Law Union and Rock Insurance Plc ("The Company" or "Law Union") for the purpose of giving information to the prospective investor in respect of the Placement described therein. The Placement shall be further described as "LUR Placement".

The Placement Memorandum and the Securities offered have been cleared and registered with the Securities and Exchange Commission ("the SEC" or "the Commission"). An application was also made to the Nigerian Stock Exchange for the admission of the shares being offered by way of this Private Placement.

The Shares being offered will rank pari passu in all respects with all other existing shares issued by the Company, including the right to receive dividends or other distributions declared, made or paid on the Shares after Allotment by the Company. No person has been authorized to give any information or make any representations other than those contained in this Placement Memorandum and if given or made, such information or representations must not be relied on as having been authorized by the Company and/or the Issuing House. Without prejudice to any obligation of the Company to publish a Placement Memorandum in line with the rules of the SEC, neither the delivery of this Placement Memorandum nor any purchase made under this Placement Memorandum shall under any circumstances, create any implication that there has been no change in the affairs of the Company and its subsidiaries since, or that the information contained herein is correct as of any time subsequent to the date of this Placement Memorandum.

The Company accepts responsibility for the information contained in this Placement Memorandum. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case) the information contained in this Placement Memorandum is in accordance with the Investment and Securities Act No. 29 of 2007 and the Rules and Regulations of the Commission and contains no omission to affect its import. Meristem Securities Limited ("the Issuing House"), which is registered with the SEC in Nigeria, is acting exclusively for the Company in connection with the Private Placement.

Additional information, may be obtained through Meristem Securities Limited's registered office at 124, Norman Williams, Ikoyi South-West, Lagos, Nigeria, on any business day during the Offer period provided, the Issuing House possesses such information or can acquire it without unreasonable effort or expense, as necessary.

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## 2.0 KEY TERMS AND ABBREVIATIONS

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<b>"Allotment Date"</b>	The date after the Offer Closing Date when the securities allotted to successful subscribers are approved by the SEC
<b>"AGM"</b>	Annual General Meeting
<b>"Brokerage"</b>	Commission payable to Placement Agents in respect of returns bearing their stamp and duly allotted
<b>"Business Day"</b>	Any day other than Saturday, Sunday or official public holiday in Nigeria
<b>"CAC"</b>	Corporate Affairs Commission
<b>"CAMA"</b>	Companies and Allied Matters Act, Cap C20, LFN, 2004 as amended from time to time
<b>"CSCS"</b>	Central Securities Clearing Systems Limited
<b>"DPS"</b>	Dividend per Share
<b>"EPS"</b>	Earnings per share
<b>"FGN"</b>	The Federal Government of Nigeria
<b>"ISA"</b>	Investments and Securities Act No. 29 2007 as amended from time to time
<b>"Issuing House" or "IH"</b>	Meristem Securities Limited
<b>"Law Union" or "The Company"</b>	Law Union & Rock Insurance Plc
<b>"LFN"</b>	Laws of the Federation of Nigeria
<b>"LGA"</b>	Local Government Area
<b>"MDRI"</b>	Market Development and Restructuring Initiative
<b>"NAICOM"</b>	National Insurance Commission
<b>"NSE" or "The Exchange"</b>	The Nigerian Stock Exchange
<b>"Pari-Passu"</b>	Equally
<b>"Parties"</b>	Professionals engaged to ensure the success of the Placement
<b>"Placement Memorandum"</b>	This document through which the offer is being made to the Investor
<b>"Receiving Agent"</b>	Market operator authorized to receive Application forms/monies from Investor
<b>"Prospective Investor"</b>	NI Holdings Limited
<b>"Receiving Bank"</b>	Stanbic IBTC Bank Plc
<b>"Registrars"</b>	Cardinalstone Registrars Limited
<b>"SEC" or "The Commission"</b>	The Securities and Exchange Commission
<b>"Solicitors"</b>	Oluyomi Olawore & Co.
<b>"Stockbroker"</b>	Dominion Trust Limited
<b>"The Placement" or "Special Placement"</b>	Private Placement of 1,031,199,000 Ordinary Shares of 50 Kobo each at ₦0.70 per share

### 3.0 CORPORATE DIRECTORY

<b>Name</b>	<b>Address</b>
Head Office	Law Union House; 14, Hughes Avenue, Alagomeji, Yaba, Lagos State
<b>Branches</b>	
Abuja (Regional Office)	White House; Block B, Suite 3, 1st Floor, 79, Adetokunbo Ademola Crescent, Wuse II, Abuja, FCT
Festac (Retail Office)	PIN Plaza; 1st Avenue, Festac Town, Lagos State
Ibadan (Regional Office)	2nd Floor, Broking House, 1, Alhaji Jimoh Odutola Road, Dugbe, Ibadan, Oyo State
Ikeja	Adol House (1st Floor); Plot 15, IPM Road, Central Business District, Alausa, Ikeja, Lagos State
Kaduna	Oando Building; 4, Constitution Road, Kaduna State
Kano	C/O Skye Bank Plc; 24e, Bello Road, Kano State
Lekki-Victoria Island	209, Muri Okunola Street, Victoria Island, Lagos State
Minna	1, Saidu Yabagi/Bosso Road, Opposite Muritala Park, Minna, Niger State
Oshogbo	Jesus Court, 2nd Floor (Left Wing); 6, Isiaka Adeleke Freeway, Okefia, Oshogbo, Osun State
Port Harcourt (Regional Office)	Skye Bank Building; 89, Aba Road, Garrison Junction, Port Harcourt, Rivers State
Uyo (Retail Office)	164, Oron Road, Uyo, Akwa Ibom State
Warri	60, Effurun/Sapele Road, Effurun, Warri, Delta State

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**4.0 ABRIDGED TIMETABLE**

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<b>DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
2/2/17	Application List Opens	IH
6/2/17	Application List Closes	IH
20/2/17	Placement Agent(s) render returns	IH/Registrar
8/2/17	Allotment Proposal and draft newspaper announcement forwarded to SEC	IH
14/2/17	Obtain SEC's Approval of Allotment	IH
15/2/17	Disburse net Proceeds to Law Union	IH/Receiving Banks
21/2/17	Return excess/rejected application monies	IH/Registrar
6/3/17	Credit CSCS account to successful subscribers	Registrar
10/3/17	Submission of statement of Compliance to NSE	Stockbroker
10/3/17	Listing of the allotted shares on the floor of the NSE	Stockbroker
14/3/17	Submission of Summary report to SEC	IH

## 5.0 THE OFFER

A copy of this Placement Memorandum and the documents specified herein, have been delivered to the Securities & Exchange Commission for clearance and registration.

This Placement Memorandum is being issued in compliance with the provisions of the Investments and Securities Act No. 29 of 2007 and the Rules and Regulations of the Commission and contains particulars in compliance with the requirement of the Commission, for the purpose of giving information to prospective investor with regard to the Private Placement of 1,031,199,000 Ordinary Shares of Law Union & Rock Insurance Plc by Meristem Securities Limited. An application has been made to the Council of the Exchange for the admission to its Daily Official List the 1,031,199,000 Ordinary Shares being offered via the Placement.

The Directors of Law Union & Rock Insurance Plc individually and collectively accepts full responsibility for the accuracy of the information contained in this Placement Memorandum. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading or untrue



On behalf of



## LAW UNION & ROCK INSURANCE PLC

Offers by way of

A

**Private Placement**

**1,031,199,000 Ordinary Shares of 50 Kobo each**

at

**70 Kobo per share**

**Payable in full on Application**

**APPLICATION LIST OPENS: Thursday, February 2, 2017**

**APPLICATION LIST CLOSES: Monday, February 6, 2017**

### **SHARE CAPITAL AND RESERVES OF THE COMPANY AS AT 31 DECEMBER 2015** (EXTRACTED FROM THE COMPANY'S 2015 AUDITED ACCOUNT)

		<b>₦ ('000)</b>
Authorised:	3,600,000,000 Ordinary Shares of 50 Kobo each	1,800,000
Issued and fully paid:	3,437,330,500 Ordinary Shares of 50 Kobo each	1,718,665
<b>Equity:</b>		
Share Premium:		1,363,034
Contingency reserve		1,119,082
Revaluation reserve		645,351
Available-for-sale Reserve:		80,705
Revenue reserve:		(468,172)
<b>SHAREHOLDERS' FUNDS</b>		<b>4,458,665</b>

## 6.0 SUMMARY OF THE PLACEMENT

The following information is not intended as a substitute to the Placement Memorandum and should be read in conjunction with the full text of this Placement Memorandum, from which it is derived:

<b>1. Issuer:</b>	Law Union & Rock Insurance Plc
<b>2. Issuing House:</b>	Meristem Securities Limited
<b>3. Share Capital:</b>	
Authorised:	₦3,100,000,000 comprising 6,200,000,000 Ordinary Shares of 50 Kobo each
Issued and Fully Paid:	₦1,718,665,250 comprising 3,437,330,500 Ordinary Shares of 50 Kobo each
Now being Issued to Prospective Investors:	1,031,199,000 Ordinary shares of 50 Kobo each at 70 Kobo per share.
<b>4. Amount being raised</b>	₦721,839,300
<b>5. Prospective Investor</b>	NI HOLDINGS LIMITED
<b>6. Purpose:</b>	The Offer is being undertaken to introduce a new investor, <b>NI Holdings Limited</b> , with technical competence in the Insurance industry into the business. This is with the aim of repositioning Law Union as a significant industry leader whilst injecting fresh funds to further boost capitalization and capacity to underwrite risk.
<b>7. Use of Proceeds:</b>	<p>The net proceeds of the Placement estimated at ₦697,977,656.24, after deducting the estimated total cost of the Placement estimated at ₦23,861,643.76 (representing 3.31% of the gross offer proceeds), will be applied as shown in section 9.9 on page 24.</p> <p>The estimated cost of the Placement is inclusive of Printing and Advertisement cost which stands at ₦1,000,000.00.</p>
<b>8. Method of Issue:</b>	By way of Private Placement to a new investor
<b>9. Placement Price:</b>	70 Kobo per share
<b>10. Market Capitalisation:</b>	
Pre-Offer (at Placement Price):	₦2,406,131,350.00
Post-Offer (at Placement Price):	₦3,127,970,650.00
<b>11. Payment:</b>	In full on application
<b>12. Application Opens:</b>	Thursday, February 2, 2017
<b>13. Application Closes:</b>	Monday, February 6, 2017
<b>14. Status:</b>	The new shares being issued shall rank pari passu in all respect with the issued Ordinary Shares of the Company.
<b>15. Quotation:</b>	An application has been made to the Council of the Nigerian Stock Exchange for the admission to its Daily Official List the 1,031,199,000 units of Ordinary Shares being offered.
<b>16. Settlement</b>	Shares purchased pursuant to the Offer will be credited to the CSCS accounts of investor not later than 15 Business Days from the date of allotment. Investor is advised to state the name of its stockbroker and its Clearing House Number in the relevant spaces on the Application Form. Investors without CSCS account will have its physical share certificates sent by registered post not later than 15 Business Days from the date of allotment.



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**SUMMARY OF THE PLACEMENT (cont'd)**

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- |     |                              |   |
|-----|------------------------------|---|
| 17. | <b>Application Monies:</b>   | All application monies will be retained in separate interest yielding bank account by the Receiving Bank pending allotment. If any application is not accepted, or is accepted for fewer shares than the number applied for, a crossed cheque for the full amount or the balance of the amount paid (as the case may be) will be returned by registered post within 5 Business Days of allotment.   |
| 18. | <b>Indebtedness:</b>         | As at December 31, 2015, the date of its latest audited accounts, the Company had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business.  |
| 19  | <b>Claims and Litigation</b> | As at the date of this Placement Memorandum, the Company in its ordinary course of business is currently involved in 27 cases. Nine (9) of these cases are in favour of the Company with aggregate claims of ₦113,718,462.96 while 18 cases were filed against the Company with potential liability of ₦851,995,523.21, €527,051.61 and £133,700. The Solicitors are of the considered opinion that most of the potential liability against the company will likely not crystalize. However, this opinion is subject to the decision of the courts. |



**HEAD OFFICE:**

14, Hughes Avenue, Alagomeji, Yaba  
P.O Box 944, Marina, Lagos  
Tel: 01-454 0071 – 72  
E-mail: [enquiry@lawunioninsurance.com](mailto:enquiry@lawunioninsurance.com)  
Website: [www.lawunioninsurance.com](http://www.lawunioninsurance.com)

August 18, 2016

The Director-General  
Securities & Exchange Commission  
SEC Towers  
Plot 272 Samuel Adesujo Ademulegun Street  
Central Business District  
Abuja.

Dear Sir,

**PRIVATE PLACEMENT OF 1,031,199,000 ORDINARY SHARES OF 50 KOBO EACH AT 70 KOBO PER SHARE BY LAW UNION AND ROCK INSURANCE PLC ("THE PLACEMENT")**

This Placement Memorandum has been prepared by the Issuing House on our behalf with a view to providing the description of the Company and other material disclosures in connection with the Placement.

On behalf of the Board of Directors, we hereby declare that the information contained in this Placement Memorandum is to the best of our knowledge in accordance with the facts and does not omit any information likely to affect its import.

Yours faithfully,

Signed for and on behalf of  
**LAW UNION & ROCK INSURANCE PLC**  
By its duly authorized representatives

Handwritten signature of Jide Orimolade in blue ink.

**JIDE ORIMOLADE**  
**MANAGING DIRECTOR/CEO**

Handwritten signature of Olabisi Olayiwola in blue ink.

**OLABISI OLAYIWOLA**  
**CHIEF FINANCIAL OFFICER**

Handwritten signature of Stanley Chikwendu in blue ink.

**STANLEY CHIKWENDU**  
**COMPANY SECRETARY**

## 8.0 DIRECTORS AND PARTIES TO THE PLACEMENT

<b>DIRECTORS:</b>	<b>MR. REMI BABALOLA</b> (Chairman) 14, Hughes Avenue, Alagomeji, Yaba Lagos.
	<b>MR. OLUSEGUN FALEYE</b> (Vice Chairman) <i>(a nominee of Swanlux Solution &amp; Services Limited)</i> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
	<b>MS. TOYIN OLUSANYA</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
	<b>MR. AJIBOLA OLAYINKA</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
	<b>MR. FOLARIN FAMILUSI</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
	<b>MR. OBINNA ONUNKWO</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
	<b>MRS. FUNMI EKUNDAYO</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
<b>MANAGING DIRECTOR</b>	<b>MR. JIDE ORIMOLADE</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
<b>COMPANY SECRETARY</b>	<b>STANLEY CHIKWENDU</b> 14, Hughes Avenue, Alagomeji, Yaba, Lagos.
<b>ISSUING HOUSE</b>	<b>MERISTEM SECURITIES LIMITED</b> 124, Norman Williams Street South West, Ikoyi Lagos.
<b>AUDITORS</b>	<b>AKINTOLA WILLIAMS DELOITTE</b> Civic Towers Plot GA 1, Ozumba Mbadiwe Avenue Victoria Island Lagos.
<b>RECEIVING BANK</b>	<b>STANBIC IBTC BANK PLC</b> Walter Carrington Crescent Victoria Island Lagos.
<b>REGISTRARS TO THE PLACEMENT</b>	<b>CARDINALSTONE REGISTRARS LIMITED</b> 358, Herbert Macaulay Way Yaba Lagos.
<b>REPORTING ACCOUNTANTS</b>	<b>ATACOFF ADVISORY SERVICES</b> 1 <sup>st</sup> Floor, New Akwa Ibom State Liaison Office Plot 540, Constitution Avenue Central Business District Abuja.
<b>SOLICITOR TO THE PLACEMENT</b>	<b>OLUYOMI OLAWORE &amp; Co.</b> Itiku House 28/30, Macarthy Street, Onikan Lagos.
<b>STOCKBROKER</b>	<b>DOMINION TRUST LIMITED</b> Dominion House 207, Igbosere Road Lagos.

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## 9.0 THE CHAIRMAN'S LETTER

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Outlined below is the text of the letter received by Meristem Securities Limited from Mr. Remi Babalola, the Chairman of Law Union and Rock Insurance Plc.



### **HEAD OFFICE:**

14, Hughes Avenue, Alagomeji, Yaba  
P.O Box 944, Marina, Lagos  
Tel: 01-454 0071 – 72  
E-mail: [enquiry@lawunioninsurance.com](mailto:enquiry@lawunioninsurance.com)  
Website: [www.lawunioninsurance.com](http://www.lawunioninsurance.com)

August 18, 2016

### **TO THE PROSPECTIVE INVESTOR**

Dear Sir/Ma,

### **LAW UNION & ROCK INSURANCE PLC ("THE COMPANY") - PRIVATE PLACEMENT OF 1,031,199,000 ORDINARY SHARES OF 50 KOBO EACH AT 70 KOBO PER SHARE**

Following the Annual General Meeting held on Monday, July 25, 2016, the Directors of the Company were authorized to raise capital via the sale of 1,031,199,000 Ordinary Shares through a Private Placement at a price of 70 Kobo per share and all necessary resolutions were passed authorizing the commencement of the exercise.

Consequently, the Directors of the Company appointed professional parties for the purpose of this Private Placement to ensure that all necessary documentations were done and all approvals from the regulators were obtained.

### **9.1 History of the Company**

Law Union & Rock Insurance Plc is one of the first generation Insurance Companies to open in Nigeria six decades ago. The Company began operations in Nigeria in 1951 as a Chief Agency when the late Sir Mobolaji Bank-Anthony held the power of Attorney for Royal International Insurance Holding, a U.K leading Insurance Company (the first Nigerian to have such authority).

In 1957, the Company acquired the Branch status and continued to operate as a Branch of Royal International Insurance Holding (a subsidiary of RSA Insurance Group Plc, United Kingdom), transacting all major classes of insurance businesses until June 17, 1969 when it became incorporated locally in compliance with the Companies Act of 1968. Law Union & Rock Insurance Plc is now a fully indigenous public quoted Insurance Company, having been recertified by NAICOM to continue to operate as a General Insurance Business Underwriter.

In line with the CBN directives instructing all deposit banks to divest from all their non-banking investments or evolve holding company structures, Law Union & Rock Insurance Plc was acquired in 2012 from Skye Bank Plc by a consortium of investors comprising ACAP iClass LLP, an insurance dedicated private fund managed by Alternative Capital Partners (ACAP) Limited and Swede Control Intertek Limited. This has led to the ongoing transformation in the organization.

Law Union & Rock Insurance Plc has over N8 billion in total assets and Shareholders' fund in excess of N4billion. As part of the organization's transformation and restructuring process, Law Union & Rock Insurance Plc's business is structured using the sectorial model of operation. This is to enable the organization align its offerings to the unique needs of the various sectors of the economy.

### **9.2 Business of the Company**

Law Union & Rock Insurance Plc provides qualitative and professional services in all classes of insurance business namely: General Insurance & Risk Management Solutions.

#### **Motor Insurance:**

- **Comprehensive Cover**

This covers loss or damage of insured vehicle caused by accident, collision or overturning, fire and theft. It also covers damage to third party property and bodily injury and/or death to third parties. The policy extends to cover accessories in the car including personal effects in the insured's car.

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## THE CHAIRMAN'S LETTER (cont'd)

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- **Third Party Fire & Theft Cover**

This provides cover for loss or damage to third party property including bodily and/or death to third parties. It however does not cover damage to own vehicle except in respect of fire damage or theft of own car.

- **Third Party Only Cover**

This provides cover for loss or damage to third party property including bodily injury and/or death to third parties. There is no cover for own damage.

### **Burglary Insurance:**

- The Burglary/Theft policy indemnifies against loss of or damage to property as a result of burglary or any other damage resulting from any attempt at entering the building. To reduce premium outlay, the insurance can be effected on property which are easily removable, bearing in mind the maximum value, which you believe can be removed in any one raid by thieves.

### **Householder & House-owners Comprehensive Insurance:**

- The house-owners section of the policy is specifically designed to provide cover for buildings, flats and other types of residential accommodation.

The Householders section is specifically designed to cover household goods of every description, including furniture, fixtures and fittings, equipment and utensils and personal effects of every description, property of the insured or for which they are responsible as contained in the specification or schedule of the insured items.

### **Group Personal Accident Insurance:**

This provides benefits to employees in the event that they sustain any injury, which may result in death or permanent disability while in employment. Cover operates on a 24-hour basis irrespective of whether or not the injury was sustained in the course of employment. The injury or death must however be as a result of an accident and not from natural cause(s).

### **All Risks Insurance:**

This policy provides compensation for loss or damage to valuable items caused by any accident or misfortune. These include wearing apparels, jewelry & personal ornaments, pens, gold and silver wares, cameras laptops mobile phones tools of trade, household effects, Pictures & Frames, Books and Miscellaneous Equipment.

### **Workmen's Compensation Insurance:**

By virtue of the Workmen's Compensation Decree No. 17 of 1987, every employer is required to provide benefits for injury to employees and for injuries sustained by them arising from their employment.

### **General Third Party Liability Insurance:**

The policy provides indemnity against legal liability to third parties arising out of/or in the course of business operations, i.e. against damages costs and expenses incurred in respect of accidental death or bodily injury, and/or accidental loss or damage to third party property on or outside your premises. Vicarious liability in respect of employees is also covered provided the negligence arose in the course of carrying out his official duties.

### **Marine Insurance:**

This policy covers maritime risks. The two major divisions of this cover are Marine Cargo and Marine Hull. Marine Cargo covers shipment of goods or consignments across international waters/boundaries against loss or damage to the goods being transported. Marine Hull covers Ship, Boats or Vessels and provides indemnity against loss or damage to the vessels.

**Professional Indemnity Insurance:**

For those who carry out professional services on behalf of their clients e.g. Auditors, Solicitors, Accountants and Doctors. This class of insurance is highly essential because it provides compensation for claims that may arise as a result of any negligence, omission or error committed in the conduct of their business.

**Goods-In-Transit:**

This policy covers the risk of loss or damage inherent in the movement of goods including loading or unloading risks from the point of departure until delivered at destination. The cover granted is practically All Risks including fire, theft and other insured perils but excluding loss or damage arising out of perils specifically excluded by the policy such as disappearance.

**Money Insurance:**

This policy is designed to cover loss of money and cheques as a result of fire, theft and other causes not specifically excluded. The money will be covered during transit to and from other banks and locations. Cover will also extend to include all monies while on your premises or on the counter during business hours or in locked safes. The policy extends to cover damage to safe and loss or theft of money in personal custody of your senior staff.

**Fidelity Guarantee Insurance:**

The policy is designed to protect your organization from direct loss of money/stock due to dishonest or fraudulent acts of employees. Individual sum insured usually depends on the level of cash and/or stock handled by each employee.

**Engineering Insurance:**

Engineering Insurance is that class of Insurance which deals with the insurance of machines, plants, equipment or civil works and can be classified under the following:

- **Contractors All Risks**

This is required mainly by Civil Contractors contacted to do civil works such as building of houses, construction of roads or bridges, laying of pipes, railways or other civil works. The purpose of the policy is to provide indemnity (protection) for losses or damages which may arise to the civil work in the course of such contract. Scope of Cover includes contract work or material damage and third party liability sections and other extensions that may be required based on the nature of contract.

- **Machinery Breakdown:**

This policy insures mainly mechanical plants and equipment against breakdown whether the insured property is at work or at rest, or dismantled for the purpose of cleaning, overhauling, or it is being shifted within the premises, or in course of subsequent re-erection. The insured's property is covered as long as it remains on the premises specified in the schedule.

- **Plants All Risks:**

This policy insures against all risks of direct physical loss of or damage to the property insured from any external cause directly resulting by fire, lightning, hail, windstorm, explosion, riot attending a strike, civil commotion, of the insured equipment.

- **Computer All Risks:**

This is an all risk policy providing indemnity against all forms of damages or losses except those specifically excluded by the policy. Policy is in three parts or sections namely material damage, Loss of data and increase in cost of working. Material damage section covers damage to physical components known as hardware. Loss or Damage or External Data Media and Expenses for reconstruction & Re-recording of information stored thereon. While increase in cost of working, covers additional cost incurred in restoring the date media.

- **Boiler and Pressure Vessels:**

Boiler Insurance deals with the insurance of industrial boilers. Boiler means any closed vessel fired electrically or otherwise heated or unfired wherein steam is generated or which contains steam, gas, air, gas vapors or liquid under pressure including fittings, pipes and direct attachments which are connected to the plant, boiler or vessel without intervening valve or cock. Damages may arise through collapse, explosion or breakdown. The inspection is statutory requirement for Boiler and Pressure vessels.

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## THE CHAIRMAN'S LETTER (cont'd)

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- **Tank Insurance:**

This class of Insurance policy is issued on tank and silos used in storing industrial raw materials and finished goods such as wheat in flour mills, breweries and petroleum products. There are two sections in the policy namely:

- **Damage to Tank:**

The insurance by this section is in respect of accidental damage to the Tanks/Silos described in the schedule caused by bursting, splitting, rupture, collapse or any other accidental cause not hereinafter excluded.

- **Loss of Content:**

The insurance by this Section is in respect of the loss of contents of any Tank/Silos described in the Schedule.

### Oil & Gas:

- **Platforms-Pipelines- Facilities**

Offshore property including but not limited to, fixed offshore installations, pipelines, flow lines and cables, including all plant equipment, consumables, well head equipment and all other property, crude oil, and/or gas, and /or condensate in store. This section covers loss; damage or expense caused to the properties insured.

- **Pile Drilling Barges**

Hull and Machinery of drilling and accommodation barge(s) including equipment of every description owned or hired by you.

- **Vessels Crafts:**

- Hulls, Machinery, Equipment, Appurtenances, Gear, Stingers, Buy Gear, Cranes, Derricks, etc.
- Increased value of Hull Machinery, Equipment, etc.
- Use and occupancy and/or insured's interest

- **Limited Terrorist Coverage:**

This indemnifies for claims for loss and/or damage and/or liability and/or cost and/or expense, which would be recoverable under section 1a, b & c above.

### Operation Extra Expenses:

Interests covered under this section include:

- **Control of Well Insurance**  
This indemnifies the insured for the actual cost and/or attempting to regain control or all wells, insured, which get out of control.
- **Re-drilling/Extra Expense Insurance**  
Indemnifies the insured for the actual cost and/or expense reasonably incurred to restore or re-drill a well insured or any part thereof, which has been lost or otherwise damaged.

### Seepage and Pollution, Clean-up and Contamination Insurance

- This indemnifies the insured for bodily injury (fatal or non-fatal) and/or loss or damage to or loss of use of property caused directly or indirectly by seepage;
- The cost of removing nullifying or cleaning seepage, pollution or contaminating substances emanating from the wells.
- The cost and expenses incurred in the defense of any claim or claims resulting from actual or alleged seepage, pollution or contamination.

### Cargo:

This provides cover for all property owned or whilst in the insured's care, custody and control or for which the insured is contractually liable of whatsoever nature as cargo including supplies and equipment, drilling equipment, consumables and parts whilst in transit and/or in store and/or in use whether inshore, offshore or airborne.

**Onshore Property:**

This provides covers for:

- All risks of physical loss or damage
- Boiler explosion and machine breakdown

**Legal Liabilities:**

This provides covers for:

- General and Third Party Liability
- Chatterers Liability damages to the chartered vessels are covered
- Wharf Fingers Liability-loss of or damage to vessels. Cargoes, Fright or any moveable objects, loss of life or personal injury
- Stevedores Liability-Loss of use and/or demurrage or other consequential loss
- Terminal-Depots-installation operators' liability

**Erection All Risk:**

This provides cover for:

- Material Damage to the project resulting from any unforeseen and sudden, physical loss or damage from any cause, other specifically excluded, including cost of removing debris from site provided a separate sum insured is stated for it on the policy schedule
- Third party liability

**Business Interruption:**

This provides cover for Loss of Gross Profit, Wages and Auditors.

**Marine (Hull & Cargo):**

The various forms of risk underwritten are:

- **Hull and Machinery Cover:**  
For the mainframe of the ship against loss or damage including engines.
- **Yacht Insurance:**  
For pleasure crafts; insurance is also needed for loss or damage or liability to third parties.
- **Marine Cargo:**  
Goods that are moved from port of exportation to that of importation are covered against the risk of theft.

**Stevedoring Liability:**

This provides cover for Legal liability for loss or damage from stevedores operations arising from loading and unloading of cargo from vessels and surrounding properties.

- **Bond Insurance:**  
Bonds are guarantees by insurance companies attesting to the credibility of an individual or a company. There are basically two types of bonds commonly available in the market, which are the Performance Bonds and the Advance Payment Bonds.
- **Performance Bonds:**  
This is a guarantee from an insurance company that in the event that a contract is not executed as demanded by the principal, any shortfall will be met by the insurance company who wrote the bond on behalf of the contractor.
- **Advance Payment Bonds:**

This is issued by an insurer and guarantees that in the event that any advance payment to a contractor in executing a contract is made away with or utilized contrary to the requirements of the principal, such a default will be met by the insurance company.



### **9.3 Global and Economic Environment**

Global output growth fell short of expectations in 2015, declining to 2.4 percent from 2.6 percent. The dismal performance was hinged mainly on a continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade, and capital flows. Both the International Monetary Fund and the World Bank were constrained to revise downwards their global growth forecasts.

In 2015, the global economy was dominated by the acute collapse in the prices of crude oil. Oil prices have declined repeatedly since September 2015, reflecting sustained increases in production by Organization of the Petroleum Exporting Countries (OPEC) members amid continued global oil production in excess of oil consumption. The oil price decline had a notable impact on investment in oil and gas extraction.

#### **Local Operating Environment**

The sharp decline in oil price since the third quarter of 2014 has posed major challenges to the country's external balance and public finances. Oil accounts for close to 90 percent of exports and roughly 75 percent of the country's consolidated budgetary revenues. Consequently, the slide in the global oil prices which resulted from glut in the oil market had a dire consequence on Nigeria's economy both in terms of sharp decline in the nation's revenue and funds available for government expenditure. Growth statistics released by the National Bureau of Statistics showed that on year-on-year comparison, the growth rates in each quarter of 2015 were consistently lower than the corresponding quarters of 2014, further reinforcing the dismal performance of Nigeria's economy in 2015. Also, the Central Bank of Nigeria's protectionist position as regard the Naira was greeted with negative response in the financial markets. The move resulted in high volatility in the equity and debts markets as the Nigeria Stock Exchange All Share Index declined by 17.37 percent to close at 28,642.45 in 2015.

Despite the depth of the 2015 challenges, the country's potentials and demographic opportunities present an unusual window of growth with the appropriate fiscal and monetary policies to stimulate the economy and attract domestic and foreign investments.

While the projected lower oil prices will continue to pose strong challenges for public finance at all levels of government during the year, and further challenge the ability of the federal government administration to execute some of its ambitious programs, prompt clarity and reform articulation in the areas of downstream oil and gas and foreign exchange may place the economy in better stead.

#### **Political Environment**

The fifth consecutive national elections held in March and April, 2015 and won by an opposition party were considered as fair and relatively peaceful by national and international election monitors as compared to the post-election killings and destructions of 2011. The successful general elections in 2015 is largely credited to Independent National Electoral Commission (INEC) and the leadership of the Presidential candidates. The new Government is focusing on anti-corruption, jobs creation, the economy and security.

#### **Development Challenges**

In the North East, the Boko Haram group remains a threat, and millions of displaced persons require assistance. There has been major destruction of infrastructure along with the loss of lives and impoverishment in this region. The new government will have a difficult time in the short term, financing the major programs that it wants to roll out as well as reconstructing the North East devastated by the activities of insurgents. Accelerating the creation of productive jobs through private sector growth and improvements in education (skills) remains the major medium-term challenge. So far, the pace of job creation has been inadequate, leading to increasing frustration among unemployed Nigerian youth.

### **9.4 Overview of the Nigerian Insurance Industry**

The insurance industry plays a very important role in the economy of any nation by transferring risks from individuals and businesses. In many advanced economies, the insurance industry actively plays an important role in stability and the effective diversification of risks and thus contributes immensely to economic development. In emerging economies like Nigeria, insurance has been identified as critical to the ability of those markets to grow and develop, simultaneously providing an opportunity to hedge against possible risks of private, social and economic investments. Insurance companies also serve as a base for collecting relatively small premiums from millions of policy holders, into a pool to support long term economic growth and development.

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## THE CHAIRMAN'S LETTER (cont'd)

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The industry comprise re-insurance companies, insurance companies and intermediaries (brokers, insurance agents, underwriters and loss adjusters). The industry is regulated by the Federal Ministry of Finance through the National Insurance Commission (NAICOM). The Nigerian insurance industry is burgeoning.

The main contributors of the insurance premium are motor Insurance and Life insurance. The relevance of Motor insurance has improved significantly as NAICOM commenced its enforcement of compulsory insurance, entailed in the MDRI. Motor insurance, especially third party, has enjoyed a high level of patronage by policy holders as law enforcement agencies have worked together with insurance regulators and Federal Road Safety Commission (FRSC) to guarantee proper compliance and create better awareness.

The implementation of the Automotive Policy is bound to impact positively on motor insurance premiums, albeit moderately, as purchasers of new Nigerian-made automobiles seek to reduce their exposure to risks by purchasing comprehensive motor insurance covers instead of the widely used third party policies. Life insurance in Nigeria is understandably in high demand, inarguably induced and buoyed by regulations. The business line has consistently been a profitable venture as it constituted an average of 19% of total gross premiums written between 2004 and 2011. In 2011, it accounted for 25% of Gross Premium, which we attribute to the growth in group life (Life insurance offered by an employer or large-scale entity to its workers or members) segment. For most insurance companies, premium derived from group life insurance improved significantly upon the introduction of MDRI which imposes group life insurance on companies.

Recently, two major guidelines were issued by NAICOM for the insurance industry (Prudential and Market conduct guidelines). The guidelines create a better atmosphere for the operator and it also protects policyholders against mishaps from any insurance company.

The regulatory system within the insurance industry has witnessed tremendous progress and this is expected to yield the desired result in ensuring that the insurance sector becomes stronger and better. Ethics, professionalism and corporate governance are improving in business conducts of various players in the industry. Investors are also encouraged with the improvement in regulations and this places the industry in the forefront for business growth.

The drive for growth in the insurance industry led to collaboration and restructurings. Some big players in the industry acquired a few entities to reposition for growth and strengthened confidence in the sector. Foreign insurance companies and private equity companies invested in some Nigerian insurance companies further buttressing the growth potentials in the industry.

Worthy of note is the increased brand visibility which Law Union & Rock Insurance Plc witnessed in 2015 notwithstanding all the odds that pervaded the period. The Company is committed to continue on this path to compliment efforts at increasing its share of the market.

### 9.5 Financial Performance

The Gross Premium Written for 2015 decreased by 7 percent from ₦4.16bn achieved in 2014 to ₦3.85bn but Net Premium recorded an increase by 7 percent to ₦2.69bn in 2015 from ₦2.15bn in 2014. The increase in net premium was due to better earned premium ratio in both brought forward and the period under review.

The underwriting profit for the financial year was ₦1.144bn showing an increase in profit from ₦1.034bn in 2014- an increase of 10.68 percent. Investment income moved from ₦336m to ₦489m reflecting our ability to generate both free float and high underwriting margins. Despite the economic headwinds, the bottom line improved, the investment income was enhanced, solvency and liquidity were higher than prior year. This was as a result of improvement in the investible fund of the Company despite the unstable investment climate and depressed interest rate in 2015

The profit before tax rose by 27 percent from ₦259.8m in 2014 to ₦328.5m in 2015. The increase was as a result of improvement in earned premium in the reporting period and 34 percent increase in investment income despite 7 percent drop in gross premium written for the period under review. Profit after tax reported for 2015 was ₦280m compared to ₦125m in 2014. Notwithstanding, shareholder funds increased by ₦276m from ₦4.182bn in 2014 to ₦4.458bn in 2015.

The balance sheet remains robust, growing and more liquid. The Total Assets grew by 13.4 percent from ₦7.29bn in 2014 to ₦8.27bn in 2015. The cash and cash equivalent also grew by 19.2 percent from ₦2.58bn in 2014 to ₦3.08bn in 2015. Our cash and cash equivalents account for more than 60 percent of our investment portfolios which is superior to the industry average.

## **9.6 Future Outlook**

The outlook for the industry is very positive and that of the company is very bright. The strategic direction of the company in the next five years is focused on growth and profitability with following aims:

- Grow the company's Gross Revenues to N17.5billion (between 2016-2020)
- Grow the market share from current 1.5% to at least 3.5%;
- Be among top-5 general insurance companies in Nigeria;
- Build a strong and visible insurance brand of international repute

The plans to achieve these are:

- Grow direct and retail segment of the market;
- Improve company's visibility;
- Brand building and brand re-positioning;
- Continuous product innovation and development;
- Sound and robust system & processes;
- Efficient marketing and branch model; and,
- Best human capital management

### **Our vision**

To become one of Nigeria's leading insurer of choice recognized for its professional competence, financial strength and performance.

### **Our Mission**

To keep faith with those who will entrust their future into our hands and also be a socially responsible corporate citizen.

### **Our Core Values**

- Ethics & Integrity
- Entrepreneurial Drive
- Passion for Customers
- Empathy
- Team Spirit
- Transparency

## **9.7 Board of Directors**

Our Board of Directors is composed of highly experienced professionals from various fields cutting across different sectors of the economy:

### **Mr. Remi Babalola**

Remi Babalola is the Chairman of Law Union and Rock Insurance Plc. He is also the Chairman/Chief Strategist of Alternative Capital Partners Limited, a Securities and Exchange Commission ("SEC") registered Advisory and Fund/Portfolio Management firm. He is an experienced professional with more than 20 years of corporate business experience in the private sector at top management and executive director level with expertise spanning across the banking, auditing, consulting and strategy sub-sectors.

Prior to his present engagement, Remi Babalola served as Minister of State for Finance of the Federal Republic of Nigeria from July 2007 to August 2010; he simultaneously held the post of Supervising Federal Capital Territory Minister of the Federal Republic of Nigeria in late 2008. He was the Chairman of Federation Account Allocation Committee (FAAC) (August 2007 to August 2010). He was also member/chairman of a number of cabinet committees including, but not limited to the National Economic Management Team (member), Presidential Committee on Rationalisation of Ministries (member), Sub-Committee of the Steering Committee on Downstream Petroleum Sector Deregulation (Chairman), Implementation Committee on the Deregulation of the Downstream Petroleum Sector (member), Tripartite Committee on National Minimum Wage (member), Cabinet Committee on the Assessment of Poverty Alleviation Programmes (Chairman), Cabinet Committee on National Policy on Public Private Partnership (Chairman), amongst others.

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## THE CHAIRMAN'S LETTER (cont'd)

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He started his career with Price Waterhouse, moved to Arthur Andersen before joining Zenith Bank where he rose to become a General Manager. At various times, he was the Financial Controller and Chief Strategist of the Bank. Remi was an Executive Director at First Bank of Nigeria Plc. from where he was appointed a Minister of the Federal Republic of Nigeria.

Remi Babalola is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) Chartered Institute of Taxation of Nigeria (CITN), as well as a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and the Institute of Directors in Nigeria. He is an Honorary Fellow of the West African Insurance Institute. He is an Alumnus of the University of Ibadan, the University of Lagos and the Lagos Business School. He has attended top-tier courses and programmes at INSEAD, Stanford, Wharton, London Business School and Harvard.

### **Mr. Olusegun Faleye**

A seasoned specialist with over 22 years of professional experience in Testing, Inspection, Certification of products and services. He is currently the Managing Director and Chief Executive Officer of Swede Control Intertek Limited, specialists in pre-services and commercial verification. He possesses core competencies in international trade practices and regulations, local and foreign procurement practices and regulations, demonstrated in his active involvement in pre-shipment inspection. His professional depth traverses the import and export business, regulations, coordinative working relationship with the Nigerian Customs Service. He is currently the Vice Chairman of Law Union.

He holds a Bachelor of Science degree, (B.Sc. Hons) Second Class, Upper Division in Economics from the University of Lagos and an Advanced Post Graduate Diploma in Purchasing and Supply Management also of the University of Lagos. He is an Associate Member of the Nigerian Institute of Purchasing and Supply Management (NIPSM).

### **Ms. Toyin Olusanya**

Toyin Olusanya is resourceful financial market expert with over 18 years' experience in the financial services sector both in commercial and investment banking. Her core skills are people management, business development and strategy, business re-engineering and treasury & investment operations.

She is currently the MD of Aaida, an events and health consulting firm and a Director and Resource Person for Financial Markets, Personal Development and Relationship Management trainings at FDHL, a financial markets and market risk consulting firm.

She had worked with Union Bank of Nigeria Plc. in various capacities including building a treasury sales team, the acquisition of the PDMM and MMD licenses, review of processes and procedures and upgrading the dealing room personnel for securities trading. She was assigned the responsibility to set up the Wealth and Asset Management business of the bank with technical support from BlackRoc Inc. (a global investment management firm). In 2010, she was made the Zonal Coordinator with responsibility for the branches within Lekki axis. Before joining Union Bank, she was DGM and Head of Treasury and Investment Banking at Broad Bank Nigeria Limited. She has also worked at National Bank of Nigeria Limited, First Securities Discount House Limited, Union Bank of Nigeria Limited (London), amongst others. She has attended both local and International trainings.

Toyin is an Associate of the Chartered Institute of Stockbrokers and holds an MBA from Cardiff Business School, University of Wales and a BSc in Economics from the University of Lagos. Toyin Olusanya, represents ACAP I Class LLP on the Board of Law Union & Rock Insurance Plc.

### **Mrs. Funmi Ekundayo**

Funmi Ekundayo is an alumna of the Harvard Business School, the Institute of Chartered Secretaries & Administrators, United Kingdom; the Lagos Business School (Chief Executive Programme) and the IESE Business School, Barcelona, Spain. She holds a Bachelor of Law degree and a Master of Law degree from the University of Lagos. A member of the Nigerian Bar Association, Funmi is also a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria (FCIS). Funmi serves as a Member of the Governing Council of the Institute and she is the current Chairman of the Institute's Public Lecture Committee.

Funmi began her career with the Law Firm of Bentley, Edu & Co (in association with IRVING & BONNAR), where she spent close to a decade in Law practice. She later joined Sterling Asset Management & Trustees Limited (formerly NAL Asset Management & Trustees Limited) before moving to UBA Trustees Limited as Head, Business Development & Marketing. Thereafter, she joined Skye Trustees Limited as an Assistant General Manager, Business Development, from where she rose to become the MD/CEO of the Company. Funmi has distinguished herself in her area of core competence as a seasoned trust specialist engaging in the structuring of complex corporate finance, legal and trust instruments.

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## THE CHAIRMAN'S LETTER (cont'd)

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Funmi is currently the President of the Association of Corporate Trustees of Nigeria. She is a member of the Rules & Compliance Sub-Committee of the Securities & Exchange Commission and a Non-Executive Board member of the National Investor Protection Fund. Funmi is a member of the Institute of Directors and she also serves as a Non-Executive Director on the Board of Law Union & Rock Insurance Plc. Funmi has attended several courses locally and internationally.

### **Mr. Obinna Onunkwo**

Mr Obinna Onunkwo is a Managing Partner in Purple Capital Partners Limited, a specialist investment firm with business areas in Principal Investment, Private Equity and Real Estate. He is also a Managing Director in Purple Money, a financial institution licensed by the CBN to provide Banking and other related financial services targeted at the micro-economy.

Obinna is a seasoned securities specialist with over a decade experience in investment management. He has a rich background in investment banking, asset management, equities research and trading, and has over the years played active roles as lead fund manager in corporate actions including mergers, acquisitions, private equity investments, equity raisings and valuations through the various capacities in which he has served.

He began his career with Guardian Express Bank Plc. and was part of the pioneer team of Guardian Express Trust Limited. He thereafter proceeded to Spring Capital Markets Limited where he was the pioneer Head of the Asset Management Unit which oversaw the management of assets in excess of N18.5 billion.

He also served as the Head of Asset Management Unit in Kedari Capital Limited in which capacity he also performed excellently. While in Spring Capital Markets Limited, he worked on a number of transactions part of which was the development and execution of the framework for the consummation of several Repo transactions with a cumulative value of over N16.5billion and the management of equity investments in excess of N17 billion on behalf of institutional clients.

He also initiated and developed the initial framework for the execution of the reconstruction of 42.5bn units of Spring Bank Plc. shares which was at that time the first share.

Obinna was the pioneering Managing Director, Fund/Portfolio Management at Alternative Capital Partners Limited. As a pioneer director, he drove the operational success and positioning of the wealth management business, facilitating the first ever acquisition and merger of two mutual funds from a bank by a local fund manager as well as the achievement of a return in excess of 13%, which was above market rate for mutual funds.

Obinna sits on the Board of Law Union & Rock Insurance Plc. and serves on various committees, chairing the ERM Committee and the Technical Subcommittee of the Board. He holds an MBA from Lagos Business School and a bachelor degree in Economics from the University of Port Harcourt; where he also received several prizes as the Best Graduating Student of his set.

### **Mr. Folarin Familusi**

He is an Executive Director, Operations at Swede Control Intertek Limited, a Quality Assurance Company. He has over 15 years' experience in Management and also is an expert in development consulting with experience in public sector management paradigms such as Design, Build, Operate and Transfer (DBOT). He has also worked with Global Institutions such as Intertek Group Pls, Caleb Brett, and ETL Semko, all in the United Kingdom. He has also worked at Wise Health Services Limited (a Health Management Organisation) as well as Digital Toll Company Limited (a joint venture company with the Federal Government of Nigeria on the 2nd River Benue Bridge).

Folarin Familusi obtained his B.Sc. Computer Science from Richmond College (the American University in London), Bachelor's in Business Administration from the American Intercontinental University, also in the United Kingdom. He has a Master's Degree in Business Studies & Business Administration from the University of Kent at Canterbury.

He is a member of the Chartered Institute of Management Accountants (CIMA) and a member of the prestigious Ikoyi Club 1938, and Island Football Club, both in Lagos.



**Mr. Ajibola Olayinka**

He possesses extensive professional experience of 28 years in the business terrain spanning Auditing, Accounting and Business Advisory Consulting; Financial Reporting and Controls; Banking and Financial Services; Oil & Gas Controllership; Real Estate & Construction; General and Executive Management; Change Management & Entrepreneurship.

He was the Commercial Director for Globacom operations in Nigeria, Benin and Ghana, major milestones of his tenure being amongst the team which commissioned Glo Ghana operations. He was previously the Managing Director/Chief Executive Officer of DN Meyer Plc. A position he held for over 6 years (March 2004 – May 2010).

He was an Executive Director at the corporate headquarters of Honeywell Group. He later became the MD of Skyview Estates Limited, a member company of the group. He has also held operational and leadership positions in numerous reputable organisations such as Lagos State Ministry of Finance, Treasury Division; KPMG Peat Marwick Ani Ogunde & Co as Senior Auditor; Arthur Anderson as Senior Consultant; Ecobank Nigeria Plc. As Head of Control; Cash Link Finance and Investment Plc. As Senior Manager, amongst others. He was the pioneer Company Accountant in Esso Exploration and Production Nigeria Limited Nigeria (now Exxon Mobil). He is currently an Independent Director on the board of Alternative Capital Partners Limited.

He is a Fellow of ICAN and also a member of the Chartered Institute of Taxation of Nigeria (CITN), Nigeria Economic Summit Group (NESG), Institute of Directors, Business Club Ikeja (BCI), Lagos Country Club and Ikeja Lions Club, amongst others.

**9.8 The Management Team****Jide Orimolade – Managing Director**

Jide is an Insurance professional with valuable experience that has spanned over two decades, both within and outside the country. He holds a Bachelor of Science (Honours) degree in Insurance from the University of Lagos, Akoka and a Masters' degree in Marketing from the same University. He is a fellow of the Chartered Insurance Institute of Nigeria and a member of the Nigerian Institute of Management.

Jide started his Insurance career in 1989 with the former Financial Assurance Company Limited as an Underwriting executive. In 1991, he joined Bullion Insurance Brokers Limited as a Deputy Manager in charge of Marketing. Having garnered experience in Insurance brokerage, he moved to the then Central Insurance Company Limited (now Linkage Assurance Plc) as a Unit Head in the Marketing Division.

In 1995, he joined Sovereign Trust Insurance Plc. as part of the pioneer team, with the responsibility of overseeing the Apapa Area Office where he rose to the position of Assistant General Manager before voluntarily resigning his appointment in 2004.

When Zenith General Insurance Company Limited was to be established as the Insurance subsidiary of Zenith Bank Plc in March 2004, Jide was again invited to lead the pioneer team for its take-off as the General Manager and Chief Executive.

Having strategically positioned Zenith General Insurance Company Limited in the Nigerian Insurance landscape, he resigned his appointment in 2008 to take on a more challenging international appointment at Liberty Life Group of South Africa as the Regional Director in charge of West Africa.

Before joining Law Union & Rock Insurance Plc as the Managing Director and Chief Executive in November 2014, Jide worked with AIICO Insurance Plc as an Executive Director from December 2009 to October 2014 when he voluntarily resigned.

His immense leadership skills and contribution impacted marketing, technical, claims, re-insurance and strategy, generating enormous yearly increase in Gross Premium Written for the company.

**Olabisi Olayiwola – Chief Financial Officer**

Olabisi is an astute professional with decades of experience in Accounting and Taxation. He holds a Bachelor of Science Degree in Business Administration from the University of Lagos. He is a fellow of the Institute of Chartered Accountants of Nigeria. He is also a member of the Institute of Taxation of Nigeria, Institute of Management and the Institute of Credit Administration.

He has attended seminars both internationally and locally. He is the current Chairman of the Application Committee of ICAN as well as a member of the Student Affairs Committee of ICAN.

Olabisi is a member of the Institute of Directors and a Member of the Publication Committee of the Professional Bodies in Nigeria.

**Stanley Chikwendu – Company Secretary**

Stanley heads the Legal & Company Secretariat Department. He spent several years working in the Lagos office of an international commercial law firm where he acquired broad commercial & financial services law experience before he joined Law Union.

He has over the years advised financial institutions, leasing companies, airlines and other corporates on a full range of sophisticated commercial / finance transactions and investment advisory work ranging from assets finance, project finance, trade finance, real estate, insurance and foreign direct investment.

Stanley holds a Bachelor of Laws Degree (LL.B) from the University of Ibadan; a Master of Laws Degree (LL.M) in International Commercial Law from the University of Leicester. He was called to the Nigerian Bar in 2004 thus qualifying him as a Barrister and Solicitor of the Supreme Court of Nigeria. He is a member of the Nigerian Bar Association, Association of Corporate Counsel, Chartered Insurance Institute of Nigeria.

Stanley has attended top-tier courses both locally and internationally.

**Adeoluwatomi Oni - Head, Human Capital Management**

Adeoluwatomi Oni is a result oriented Professional with valuable experience in Human Resource Management, sourcing and managing employees from diverse cultures and professional backgrounds.

With a strong background in human resource consultancy obtained from international Human Resource Consultancy firms, Kimberly Ryan and Adecco International, her work experiences also spans various sectors and industries including Insurance where she was appointed head of recruitment, manpower planning and employee relations in 2008 and later made Human Resource Manager, Critical Rescue International upon confirmation in 2009.

She has a Bachelor of Science degree in Economics from Obafemi Awolowo University, Ile Ife, 2001 and is currently on an MBA programme with The University of Liverpool, UK. She is a member of the Society of Human Resource Management (SHRM) and an Associate of ASHHRA, American Association of Human Resource Administrators.

**Monday Utomwen – Head, Compliance & Enterprise Risk Management**

Monday is a graduate of the University of Benin and National Open University of Nigeria, where he obtained a degree in Geography and Regional Planning and MBA respectively. He is also an Associate of the Chartered Insurance Institute of Nigeria. His career which spans over 12 years has seen him work in underwriting, reinsurance, claims, marketing and risk management.

He started his career with Nigerian Ports Authority as an Insurance Officer in 2002. He has also worked in other insurance organizations including International Energy Insurance, Zenith General Insurance and in KBL Insurance Ltd, where he rose to the position of the Chief Risk Officer.

He has been actively involved in the business process re-engineering of the different insurance organizations he has worked. He has attended various training organized by local and international facilitators, he is a Certified Risk and Compliance Management Professional and an affiliate member of the Global Association of Risk Professionals. He is also a Certified Risk Analyst and Trainer. Monday is highly motivated and goal driven.

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## THE CHAIRMAN'S LETTER (cont'd)

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### **Olayinka Ogundeji – Head, Internal Audit**

Olayinka, an experienced auditor, with a background in banking and insurance is an insightful and innovative analyst with exceptional understanding of Financial Transactions, Control Functions and Reconciliations.

He holds a B.Sc in Accounting from Olabisi Onabanjo University and an MBA (Marketing) from Obafemi Awolowo University, Ile Ife.

He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ACA). Yinka has over ten year's professional experience in the financial sector.

### **Babatunde Olaonipekun – Head, Financial Reporting, Finance & Performance**

He is a graduated from the Yaba College of Education in 1997 with an HND in Accountancy. He obtained his MBA (Financial Management) from the Lagos State University in 2008.

He is a fellow of the Institute of Chartered Accountants of Nigeria having first becoming an Associate Member of the Institute in 2004. He is also a Fellow of the Chartered Institute of Taxation of Nigeria.

He holds a Certificate in International Financial Reporting. He became an Associate of the Nigerian Institute of Management in 2002.

### **Olufolake Afolabi – Head, Technical**

She is a seasoned insurance practitioner with over two decades of impeccable experience that cuts across all facets of general insurance business with acquired skills in Claims, Reinsurance, Underwriting and Branch Co-ordination.

Olufolake obtained her National Diploma and Higher National Diploma Certificates from the Federal Polytechnic Ilaro in 1986 and 1989 respectively. She completed her Masters of Business Administration from the University of Lagos in 2012. She is an Associate Member of the Chartered Insurance Institute of Nigeria.

She has attended several seminars, courses and conferences on various management and insurance related topics both locally and internationally.

### **Wole Yekinni – Chief Marketing Officer (Acting)**

Wole has about 10 years marketing experience and appreciable skills, he is a goal getter, who has thrived in challenging and dynamic work environment.

He obtained National Diploma and Higher National Diploma Certificates respectively from the Lagos State Polytechnic. He also holds a Masters in Managerial Psychology from the University of Ibadan.

He is an Associate Member of the Chartered Insurance Institute of Nigeria.

## **9.9 Purpose of the Placement**

The net proceeds of the Placement estimated at ₦697,977,656.24, after deducting the estimated total cost of the Placement which includes the cost of printing and advertisement estimated at ₦23,861,643.76 (representing 3.31% of the gross offer proceeds ₦23,861,643.76), will be applied fully as shown in the table below. Details of the Utilization is as contained on page 59:

<b>Utilization</b>	<b>Amount</b>	<b>%</b>	<b>Duration</b>
<b>Statutory Deposit</b>	69,797,765.62	10.0%	Immediately
<b>ICT Upgrade</b>	162,756,079.36	23.32%	9 months
<b>Agency Expansion</b>	40,290,058.53	5.77%	6 months
<b>Rebranding &amp; Repositioning</b>	50,362,573.17	7.22%	1 year
<b>Head Office and Branch Upgrade</b>	55,290,058.53	7.92%	9 months
<b>Staff Training &amp; Development</b>	40,290,058.53	5.77%	1 year
<b>Working Capital</b>	279,191,062.50	40.00%	Immediately
<b>TOTAL</b>	<b>697,977,656.24</b>	<b>100.00%</b>	



## **9.10 Key Risks and Mitigating Factors**

The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control

### **Risk Management Framework**

The Technical Committee of the company recommends to the Risk management Committee of the Board an amount at risk that it is prudent for the Risk Committee to approve in line with the company's business strategies. The Board Risk Management Committee approves the Company's risk appetite each year, based on a well-defined set of risk measures.

Board Audit and enterprise risk management Committee is also responsible for establishing, documenting, and enforcing all policies that involves risk. Specifically, the Chief Risk Officer (a member of the Management Committee) is responsible for the risk policies, risk methodologies and risk infrastructure.

The Chief Risk Officer (CRO) plays a pivotal role in informing the Board, about the risk profile of the Company and also communicates the views of the Board and senior management down the Company. The CRO is also responsible for independently monitoring the Board risk limits set by the Board throughout the year, and delegating some responsibilities to the heads of the various strategic business units within the Company.

The Enterprise-wide risk management function which reports to the CRO, is in charge of identifying, evaluating, monitoring and recommending risk management solutions for the broad risk categories.

The internal audit function evaluates the design and conceptual soundness of risk measures, accuracy of risk modules, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, and adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

### **Risk Categorization**

Law Union & Rock Insurance Plc is exposed to an array of risk through its operations. The Company has identified and categorized its exposure to these broad risks as listed below:

- Market risk
- Underwriting risk
- Credit risk
- Liquidity risk
- Business risk
- Reputational risk

### **Market Risk**

This reflects the possibility that the value of investment's funds will fall as a result of changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Company is exposed to this risk through its financial assets and comprises:

**Equity Price Risk:** The risk associated with volatility in the stocks in our investment portfolio.

**Foreign Exchange Risk:** May arise from movement of currency price on assets held in foreign currency.

**Interest Rate Risk:** The risk that the value of a fixed income security will fall as a result of movement in market interest rate.

**Property Price Risk:** The Company's portfolio is subject to property price risk arising from changes in the market value of properties

### **Market Risk Mitigant factors**

The identification, Management and reporting of market risk are aligned towards the sub-risk categories namely:

- Equity price risk
- Foreign exchange risk
- Interest-rate risk
- Property price risk

**Equity price risk**

The group's management of equity price risk is guided by the following;  
Investment Quality and Limit Analysis  
Stop Loss Limit Analysis  
Stock to Total Loss Analysis

**Investment quality and limit analysis**

Finance and investment Committee establishes and approves a list of eligible listed and unlisted stocks aligned with investment approval/dealer limits as approved by the Board through its Board Investment Committee. These approval lists are illustrated using an approval hierarchy that establishes different levels of authority necessary to approve investment decisions of different naira amounts.

The approval limits system:

Sets a personal discretionary limit for the Chief Executive Officer;  
Requires that investment decisions above this personal discretionary limit requires approval by the Board of Directors and;  
Set out lower limits for Investment officer (IO) and or provides the IO with the authority to assign limits to subordinates

**Underwriting Risk**

The activities of the Company are primarily concerned with the pricing, acceptance and management of risk arising from our contracts with customers.

It entails the risk that:

The prices charged by the company for insurance contracts will be ultimately inadequate to support the future obligations arising from those contracts, risk exposure under its insurance contracts that were unanticipated in the design and pricing of the insurance contract; risk are not adequately ceded to reinsurers exposing the company to potential high claims pay out; many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses and the company's policyholder will act in ways that are unanticipated and have an adverse effect on the company.

**Underwriting Risk Mitigant factor**

The Group faces underwriting risk through its core business when actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, actual benefits paid and subsequent development of long-term.

Law Union & Rock Insurance Plc manages its underwriting risk by diversification across large portfolio of Insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The company purchases reinsurance as part of its risk mitigation program and establishes retention limits for reinsurance across product lines.

**Credit Risk**

This is the risk from the uncertainty of an obligor's ability to perform its contractual obligations. As the company is not in the business of granting loans like banks, credit risks in terms of customer default on loan repayment is not applicable. However, in terms of premium payment and investment in counterparties, considerable risks exist that brokers and large corporate who are allowed extended payment period may default and this is closely allied to cash flow risk.

**Credit Risk Mitigant factor**

When managing credit risk, insurance companies must primarily look to avoid concentration risk (e.g. concentration of investments in a particular investment category, low degree of portfolio diversification) and strive to achieve as much diversification in their investments as possible. However, reinsurance companies represent the most significant component of credit risk, in particular when it becomes impossible for them to meet their liabilities vis-a-vis direct insurers, as they themselves are faced with financial difficulties.

**Liquidity Risk**

Law Union & Rock Insurance Plc recognizes the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfill its financial obligation once claims crystallize. Our exposure to liquidity risk comprises:

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## THE CHAIRMAN'S LETTER (cont'd)

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**Funding Liquidity Risk:** Risk arising from our investment-linked products where there is a financial obligation to customers.

**Assets Liquidity Risk:** Risk arising from our financial assets where we might not be able to execute transactions at prevailing market price because there is temporarily, no appetite for the deal at the other side of the market.

**Operational Risk:** This is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. This includes legal risk, strategic risk and reputational risk. Legal risk includes, but not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

### **Business Risk**

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons.

### **Business Risk Mitigant factor**

Business risk is managed by management underwriting and investment committee through consistent monitoring of product lines' profitability. Stakeholders' engagement to ensure positive outcomes from external factors beyond the Company's control and prompt response to changes in external environment.

### **Reputational Risk**

The Company is exposed to this risk through events that damage its image amongst stakeholders at the public which may impair the ability to retain, generate and drive sustainable business. We understand that reputational risk is the biggest risk to our business as it poses a special threat to the confidence of our customers, regulators and industry.

### **Reputational Risk Mitigant factor**

The Company's norms and values set a tone for acceptance behaviors required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the Company's reputation.

## **CONCLUSION**

Finally, the Board and Management of Law Union & Rock Insurance Plc are confident that in the absence of unforeseen circumstances, the Company will continue as a going concern and record significant growth and improvements in its operations.

Consequently, I strongly believe that the Company will achieve its strategic objectives and hereby encourage the prospective investor to whom the Private Placement Memorandum has been addressed, to participate fully in the Private Placement as Law Union moves into the next phase of exploiting opportunities in the Nigerian Insurance Industry.

Yours faithfully,

**FOR AND ON BEHALF OF LAW UNION & ROCK INSURANCE PLC**



**Mr. Remi Babalola**  
*Chairman, Board of Directors*

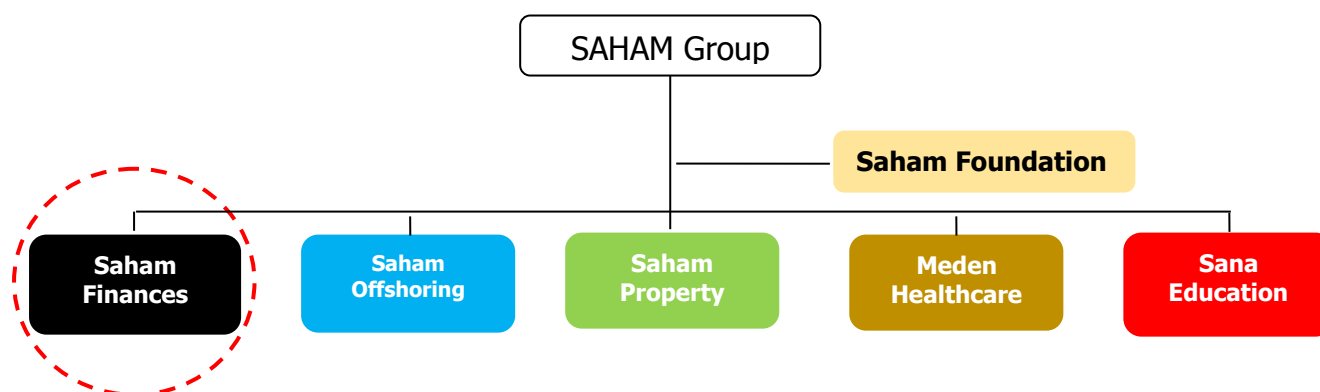
## 10. INFORMATION ON PROSPECTIVE INVESTOR

### 10.1 Prospective Investor's Profile

NI Holdings Limited is a Special Purpose Vehicle (SPV) set up by Enko Africa Private Equity Fund Limited ("EAPEF"), a private equity fund managed by Enko Capital Managers Limited ("ECM" or "the Investment Manager"). NI Holdings Limited is a wholly owned subsidiary of EAPEF, created primarily for the purpose of holding its investment in Law Union. The SPV was incorporated in Mauritius on the 25<sup>th</sup> of January, 2016.

EAPEF is a US\$75.75 million private equity fund established in April, 2014, for the purpose of investing in growth companies in Africa across a broad range of economic sectors. The Investment Manager of EAPEF, is part of the Enko Capital group, dedicated African-focused asset management firm, based in Johannesburg, which also manages a top tier hedge fund focusing on African listed equities.

In order to achieve the strategic goals of this investment (which is to grow the business of Law Union through the deployment of new IT systems, improved marketing and communication strategies and greater operational efficiencies), EAPEF has invited a strategic investment partner, Saham Finances SA, one of Africa's largest insurance companies and a member of the Saham Group (a company established in Casablanca with operations in 27 African and Middle East Countries), to co-invest alongside it in NI Holdings Limited. The diagram below shows the structure of the Saham Group:

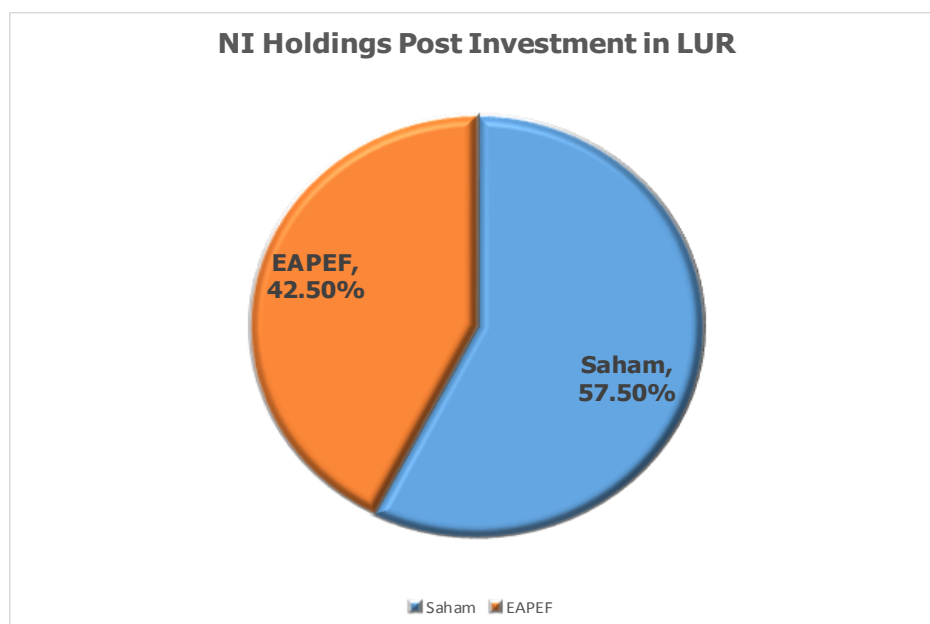


Over the years, Saham Finances SA have acquired several insurance companies in Morocco and Africa some of which are listed below:

- In 2005, acquired 67.01% of CNIA Assurance;
- In 2006 acquired 100% of Assurances Es-Saada;
- Merger in 2009 between CNIA and Es-Saada, which became CNIA Saada Assurance. In 2013, the company was the number one non-life insurance in Morocco and fourth insurer in the country in terms of written premiums;
- In 2010: Acquired the Colina Group, insurer of CIMA (Inter-African Conference on Insurance Markets) for the African region and present in 17 countries;
- In 2012: Acquired Global Alliance Seguros Angola, the first private company of the country to have 16% of a market in strong growth;
- In 2012, Acquired LIA Insurance, a Lebanese company with a particular presence in the Automotive segment, Health Insurance and Life Insurance; and,
- In 2013, acquired Mercantile insurance, a company with a particular presence in life, health and property and casualty insurance in Kenya.

Through its role as a strategic investment management partner, Saham Finances SA, is expected to bring to the Company its significant experience and track record in the business of insurance, risk management and underwriting, a critical input that is required to grow the business of Law Union to realize its full potential.

Upon conclusion of the investment in Law Union by NI Holdings Limited, Saham Finances SA will hold 57.5% of NI Holdings Limited while EAPEF will hold 42.5%.



### 10.2.1 Enko Capital Managers Limited – Directors’ Profile

The profile of the Founders and Partners of Enko Capital Managers Limited is as shown below:

**Cyrille Nkontchou** is also the founder and Non-Executive Director of Liquid Africa, a corporate finance advisory boutique in Johannesburg focusing exclusively on sub-Saharan markets. Until March 2000, Mr. Nkontchou was the head of sub-Sahara research at Merrill Lynch & Co in London where he was ranked in the Financial Mail 1999 Analyst Survey as one of the best research analysts on the continent. Prior to joining Merrill Lynch, he was a manager at Accenture in Paris, specializing in the financial markets.

He holds a BA in Economy from Institut d’Etudes Politiques in Paris and an MBA from Harvard Business School, and was selected as a 2006 Young Global Leader at the World Economic Forum.

**Ralph Gilchrist** has been involved in investment in Africa for over 27 years, firstly with the Commonwealth Development Corporation (CDC) Group (one of the oldest Development Finance Institution (DFI) founded in 1948 and wholly owned by the UK Government) and more recently with several private equity houses based in Southern Africa: he was Chief Executive Officer of the Comafin Investment Fund, which invested throughout sub-Saharan Africa, a member of Sasfin Bank’s private equity team focused on mid-cap transactions in South Africa and led African Alliance’s private equity business investing in mid-cap companies in sub-Saharan Africa. Mr. Gilchrist holds an MA in Law from Cambridge University and an MA from the University of Pennsylvania. He is a qualified Barrister.

### 10.2.2 Saham Finances SA – Directors’ Profile

The profile is as shown below

#### **Raymond Farhat**

He is the General Manager of Saham Finances since 2011 and he holds a degree in Economics from the University of Toulouse. Prior to joining Lebanese-Swiss Insurance Company as internal auditor he worked with Ernst & Young. He was General Manager of Colina Group in 1990 and re-structured the Group in 2004.

#### **Nadia Fettah**

She is the General Manager of Finance and Operations at Saham Finances since 2014. Nadia launched her career in 1997 as a consultant with Arthur Andersen after earning her degree from HEC Paris. She created and managed Maroc Invest Finance Group in 2000 after which she joined the CNIA group as General Manager in charge of Finance and Support Services Division in 2005. She supported the merger and acquisition operation by Saham Group in 2010 and was Deputy General Manager in Merger and acquisition of Saham in 2013.

## INFORMATION ON PROSPECTIVE INVESTOR (cont'd)

### 10.3 Financial Summary- Statement of Affairs as at July 31, 2016

#### NI Holdings

for the period from 25 January 2016 (date of incorporation) to 31 July 2016

#### Statements of profit and loss and other comprehensive income

	Note	USD
Administrator's fees		(1,967)
Legal and administration		(1,050)
Directors' fees		-
Other operating expenses		(2,475)
<b>Total operating expenses</b>		<b>(5,492)</b>
Deferred tax income	10	-
<b>Net result</b>		<b>(5,492)</b>

#### Statements of financial position

	Note	USD
<b>Assets</b>		
Cash and cash equivalents		-
Receivable		-
Other receivable		-
Non-pledged financial assets at fair value		-
<b>Total assets</b>		<b>-</b>
<b>Equity</b>		
Share capital		1,000
Net Result		(5,492)
<b>Total equity</b>	11	<b>(4,492)</b>
<b>Liabilities</b>		
Trade payable		1,182
Investors payable		3,310
<b>Total liabilities</b>	12	<b>4,492</b>
<b>Total Equity and Liabilities</b>		<b>-</b>

#### Statements of changes in equity

	Stated capital USD	Retained Earnings USD	Total USD
Balance at 25 January 2016	1,000	-	1,000
Profit for the year	-	(5,492)	(5,492)
Balance at 31 July 2016	1,000	(5,492)	(4,492)

#### Statements of cash flows

	USD
<b>Cash flow from Operating activities</b>	
Net result	(5,492)
Adjustment for:	
Change in receivables, prepaid expenses and other receivables	-
Change in payables	4,492
<b>Net cash used in operating activities</b>	<b>(1,000)</b>
<b>Cash flow from financing</b>	
Proceeds from issue of ordinary shares	1,000
<b>Net cash from financing activities</b>	<b>1,000</b>
Net (decrease)/ increase in cash and cash equivalents	-
Cash and cash equivalent at the beginning of the period	-
<b>Cash and cash equivalents at 31 July 2016</b>	<b>-</b>



**10.4 Comfort Letter from Prospective Investor**

**NI HOLDINGS LTD**

*Registered Office:*  
c/o Trident Trust Company (Mauritius) Limited  
5<sup>th</sup> Floor, Barkly Wharf  
Le Caudan Waterfront, Port Louis  
Republic of Mauritius

08 August 2016

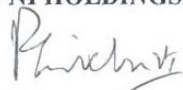
The Director General  
Securities & Exchange Commission  
Plot 272, Samuel Adesujo Ademulegun Street  
Central Business District  
Garki  
Abuja.

Dear Sir,

**LAW UNION AND ROCK INSURANCE PLC ("THE COMPANY") PRIVATE PLACEMENT OF 1,031,199,000 ORDINARY SHARES OF 50 KOBO EACH AT 70 KOBO PER SHARE ("THE PLACEMENT")**

We, NI HOLDINGS LTD, investor in the Private Placement of Law Union & Rock Insurance Plc comprising of 1,031,199,000 ordinary shares of 50 Kobo each at 70 Kobo per share, inform and confirm to the Commission that we have carried out a satisfactory due diligence exercise of the Company comprising of Financial, Legal, Regulatory and Commercial Evaluation and are satisfied as to our findings on the Company and ready to take up equity investment in Law Union and Rock Insurance Plc.

Yours faithfully,  
**FOR: NI HOLDINGS LTD**

  
Mr Ralph Robert Georg Gilchrist  
**DIRECTOR**



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## 11.0 THE FINANCIAL FORECAST

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### 11.1 Letter from the Reporting Accountants, Atacoff Advisory Services

10 August 2016

The Directors  
**Law Union and Rock Insurance Plc**  
14 Hughes Avenue, Alagomeji  
Yaba – Lagos  
Nigeria.

And

The Directors  
**Meristem Securities Limited**  
124 Norman Williams Street  
Ikoyi - Lagos  
Nigeria.

Dear Sirs,

#### **Report on the Profit Forecasts**

We have examined the accompanying profit forecasts of Law Union and Rock Insurance Plc ("the Company") for three years in accordance with the International Standard on Assurance Engagements (ISAE 3400) applicable to the examination of prospective financial information. The Directors of the Company are solely responsible for the forecasts, including the assumptions set out on Page 4 on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Furthermore, in our opinion, the forecast is properly compiled on the basis of the assumptions made by the Directors and is prepared on a basis consistent with the accounting policies normally adopted by the Company. Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Finally, we emphasise that the forecast information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation of the results of the operations of the Company in accordance with Statements of Accounting Standards applicable in Nigeria and the Companies and Allied Matters Act of Nigeria. We have no responsibility to update this report for events and circumstances after the date of this report.

Yours faithfully,



**ATACOFF Advisory Services**  
*Chartered Accountants*



## FINANCIAL FORECAST (cont'd)

### GENERAL ASSUMPTIONS

#### 1. Changes In Accounting Policies

There will be no material changes in the accounting policies currently adopted by the Company.

#### 2. Political and Economic Climate

- i. The political landscape will be relatively stable; and
- ii. There will be no change in Government regulation capable of adversely affecting the operations of the Company.

#### 3. Going Concern

The Company will enjoy the goodwill and confidence of present and future clients, and strategic partners.

### SPECIFIC ASSUMPTIONS

#### 1. Gross Premium Written

The Company intends to set up desk offices in strategic Skye Bank branches in order to boost its corporate and retail services revenues. This is expected to be achieved through strengthening of LUR's strategic alliance with Skye Bank Plc following the existing bancassurance relationship. The Company plans to deploy strong marketing skills capable of impacting on its premium income. The gross premium written is expected to grow by 61% between 2015 and 2016 and subsequently at an annual average of 46%.

The breakdown of Gross Premium Written projection is shown below:

	2016	2017	2018
<b>Corporate</b>	4,880,000	6,900,000	8,190,000
<b>Retail</b>	1,220,000	2,300,000	3,150,000
<b>Total</b>	<b>6,100,000</b>	<b>9,200,000</b>	<b>11,340,000</b>
<b>Corporate</b>	80%	75%	72%
<b>Retail</b>	20%	25%	28%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Even though this appears achievable, it is important to note that the current challenges confronting Skye Bank Plc may affect the realisation of the premium target from the desk offices. In addition, the fact that the average historical year-on-year growth rate in gross premium written between 2012 and 2015 was negative and the projection of 61% growth rate between 2015 and 2016 with an average annual growth rate of 46% between 2016 and 2018 looks ambitious.** A breakdown of LUR's projected annual growth rate in Gross Premium Written in relation to the industry forecast is shown below:

Year	Industry Forecast	LUR's Forecast
<b>2016</b>	<b>9%</b>	<b>61%</b>
<b>2017</b>	<b>10%</b>	<b>51%</b>
<b>2018</b>	<b>11%</b>	<b>27%</b>

*Source: BMI Research 2016*

#### 2. Gross Premium Income

The Company intends to give adequate attention to available opportunities capable of boosting its revenue. In achieving this, the company shall identify various opportunities in different sectors/industry of the Nigerian economy such as oil and gas, education/hospitality, small and medium enterprises, agriculture, telecommunications, banking and financial services sectors etc.

With the recent persistent decline in government revenue which has negatively affected economic activities in Nigeria, it appears that if not where the law mandates individuals and organizations to obtain insurance policy the impact of cultural and religious beliefs may affect people's appetite for insurance policy especially with declining disposable income.

#### 3. Premium Ceded to Reinsurers

The Company intends to cede an average of 22% of its Gross Premium Written to Reinsurers. However, this represents a decline of 15% up from an annual average of 37% between 2011 and 2015 which implies that LUR plans to reduce the rate at which it reinsures its risks.

#### 4. Fees and Commission Income

The company plans to grow its fees and commission income by 78% between 2015 and 2016 and subsequently at an annual average of 52% between 2016 and 2018. This is considered ambitious because historical average growth rate has been 19%.

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**FINANCIAL FORECAST (cont'd)**

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**5. Underwriting Expenses**

The underwriting expenses is to be capped at an annual average of 20% of Gross Premium Written. This appears to be in tandem with the historical which was 19% between 2011 and 2015.

**6. Net Benefits and Claims**

In advancing the company to the desired height, customers' satisfaction shall be the utmost priority of the New LUR. Therefore, prompt settlement of claims shall be the strategic focus of the Company. Hence, annual net benefits and claims settlement shall be at an average of 21% of the Gross Premium Written up from historical average of 25%.

**7. Investment Income**

The Company plans to invest a portion of its gross premium earned in stocks, bonds, real estate, and other assets. The income from the investment is expected to be at an average of 10% of Gross Premium Written annually.

**8. Management Expenses**

The company plans to spend an average of 20% of its annual Gross Premium Written on Management Expenses and it represents a 24% decrease from the historical average of 44%. This implies that the company plans to reduce its operating costs considerably. However, this must be done with care in order to prevent eliminating cost that may have negative impact on the business in future.

**9. Net Gain Loss on Available-for-Sale Assets**

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

The net gain/loss on available-for-sale assets is expected to grow by 166% between 2015 and 2016 and subsequently grow at an annual average of 70%.

**10. Market Share**

The Company plans to improve on her market penetration rate by taking advantage of her relationship with Skye Bank Plc and using the electronic means of communication like mobile phones and social media to increase her market share. The estimated annual market share is shown below:

<b>2016</b>	1.70%
<b>2017</b>	2.30%
<b>2018</b>	2.70%

## FINANCIAL FORECAST (cont'd)

### 11.2 FORECAST PROFIT & LOSS FOR THREE YEARS ENDING 31 DECEMBER 2018

The Directors of the Company are of the opinion that, in the absence of unforeseen circumstances, and based on the foregoing assumptions, the profit after taxation and appropriations for the three years ending 31 December 2016, 2017 and 2018 shall be ₦1.2 billion, ₦2 billion, and ₦2.6 billion respectively.

Income Statement as at 31 December...	2016 ₦'000	2017 ₦'000	2018 ₦'000
Gross premium written	6,100,000	9,200,000	11,700,000
Gross premium income	5,337,500	8,280,000	10,237,500
Premiums ceded to reinsurers	(1,220,000)	(2,070,000)	(2,632,500)
<b>Net premiums Income</b>	<b>4,117,500</b>	<b>6,210,000</b>	<b>7,605,000</b>
Fees and commission income	305,000	455,400	579,150
<b>Net Underwriting income</b>	<b>4,422,500</b>	<b>6,665,400</b>	<b>8,184,150</b>
Underwriting expenses	(1,128,500)	(1,472,000)	(1,872,000)
Net benefits and claims	(1,311,500)	(2,024,000)	(2,281,500)
<b>Underwriting profit</b>	<b>1,982,500</b>	<b>3,169,400</b>	<b>4,030,650</b>
Investment income	610,000	966,000	1,111,500
Other operating revenue	59,000	63,000	71,000
Management expenses	(1,220,000)	(1,932,000)	(2,106,000)
<b>Profit before taxation</b>	<b>1,431,500</b>	<b>2,266,400</b>	<b>3,107,150</b>
Income tax expense	(214,725)	(339,960)	(466,073)
<b>Profit for the period</b>	<b>1,216,775</b>	<b>1,926,440</b>	<b>2,641,077</b>
Other comprehensive income /(loss)	-	-	-
<b>Profit for the period</b>	<b>1,216,775</b>	<b>1,926,440</b>	<b>2,641,077</b>
Net Gain/Loss on available-for-sale assets	32,074	85,074	52,074
Income tax relating to Other comprehensive income	-	-	-
<b>Other comprehensive income net of tax</b>	<b>32,074</b>	<b>85,074</b>	<b>52,074</b>
<b>Total comprehensive income for the period</b>	<b>1,248,849</b>	<b>2,011,514</b>	<b>2,693,151</b>

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## 12.0 HISTORICAL FINANCIAL SUMMARY

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### 12.1 Letter from the Reporting Accountants on the Historical

10 August 2016

The Directors  
**Law Union and Rock Insurance Plc**  
14 Hughes Avenue, Alagomeji  
Yaba, Lagos.

And

The Directors  
**Meristem Securities Limited**  
124 Norman Williams Street  
Ikoyi, Lagos.

Dear Sirs,

We have reviewed the five year historical financial statements of Law Union and Rock Insurance Plc ("the Company") as set out in our report.

The financial information is based on the audited financial statements of the Company for the five-year period ended 31 December 2015 and has been prepared in accordance with the accounting policies set out on Page 10.

The financial statements, which have been prepared under the historical cost convention, were reported upon by Messrs Ernst & Young (Chartered Accountants) for the five years ended 31 December 2015. The audit reports for this five year period ended 31 December 2015 were unqualified.

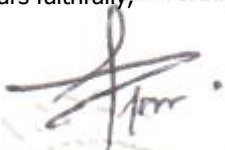
The financial statements on which the financial information is based are the responsibility of the Directors of the Company who approved the Private Placement. Our responsibility is to issue a report on the financial information based on our review.

The Directors of the Company are also responsible for the contents of the Private Placement Memorandum in which this report is included.

Our review was conducted in accordance with the International Standard on Review Engagements (ISRE) 2400. This Standard requires that we plan and perform our review to obtain moderate assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company's management; analytical procedures applied to financial data and a review of evidence obtained by the Company's auditors on those financial statements; and therefore provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information does not give a true and fair view of the state of affairs of the Company as at the balance sheet date stated, in accordance with the Statements of Accounting Standards applicable in Nigeria and the Companies and Allied Matters Act of Nigeria.

Yours faithfully,



**ATACOFF Advisory Services**  
Chartered Accountants

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## HISTORICAL FINANCIAL SUMMARY (cont'd)

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### STATEMENT OF ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the Company in the preparation of its statement of affairs:

**(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and the financial statements are prepared under the historical cost convention.

**(b) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation.

**(c) Depreciation**

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates used are as follows:

Land and Building	2%
Furniture and Fittings	20%
Plant and Equipment	20%
Computer Equipment	20%
Motor Vehicles	25%

**(d) Gross premiums**

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period.

**(e) Reinsurance premiums**

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

**(f) Investment income**

Interest income is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method.

**(g) Realized gains and losses**

Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment properties.

## HISTORICAL FINANCIAL SUMMARY (cont'd)

### 12.2 STATEMENT OF PROFIT OR LOSS

Historical Income Statement		2011	2012	2013	2014	2015
		Audited	Audited	Audited	Audited	Audited
Notes		₦'000	₦'000	₦'000	₦'000	₦'000
		4,219,815	4,163,370	3,443,575	4,161,333	3,858,097
		<hr/>				
		4,181,397	4,033,952	3,768,603	3,625,587	3,922,982
		(633,873)	(923,384)	(815,796)	(1,113,140)	(1,230,680)
		<b>3,547,524</b>	<b>3,110,568</b>	<b>2,952,807</b>	<b>2,512,447</b>	<b>2,692,302</b>
		<hr/>				
		134,205	224,484	156,017	202,597	222,299
		<b>3,681,729</b>	<b>3,335,052</b>	<b>3,108,824</b>	<b>2,715,044</b>	<b>2,914,601</b>
		<hr/>				
		(684,699)	(982,231)	(743,863)	(1,058,886)	(1,081,500)
		(943,810)	(938,094)	(709,160)	(621,311)	(688,715)
		<b>2,053,220</b>	<b>1,414,727</b>	<b>1,655,801</b>	<b>1,034,847</b>	<b>1,144,386</b>
		<hr/>				
		235,502	200,578	251,710	366,189	489,128
		72,849	(179,135)	638	17,510	(21,486)
		(5,615)	(9,402)	(20,758)	8,417	(14,151)
		4,730	44,505	69,179	31,260	69,237
		(2,065,853)	(2,658,141)	(1,492,361)	(1,198,393)	(1,338,616)
		<b>294,833</b>	<b>(1,186,868)</b>	<b>464,209</b>	<b>259,830</b>	<b>328,498</b>
		<hr/>				
		(5,621)	(3,932)	(4,271)	-	-
		<b>289,212</b>	<b>(1,190,800)</b>	<b>459,938</b>	<b>259,830</b>	<b>328,498</b>
		<hr/>				
		(39,593)	(146,380)	25,494	(134,395)	(47,579)
		<b>249,619</b>	<b>(1,337,180)</b>	<b>485,432</b>	<b>125,435</b>	<b>280,919</b>

## HISTORICAL FINANCIAL SUMMARY (cont'd)

### 12.3 STATEMENT OF FINANCIAL POSITION

Historical Financial Position as at	Notes	2011 Audited R'000	2012 Audited R'000	2013 Audited R'000	2014 Audited R'000	2015 Audited R'000
<b>Assets</b>						
Cash and cash equivalents	15	728,071	729,168	1,698,920	2,588,203	3,084,513
<b>Financial assets:</b>						
Available-for-sale financial assets,	16	968,256	1,140,043	1,115,221		
Loans and receivables	16	318,949	241,463	117,456		
Investment Securities					1,068,807	944,170
Trade receivables	17	1,484,694	597,825	71,828	29,430	31,973
Reinsurance assets	18	700,479	874,056	1,088,339	1,031,720	1,490,165
Deferred acquisition costs	20	186,158	148,049	148,722	213,071	194,163
Other receivables and prepayments	21	74,686	67,977	402,504	52,680	41,146
Investment properties	22	1,884,718	1,706,382	1,229,521	1,247,031	1,450,645
Intangible assets	23	98,096	81,273	61,763	38,802	40,369
Property, plant and equipment	24	796,436	716,243	659,199	708,828	681,293
Statutory deposit	25	315,000	315,000	315,000	315,000	315,000
<b>Total Assets</b>		<b>7,555,543</b>	<b>6,617,479</b>	<b>6,908,473</b>	<b>7,293,572</b>	<b>8,273,437</b>
<b>Liabilities and Equity Liabilities</b>						
Insurance contract liabilities	26	1,699,770	1,836,299	1,795,192	2,346,706	3,271,152
Trade payables	27	449,888	541,364	477,955	337,771	115,090
Other payables and accruals	28	306,626	325,922	233,210	237,759	239,082
Other financial liabilities		10,456	778	-	-	-
Borrowings		36,081	1,452	-	-	-
Bank overdraft		40,415	21,896	1,684	-	-
Employee benefit obligations	29	108,400	117,594	37,347	690	1,003
Current tax payable	19.1	90,808	79,852	89,660	55,965	104,601
Deferred tax liability	19.1	47,781	169,822	101,225	132,261	83,827
<b>Total liabilities</b>		<b>2,790,225</b>	<b>3,094,979</b>	<b>2,736,273</b>	<b>3,111,152</b>	<b>3,814,755</b>
<b>Equity</b>						
Issued share capital	30	1,718,665	1,718,665	1,718,665	1,718,665	1,718,665
Share premium	31	1,363,034	1,363,034	1,363,034	1,363,034	1,363,034
Contingency reserve		654,173	775,192	878,499	1,003,339	1,119,092
Retained earnings		442,131	(1,016,068)	(633,943)	(633,347)	(468,165)
Revaluation reserve		551,025	551,025	551,025	645,351	645,351
Available-for-sale reserve		36,290	130,652	294,920	85,378	80,705
<b>Total equity</b>		<b>4,765,318</b>	<b>3,522,500</b>	<b>4,172,200</b>	<b>4,182,420</b>	<b>4,458,682</b>
<b>Total liabilities and equity</b>		<b>7,555,543</b>	<b>6,617,479</b>	<b>6,908,473</b>	<b>7,293,572</b>	<b>8,273,437</b>

## HISTORICAL FINANCIAL SUMMARY (cont'd)

### 12.4 NOTES TO THE FINANCIAL STATEMENTS

	2011	2012	2013	2014	2015
	Audited	Audited	Audited	Audited	Audited
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>1 Net Premiums Income</b>					
<b>1.1 Gross premiums on insurance contracts</b>					
Premiums written in the year	4,219,815	4,163,370	3,443,575	4,161,333	3,858,097
Change in unearned premium provision	(38,418)	(129,418)	325,028	(535,746)	64,885
<b>Total gross premium income</b>	<b>4,181,397</b>	<b>4,033,952</b>	<b>3,768,603</b>	<b>3,625,587</b>	<b>3,922,982</b>
<b>1.2 Premiums ceded to reinsurers on insurance contracts</b>					
Premiums ceded to reinsurers	(655,472)	(1,040,562)	(904,801)	-	-
Change in unearned premiums provision – reinsurers	21,599	117,178	89,005		
<b>Total premiums ceded to reinsurers</b>	<b>(633,873)</b>	<b>(923,384)</b>	<b>(815,796)</b>	<b>(1,113,140)</b>	<b>(1,230,680)</b>
<b>Total net premiums income</b>	<b>3,547,524</b>	<b>3,110,568</b>	<b>2,952,807</b>	<b>2,512,447</b>	<b>2,692,302</b>
<b>2 Fees and commission income</b>					
Reinsurance commission income	134,205	224,484	156,017	202,597	222,299
<b>3 Net benefits and claims</b>					
Gross claims paid	1,230,291	1,637,433	1,049,087	1,184,304	1,635,108
Increase in outstanding claims provision	-	-	-	15,767	989,330
Recoveries	(314,453)	(689,498)	(436,233)	(239,882)	(862,804)
Change in outstanding claims provision – Reinsurers		70,860	(152,913)	98,697	(680,134)
Change in outstanding claims provision – Insurers	(231,139)	(36,564)	283,922	-	-
<b>Net benefits and claims</b>	<b>684,699</b>	<b>982,231</b>	<b>743,863</b>	<b>1,058,886</b>	<b>1,081,500</b>
<b>4 Underwriting expenses</b>					
Amortisation of deferred acquisition costs	621,378	642,020	528,777	492,000	525,954
Maintenance costs	322,432	296,074	180,383	129,311	162,761
	<b>943,810</b>	<b>938,094</b>	<b>709,160</b>	<b>621,311</b>	<b>688,715</b>



**HISTORICAL FINANCIAL SUMMARY (cont'd)**

<b>5 Investment income</b>					
Rental income from investment properties	31,155	42,941	38,140	26,063	31,390
<b>Available-for-sale financial assets:</b>					
Interest income	14,459	14,975	30,821	8,191	6,839
Dividend income	91,892	33,387	46,997	53,174	71,228
Interest income on statutory deposit	17,588	35,634	38,963	37,602	36,394
Loans and receivables interest income	26,043	57,872	96,702	8,584	7,985
Cash and cash equivalents interest income	54,365	15,769	87	232,575	335,292
<b>Total investment income</b>	<b>235,502</b>	<b>200,578</b>	<b>251,710</b>	<b>366,189</b>	<b>489,128</b>
<b>6 Fair value gains</b>					
Fair value (loss)/gains on investment properties	<b>72,849</b>	<b>(179,135)</b>	<b>638</b>	<b>17,510</b>	<b>(21,486)</b>
<b>7 Net realised losses</b>					
<b>Property, plant and equipment</b>					
Realised gains	163	45	2,879	1,415	-
Realised loss	-	-	(76,185)	-	(1,501)
<b>Investment properties</b>					
Realised loss	-	-	-	-	(12,650)
<b>Available-for-sale financial assets</b>					
Realised gains on equity securities	26,182	2,530	52,548	10,182	-
Realised losses on equity securities	(31,960)	(11,977)	-	(3,180)	-
<b>Total net realised losses for Available-for-sale financial assets</b>	<b>(5,778)</b>	<b>(9,447)</b>	<b>52,548</b>	<b>7,002</b>	<b>-</b>
<b>Total net realised losses</b>	<b>(5,615)</b>	<b>(9,402)</b>	<b>(20,758)</b>	<b>8,417</b>	<b>(14,151)</b>
<b>8 Other operating income</b>					
Sundry income	3,319	39,661	58,865	5,649	6,478
Exchange gains	1,411	4,844	10,314	25,611	62,759
	<b>4,730</b>	<b>44,505</b>	<b>69,179</b>	<b>31,260</b>	<b>69,237</b>
<b>9 Management expenses</b>					
Amortisation of intangible assets	23,425	31,338	28,579	27,137	23,316
Impairment loss on trade receivables	505,137	1,255,243	356,284	15,845	98,265
(Recovery)/Impairment loss on available-for-sale - financial assets	215,108	(59,100)	-	37,665	105,585
Directors fee and allowance	-	-	34,525	46,404	51,683
Impairment loss on loans and receivables	220	59,173	8,302	11,543	(295)
Impairment loss on other receivables	-	55,875	850	-	-

## HISTORICAL FINANCIAL SUMMARY (cont'd)

Net impairment charges on other receivables	-	-	-	16,076	24,689
Depreciation on property and equipment	97,826	134,978	106,992	85,894	74,262
Investment property related expenses	4,624	8,316	6,385	4,865	2,182
Auditors' remuneration	11,500	11,500	13,500	13,500	15,000
Employee benefits expenses	911,549	968,442	612,290	570,848	609,794
Other expenses	296,464	192,376	324,654	368,616	334,135
<b>Total other operating and administrative expenses</b>	<b>2,065,853</b>	<b>2,658,141</b>	<b>1,492,361</b>	<b>1,198,393</b>	<b>1,338,616</b>
<b>10 Employee benefits expense</b>					
Wages and salaries	853,244	924,466	587,275	549,669	583,540
Defined contribution pension costs	58,305	43,976	25,015	21,179	26,254
<b>Total employee benefits expense</b>	<b>911,549</b>	<b>968,442</b>	<b>612,290</b>	<b>570,848</b>	<b>609,794</b>
<b>11 Finance cost</b>					
<b>Current borrowing</b>					
Interest expense on bank overdraft	5,621	3,932	4,271	-	-
<b>Total finance cost</b>	<b>5,621</b>	<b>3,932</b>	<b>4,271</b>	<b>-</b>	<b>-</b>
<b>12 Income tax expense</b>					
<b>Current tax year charge</b>					
<b>12.1 Current Taxation</b>					
Company income tax	28,646	24,339	24,208	24,258	80,046
Education tax	5,730	-	18,895	13,398	15,967
Prior years under provision	-	-	-	65,702	-
<b>Total current tax</b>	<b>34,376</b>	<b>24,339</b>	<b>43,103</b>	<b>103,358</b>	<b>96,013</b>
<b>Deferred taxation</b>					
Origination of temporary differences	5,217	122,041	(68,597)	31,037	(48,434)
<b>Total deferred taxation</b>	<b>5,217</b>	<b>122,041</b>	<b>(68,597)</b>	<b>31,037</b>	<b>(48,434)</b>
<b>Total income tax expense</b>	<b>39,593</b>	<b>146,380</b>	<b>(25,494)</b>	<b>134,395</b>	<b>47,579</b>

## HISTORICAL FINANCIAL SUMMARY (cont'd)

The financial statements for the 3 years ending 31 December 2011 - 2013 were prepared in line with old GAAP while that of 2014 and 2015 were prepared in accordance with IFRS. Since the 3 years projection is in line with IFRS the notes for 2014 and 2015 were used while that of 2011 - 2013 have been left out as a result of disagreement.

<b>13</b>	<b>Earnings per share</b>					
	Profit after income tax	-	-	-	125,435	280,919
	Weighted average number of ordinary shares for basic/diluted earnings per share	-	-	-	3,437,330	3,437,330
	Basic/diluted earnings per ordinary share (kobo)	-	-	-	4	8
<b>14</b>	<b>Components of other comprehensive income</b>					
	<b>To be reclassified to profit or loss in subsequent period</b>					
	Loss arising during the year	-	-	-	(247,207)	(110,258)
	Less: Reclassification adjustments for losses included in the statement of profit or loss	-	-	-	37,665	105,585
	Net loss on available for sale assets	-	-	-	(209,542)	(4,673)
	<b>To be reclassified to profit or loss in subsequent period</b>					
	Revaluation of leasehold land and building	-	-	-	94,326	-
	Other comprehensive loss net of tax	-	-	-	(115,216)	(4,673)
	The accumulated loss that was transferred from equity to Profit or Loss	-	-	-	37,665	105,585

<b>15</b>	<b>Cash and Cash equivalents</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
		<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
	Cash on hand	-	-	-	102	80
	Short-term deposits (including demand and time deposits)	-	-	-	2,588,101	3,084,433
		-	-	-	<b>2,588,203</b>	<b>3,084,513</b>
<b>16</b>	<b>Investment securities</b>					
	Available-for-sale financial assets	-	-	-	938,051	827,793
	Loan and receivables at amortised cost	-	-	-	70,631	81,893
	Held-to maturity	-	-	-	60,125	34,484
		-	-	-	<b>1,068,807</b>	<b>944,170</b>

## HISTORICAL FINANCIAL SUMMARY (cont'd)

<b>17</b>	<b>Trade Receivables</b>					
	Insurance Receivables	-	-	-	401,559	502,367
	Less: allowance for impairment	-	-	-	(372,129)	(470,394)
		-	-	-	<b>29,430</b>	<b>31,973</b>
<b>18</b>	<b>Reinsurance assets</b>					
	Reinsurance share of outstanding claims	-	-	-	265,880	946,014
	Reinsurance receivables	-	-	-	235,585	100,006
	Prepaid reinsurance	-	-	-	530,255	444,145
		-	-	-	<b>1,031,720</b>	<b>1,490,165</b>
<b>19</b>	<b>Taxation</b>					
<b>19.1</b>	<b>Current income tax payable</b>					
	At the beginning of the year	-	-	-	89,660	55,965
	Amounts recorded in the profit or loss	-	-	-	103,358	96,013
	Payments made during the year	-	-	-	(137,053)	(47,377)
		-	-	-	<b>55,965</b>	<b>104,601</b>
	<b>Deferred tax-liability</b>					
	Fair value(loss)/gain on investment properties	-	-	-	17,963	8,244
	Accelerated capital allowance	-	-	-	166,547	101,475
	Other receivables and loans	-	-	-	(52,249)	(25,892)
		-	-	-	<b>132,261</b>	<b>83,827</b>

## HISTORICAL FINANCIAL SUMMARY (cont'd)

20	Deferred acquisition costs								Oil & Gas	Total
		Fire	Motor	General Accident	Engineering	Marine & Aviation	Bond & Credit			
	<b>At 1 January 2014</b>	21,326	49,361	9,084	15,710	17,647	7,684	27,911	148,722	
	Expenses deferred	86,708	114,645	80,919	37,601	48,693	26,181	161,602	556,349	
	Amortisation	(71,401)	(121,787)	(80,863)	(37,659)	(48,963)	(25,877)	(105,450)	(492,000)	
	<b>At 31 December 2014</b>	<b>36,632</b>	<b>42,219</b>	<b>9,140</b>	<b>15,652</b>	<b>17,377</b>	<b>7,988</b>	<b>84,063</b>	<b>213,071</b>	
	Expenses deferred	92,995	96,282	79,895	40,928	64,003	15,261	117,681	507,042	
	Amortisation	(94,444)	(101,069)	(75,269)	(42,111)	(62,616)	(18,876)	(131,568)	(525,954)	
	<b>At 31 December 2015</b>	<b>35,183</b>	<b>37,432</b>	<b>13,766</b>	<b>14,469</b>	<b>18,764</b>	<b>4,373</b>	<b>70,176</b>	<b>194,163</b>	

## HISTORICAL FINANCIAL SUMMARY (cont'd)

<b>21</b>	<b>Other receivables &amp; prepayments</b>					
	Other receivables	-	-	-	56,246	65,606
	Due from former Management	-	-	-	50,225	-
	Prepayment	-	-	-	19,010	38,441
		-	-	-	<b>125,481</b>	<b>104,047</b>
	Allowance for impairment	-	-	-	(72,801)	(62,901)
		-	-	-	<b>52,680</b>	<b>41,146</b>
<b>21.1</b>	<b>Allowance for impairment</b>					
	At the beginning of the year	-	-	-	56,725	72,801
	Recoveries	-	-	-	(6,500)	-
	Written off	-	-	-	-	(34,589)
	Impairment charge for the year	-	-	-	22,576	24,689
		-	-	-	<b>72,801</b>	<b>62,901</b>
<b>22</b>	<b>Investment properties</b>					
	At the beginning	-	-	-	1,229,521	1,247,031
	Additions	-	-	-	-	300,800
	Disposal	-	-	-	-	(75,700)
	Net fair value(loss)/gain	-	-	-	17,510	(21,486)
	<b>At the end of the year</b>	-	-	-	<b>1,247,031</b>	<b>1,450,645</b>
<b>22.1</b>	<b>Investment properties</b>					
	Rental income derived from investment properties	-	-	-	26,063	31,390
	<b>Investment property related expenses</b>	-	-	-	(4,865)	(2,182)
	<b>Net profit arising from investment properties carried at fair value</b>	-	-	-	<b>21,198</b>	<b>29,208</b>
<b>23</b>	<b>Intangible assets</b>					
	<b>Computer Software</b>					
	<b>Cost:</b>					
	<b>At the beginning of the year</b>	-	-	-	172,567	176,743
	<b>Additions</b>	-	-	-	4,176	24,883
	<b>At the end of the year</b>	-	-	-	176,743	201,626
	<b>Accumulated amortization</b>					
	<b>At the beginning of the year</b>	-	-	-	110,804	137,941
	<b>Amortisation charge</b>	-	-	-	27,137	23,316
	<b>At the end of the year</b>	-	-	-	137,941	61,257
	<b>Carrying Amount</b>	-	-	-	38,802	40,369

**HISTORICAL FINANCIAL SUMMARY (cont'd)**

<b>24</b>	<b>Property, Plant and Equipment</b>						
		<b>Building</b>	<b>Furniture &amp; Fittings</b>	<b>Plant &amp; Machinery</b>	<b>Motor Vehicle</b>	<b>Computer &amp; Equipment</b>	<b>Total</b>
	<b>Cost/Revaluation</b>						
	At 1 January 2014	560,000	152,695	289,999	242,287	111,372	<b>1,356,353</b>
	Additions	-	1,468	9,219	24,950	5,616	<b>41,253</b>
	Disposal	-	-	-	(16,003)	-	<b>(16,003)</b>
	Revaluation adjustment	94,326	-	-	-	-	<b>94,326</b>
	Transfer*	(61,106)	-	-	-	-	<b>(61,106)</b>
	<b>At 31 December 2014</b>	<b>593,220</b>	<b>154,163</b>	<b>299,218</b>	<b>251,234</b>	<b>116,988</b>	<b>1,414,823</b>
	Additions	1,500	4,940	6,907	32,211	3,742	<b>49,300</b>
	Disposal	-	-	-	(16,080)	(690)	<b>(16,770)</b>
	<b>At 31 December 2015</b>	<b>594,720</b>	<b>159,103</b>	<b>306,125</b>	<b>267,365</b>	<b>120,040</b>	<b>1,447,353</b>
	<b>Accumulated depreciation</b>						-
	<b>At 1 January 2014</b>	49,906	128,977	258,872	159,161	100,237	<b>697,153</b>
	Charge	11,200	10,227	18,686	36,701	9,080	<b>85,894</b>
	Disposal	-	-	-	(15,946)	-	<b>(15,946)</b>
	Transfer*	(61,106)	-	-	-	-	<b>(61,106)</b>
	<b>At 31 December 2014</b>	-	<b>139,204</b>	<b>277,558</b>	<b>179,916</b>	<b>109,317</b>	<b>705,995</b>
	Charge	11,877	8,656	11,904	36,975	4,850	<b>74,262</b>
	Disposal	-	-	-	(13,507)	(690)	<b>(14,197)</b>
	<b>At 31 December 2015</b>	<b>11,877</b>	<b>147,860</b>	<b>289,462</b>	<b>203,384</b>	<b>113,477</b>	<b>766,060</b>
	Carrying Amount						
	<b>At 31 December 2015</b>	<b>582,843</b>	<b>11,243</b>	<b>16,663</b>	<b>63,981</b>	<b>6,563</b>	<b>681,293</b>
	<b>At 31 December 2014</b>	<b>593,220</b>	<b>14,959</b>	<b>21,660</b>	<b>71,318</b>	<b>7,671</b>	<b>708,828</b>

**HISTORICAL FINANCIAL SUMMARY (cont'd)**

<b>25</b>	<b>Statutory deposit</b>					
	Statutory deposit	-	-	-	<b>315,000</b>	<b>315,000</b>
<b>26</b>	<b>Insurance Contract liabilities</b>					
	Claims reported by policyholders	-	-	-	482,459	1,488,291
	Claims incurred but not reported (IBNR)	-	-	-	308,467	291,965
	<b>Outstanding claims provisions</b>	-	-	-	<b>790,926</b>	<b>1,780,256</b>
	Unearned premiums	-	-	-	1,555,780	1,490,896
	<b>Total insurance contract liabilities – Gross</b>	-	-	-	<b>2,346,706</b>	<b>3,271,152</b>
<b>27</b>	<b>Trade payables</b>					
	Due to insurance companies	-	-	-	98,749	99,426
	Due to loss adjusters	-	-	-	-	3,920
	Due to reinsurance companies	-	-	-	239,022	11,744
		-	-	-	<b>337,771</b>	<b>115,090</b>
<b>28</b>	<b>Other payables and accruals</b>					
	Accrued expenses	-	-	-	62,960	65,885
	Deferred revenue	-	-	-	73,837	86,641
	Withholding tax payable	-	-	-	20,772	23,577
	Other creditors	-	-	-	80,190	62,979
		-	-	-	<b>237,759</b>	<b>239,082</b>
<b>28.1</b>	<b>Deferred Revenue</b>					
	At 1 January	-	-	-	75,597	73,837
	Fee Deferred	-	-	-	227,590	241,350
	Released to income statement	-	-	-	(229,350)	(228,546)
		-	-	-	<b>73,837</b>	<b>86,641</b>
<b>29</b>	Employee defined contribution payable	-	-	-	<b>690</b>	<b>1,003</b>
<b>30</b>	Issued share capital					
	Authorised share capital					
	3,600,000,000 Ordinary share of ₱0.50K each	1,800,000	1,800,000	1,800,000	<b>1,800,000</b>	<b>1,800,000</b>
	Ordinary share issued and fully paid					
	3,437,330,000 Ordinary share of ₱0.50K each	1,718,665	1,718,665	1,718,665	<b>1,718,665</b>	<b>1,718,665</b>
<b>31</b>	Share premium					
	As at year end	1,363,034	1,363,034	1,363,034	<b>1,363,034</b>	<b>1,363,034</b>



## 13.0 STATUTORY AND GENERAL INFORMATION

### 13.1 Incorporation and Share Capital History

On the 1<sup>st</sup> of January, 1969, the Federal Government of Nigeria decided to acquire shares in the leading Financial Institutions in the country and the Company was one of those affected by the exercise. The Federal Government acquired 9,775 shares at N2.00 each, which was 39.1% of the Company's paid-up capital. In 1989, the Federal Government in pursuit of its Privatization and Commercialization policy offered to the public its shares in the Company and this exercise led the Company into being quoted on the floor of the Nigerian Stock Exchange on the 9<sup>th</sup> of July 1990.

As at the date of this Placement Memorandum, the Company has an authorized share capital of ₦3,100,000,000.00 and a paid-up capital of ₦1,718,665,250.00. The initial share capital at incorporation and subsequent changes thereon are summarised below:

YEAR	Authorised Share Capital Increased		Issued and fully paid Share Capital Increased		CONSIDERATION
	From (Naira)	To (Naira)	From (Naira)	To (Naira)	
1977	250,000	300,000	50,000	300,000	Bonus & Cash
1982	300,000	1,000,000	300,000	300,000	Nil
1983	1,000,000	1,000,000	300,000	600,000	Bonus Issue
1984	1,000,000	1,000,000	600,000	1,000,000	Bonus Issue
1987	1,000,000	5,000,000	1,000,000	3,000,000	Bonus
1989	5,000,000	5,000,000	3,000,000	5,000,000	Stock Split N2.00 to 50K
1993	5,000,000	10,000,000	5,000,000	7,500,000	Bonus
1995	10,000,000	10,000,000	7,500,000	10,000,000	Bonus
1996	10,000,000	20,000,000	10,000,000	20,000,000	Cash
1997	20,000,000	100,000,000	20,000,000	100,000,000	Bonus & Cash
2004	100,000,000	500,000,000	100,000,000	350,000,000	Cash
2006	500,000,000	500,000,000	350,000,000	500,000,000	Bonus
2007	500,000,000	1,800,000,000	500,000,000	1,718,665,000	Cash
2008	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2009	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2010	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2011	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2012	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2013	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2014	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil
2015	1,800,000,000	1,800,000,000	1,718,665,000	1,718,665,000	Nil

#### Shareholders' With 5% Units and Above

	%
Alternative Capital Partners	30
Swanlux Solutions and Services Limited	30

### 13.2 Directors Beneficial Interest

The direct and indirect interests of the Directors of Law Union & Rock Insurance Plc in the issued share capital of the Company as recorded in the register of members as at December 31, 2015, were as follows:

S/N	Names of Directors	Direct Holdings	Indirect Holdings	Total	Percentage
1	Princess Adenike Adeniran*	-	1,031,133,728		30.00%
		-	10,147,700	1,041,281,428	0.30%
2	Mr. Remi Babalola**	-	1,031,133,727	1,031,133,727	30.00%
3	Mr. Olusegun Faleye***	-	-	-	-
4	Ms. Toyin Olusanya**	-	-	-	-
5	Mr. Ajibola Olayinka**	-	-	-	-
6	Mr. Folarin Familusi***	1,000,000	-	1,000,000	0.03%
7	Mr. Obinna Onunkwo**	-	-	-	-
8	Mrs. Funmi Ekundayo	-	-	-	-

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## STATUTORY AND GENERAL INFORMATION

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\*Princess Adenike Adeniran represents the interest of Swanlux Solutions and Services Limited and Nikal Nigeria Limited which holds 1,031,133,728 and 10,147,700 ordinary shares respectively.

\*\* Mr. Remi Babalola, Ms. Toyin Olusanya, Mr. Ajibola Olayinka and Mr. Obinna Onunkwo all jointly hold 1,031,133,727 on behalf of Alternative Capital Partners

\*\*\*Mr. Olusegun Faleye, Mr. Folarin Familusi jointly represents the interest of Swanlux Solutions and Services Limited alongside Princess Adenike Adeniran

### 13.3 Subsidiaries and Associated Companies

As at the date of the Placement Memorandum, the Company has no subsidiaries and/or associated companies.

### 13.4 Claims and Litigation

As at the date of this Placement Memorandum, the Company in its ordinary course of business is currently involved in 27 cases. Nine (9) of these cases are in favour of the Company with aggregate claims of ₦113,718,462.96 while 18 cases were filed against the Company with potential liability of ₦851,995,523.21, €527,051.61 and £133,700. The Solicitors are of the considered opinion that most of the potential liability against the company will likely not crystalize. However, this opinion is subject to the decision of the courts.

### 13.5 Statement of Indebtedness

Law Union does not have any outstanding debentures, mortgages, loans, charges or similar indebtedness other than those incurred in the ordinary course of business.

### 13.6 Costs and Expenses

The costs, charges and expenses of and incidental to the Placement including fees payable to the professional parties, brokerage commission and advertising expenses are estimated at ₦23,861,643.76 or 3.31% of the gross Offer proceeds and are payable by the Company and deductible from the monies raised by the Company.

### 13.7 Declaration

Except as otherwise disclosed in this Placement Memorandum:

- i. No share of Law Union is under option or agreed conditionally or unconditionally to be put under Put Option;
- ii. No commissions, discounts, brokerages or other special terms have been granted by Law Union to any person in connection with the Issuer or sale of any share of the Company;
- iii. Save as disclosed herein, the Directors of Law Union have not been informed of any holding representing 5% or more of the issued share capital of the Company;
- iv. There are no founders', management or deferred shares or any options outstanding in Law Union;
- v. There are no material service agreements between Law Union or any of its Directors and employees other than in the ordinary course of business.
- vi. There are no long term service agreements between Law Union and any of its Directors and employees other than in the ordinary course of business; and,
- vii. No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be acquired by the Company in the three years prior to the date of this Memorandum;
- viii. No Director or key management staff of the Company is or has been involved in any of the following (whether in or outside Nigeria):
  - a. A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or a Company of which he was a Director or key personnel;

- b. A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty; and,
  - c. The subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging any type of business practice or activity.
- ix. No existing and potential related-party transactions and conflict of interest in relation to the company and its related-parties.
  - x. There are no amounts or benefits paid or intended to be paid or given to any promoter within the two years preceding the date of the Memorandum.
  - xi. No merger/ take-over offers by third parties in respect of Law Union's securities or merger/takeover offers by Law Union in respect of other company's securities during the preceding year and the current financial year.

### **13.8 Extract from the Memorandum and Articles of Association**

#### **Share Capital and Variation Rights**

- 4. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, which special rights shall not be varied except with such consent or sanction as is provided by Article 6 hereof, any shares in the company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by ordinary resolution determine.
- 5. Subject to the provisions of Section 59 of the Decree, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.
- 6. (a) If at any time share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares if the class, or with the sanction of an extraordinary resolution passed at separate general meeting of the holders of the shares of that class.

(b) To every such separate general meeting, the provision of these Articles relating to general meetings shall apply, but so that necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of the shares of that class in person or by proxy may demand a poll.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

- 7. The company may exercise the powers conferred by Section 54 of the Decree to pay a commission to any person in consideration of the subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in the company, or procuring or agreeing to procure subscription, whether absolute or conditional, for any shares in the company provided that the rate of the commission shall not exceed the rate of 10 per centum of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per centum or the amount of the commission paid or agreed to be paid and the number of shares for which persons have agreed for a commission to subscribe shall be disclosed in the manner required by law. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

The company may also, on any issue of shares, pay such brokerage as may be lawful.

- 8. Except as required by law, no person shall be recognised by the company as holding share upon any trust and the company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any shares or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

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**STATUTORY AND GENERAL INFORMATION (cont'd)**

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9. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive, within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide), one certificate for all his shares or several certificates each for one or more of his shares upon payment of twenty-five kobo for every certificate after the first or such less sum as the directors shall from time to time determine. Each certificate shall be under the seal and shall specify the share to which it relates and the amount paid thereon. (Every such certificate shall bear the autographic signatures of one or more Directors and the Secretary provided that if there shall be for the time being in force a resolution of the Directors adopting some method of mechanical signature which is controlled by the auditors appointed by the Directors, any signature as aforesaid if authorised by such resolution may be effected by such method so adopted). Provided that in respect of a share or shares held jointly by several persons the company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
10. If a share certificate is defaced, lost or destroyed, it may be renewed without a charge and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the company of investigating evidence as the directors think fit.
11. The company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or in its holding company nor shall the company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in this Article shall prohibit:
  - (a) The provision by the company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully paid shares in the company or its holding company, being a purchase or subscription by trustees of or shares to be held or for the benefit of employees of the company, including any director holding a salaried employment or office in the company.
  - (b) The making by the company of loans to persons, other than directors, bona fide in the employment of the company with a view to enabling those persons to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.

**LIEN**

12. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a first paramount lien on all shares (other than fully paid shares) standing registered in the name of a single person for all moneys presently payable by him or his estate to the company; but the directors may at anytime declare any share to be wholly or in part exempt from the provisions of this Article. The company's lien, if any, on a share shall extend to all dividends payable thereon.
13. The company may sell, in such manner as the directors think fit any shares on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
14. To give effect to any such sale the directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the applications of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.
15. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

**CALL ON SHARES**

16. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by the way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the directors may determine.
17. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
19. If a sum call in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding five per centum per annum as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part.
20. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date whether on account of the nominal value of the share or by way of premium shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
21. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the time of payment.
22. The directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the money so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the company in general meeting shall otherwise direct) five per centum per annum, as may be agreed upon between the directors and the members paying such sums in advance. No such sum paid in advance of calls shall entitle the member paying such sum to any proportion of the dividend declared in respect of any period prior to the date upon which such sum would but for such payment, become presently payable.

**TRANSFER OF SHARES**

23. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof except that where a person entitled to any share or debenture or any interest in any share or debenture is of unsound mind or otherwise under any disability, and by reason thereof the share debenture or interest is vested in an administrator, curator or other person on behalf of the person entitled thereto, then in relation to the share debenture or interest the person in whom it is so vested and the person entitled thereto shall be treated for the purpose of these Articles as if they were the same person.
24. Subject to such of the restrictions of these Articles as may be applicable, any member may transfer all or any of his shares by instrument in writing in any or common form or any other form which the directors may approve.
25. The Directors may decline to register the transfer of shares (not being fully paid up shares) on which the Company has a lien.

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**STATUTORY AND GENERAL INFORMATION (cont'd)**

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26. The directors may also decline to recognise any instrument of transfer unless:
  - (a) the instrument is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transfer; and
  - (b) the instrument of transfer is in respect of only one class of share.
27. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.
  - (a) No fee shall be payable in respect of the registration of any transfer or other document relating to or affecting the title of any share.

**TRANSMISSION OF SHARES**

28. In case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares: but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
29. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer or the share by that member before his death or bankruptcy, as the case may be.
30. If the person becoming entitled shall elect to be registered himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall signify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.
31. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

**FORFEITURE OF SHARES**

32. If a member fails to pay call or instalment of a call on the day appointed for payment thereof, the directors may, at anytime thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
33. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and it shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
34. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at anytime thereafter before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.
35. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the directors think fit.



36. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the company all moneys which, at the date of forfeiture, were payable by him to the company in respect of the shares, but his liability shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares.
37. A statutory declaration in writing that the declarant is a director or the secretary of the company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The company may receive the consideration, if any, given for the share on any sale or disposition therefore and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
38. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

### **CONVERSION OF SHARES INTO STOCK**

39. The company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.
40. The holders of stock may transfer the same, or any part thereof in the same manner, and subject to the same regulations, and subject to which the shares from which stock arose might previously to conversation have been transferred or as near thereto as circumstances admits; and the directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed that nominal amount of the shares from which the stock arose.
41. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
42. Such of the Articles of the company as are applicable to paid up shares shall apply to stock, and the word "share" and "shareholder" therein shall include "stock" and "stockholder".
43. The company may by Special Resolution:
  - (a) increase its share capital by such amount to be divided into shares of such denomination and carrying such preferred, deferred or other special rights (if any) as the resolution may prescribe.
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:
44. The company may by special Resolution:
  - (a) reduce its share capital, any capital redemption reserve fund and any share premium account in any manner subject to any incident authorised and consent required by law:
  - (b) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association provided, however, that in the sub-division the proportion between the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
  - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

**GENERAL MEETINGS**

- 45.
- (1) The company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next.
  - (2) The annual general meetings other than annual general meeting shall be called extra-ordinary general meetings, and shall be held in Nigeria.
46. All general meetings other than annual general meeting shall be extra-ordinary general meetings, and shall be held in Nigeria.
- 47.
- (1) The directors may whenever they think fit, convene an extra-ordinary general meeting and they shall, in the requisition of members of the company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the company as at the date of the deposit carries the right of voting at general meetings of the company, forthwith proceed duly to convene an extra-ordinary general meeting of the company.
  - (2) The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form, each signed by one or more requisitionists.
  - (3) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists may themselves convey a meeting, but any meeting so convened shall not be held after the expiration of the months from the said date.
  - (4) A meeting convened under this article by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.
  - (5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the company out of any sums due or to become due from the company by any way of fees or other remuneration in respect of their services to such of the directors as were in default
  - (6) For the purposes of this section the directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as required by law
  - (7) If at any time there are not sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extra-ordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

**VOTES OF MEMBERS**

60. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person or by proxy shall have one vote, and on a poll every member shall have one vote for each share which he is the holder.
61. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his committee, receiver, or other person in the nature of the committee or receiver appointed by that court, and any such committee, receiver or other person may on a poll vote by proxy.
63. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.



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**STATUTORY AND GENERAL INFORMATION (cont'd)**

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64. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
65. On a poll votes may be given either personally or proxy.
66. The instrument appointing a proxy shall be in writing or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the company.
67. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notary certified copy, of that power or authority shall be deposited at the registered office of the company or at such other place as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument or proxy shall not be treated as valid as valid.

**13.9 Material Contracts**

The following agreement has been entered into and is considered material to this Special Placement:

- A Vending Agreement dated Monday, January 23, 2017 by which Meristem Securities Limited has agreed on behalf of Law Union & Rock Insurance Plc to offer by way of a Private Placement 1,031,199,000 Ordinary shares of 50 Kobo each at 70 Kobo per share.

Other than as stated above, the Company has not entered into any material contracts except in the ordinary course of business.

**13.10 Relationship between the Issuer, Issuing House/Advisers**

As at the date of this Placement Memorandum, there is no shareholding relationship between the Company and the Issuing House or other professional parties to the Special Placement.

**13.11 Status of Unclaimed Dividend**

As at August 2, 2016, the value of the total amount for unclaimed dividend of Law Union was ₦50,875,604.19 (Fifty Million, Eight Hundred and Seventy-five Thousand, Six Hundred and Four Naira, Nineteen kobo). This total amount is domiciled with Unity Bank Plc.

The Company has been promoting the e-dividend platform through the Registrar in order to facilitate immediate credit of shareholders account once payment of dividend is due. On the unclaimed portion, the Company published names of the shareholders in their last annual report.

**13.12 CONSENTS**

The following have given and have not withdrawn their consents to the issue of this Placement Memorandum and to have their names mentioned in the form and context in which they appear therein:

**DIRECTORS**

Mr. Remi Babalola;  
Mr. Olusegun Faleyey;  
Ms. Toyin Olusanya;  
Mr. Ajibola Olayinka;  
Mr. Folarin Familusi;  
Mr. Obinna Onunkwo;  
Mrs. Funmi Ekundayo;  
Mr. Jide Orimolade.

**COMPANY SECRETARY**

Mr. Stanley Chikwendu

**ISSUING HOUSE**

Meristem Securities Limited

**AUDITORS**

Akintola Williams Deloitte

**RECEIVING BANKS**

Stanbic Ibtc Bank Plc

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**STATUTORY AND GENERAL INFORMATION (cont'd)**

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<b>REGISTRARS</b>	Cardinalstone Registrars Limited
<b>REPORTING ACCOUNTANTS</b>	Atacoff Advisory Services
<b>SOLICITOR TO THE PLACEMENT</b>	Oluyomi Olawore & Co.
<b>STOCKBROKER</b>	Dominion Trust Limited

**13.13 Documents Available for Inspection**

Copies of the following documents may be inspected at the offices of Meristem Securities Limited, 124, Norman Williams Street, Ikoyi, Lagos during normal business hours on any weekday (except public holidays), throughout the duration of the Placement:

- (a) Certificate of Incorporation of the Company;
- (b) A copy of the Memorandum and Articles of Association of the Company, duly certified by the Corporate Affairs Commission;
- (c) The Placement Memorandum issued in respect of the Private Placement;
- (d) Shareholders' Resolution dated 25<sup>th</sup> July 2016 authorizing the Placement;
- (e) Board Resolution dated 21<sup>st</sup> July, 2016 recommending the Placement;
- (f) The Certificate of registration of increase in share capital obtained from the Corporate Affairs Commission;
- (g) The audited accounts of the Company for each of the five years ended, 31<sup>st</sup> December 2015, 2014, 2013, 2012 and 2011;
- (h) The Report of Atacoff Advisory Services (Reporting Accountants) on the audited accounts of the Company for the five years ended, 31<sup>st</sup> December 2011, 2012, 2013, 2014 and 2015;
- (i) The Memorandum of Atacoff Advisory Services (Reporting Accountants) on the Profit Forecast of the Company for the three years ending 2018;
- (j) The Vending Agreement referred to above;
- (k) The written Consents referred to above;
- (l) A letter from the Commission approving the Placement.

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**APPENDIX**

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**ICT Upgrade**

The sum of 162.75 million will be invested in the following Information infrastructure:

S/N	Projects	Amount (=N=)
1	FINTRACK for IFRS, Investment & Asset Management, Bank Reconciliation, Budgeting & Performance Management	70 Million
2	Enterprise Document Management System (EDMS)	17 Million
3	Customer Relationship Management (CRM) System	18 Million
4	Unified Communication system	10 Million
5	Enterprise Support Management Solution	1.25 Million
6	Provision of Uninterrupted Power Supply System to Data Centre	7.5 Million
7	Data Centre Infrastructure Upgrade	10 Million
8	Implementation of Network Area Storage System (SAN) for Business Continuity & Data Security	15 Million
9	Provision of Business Intelligence (BI) system	10 Million
10	Upgrade of the Call Centre Infrastructure	4 Million

**Agency Expansion**

The Company intends to secure office locations for the Agents. The sum of N40.3 million will be utilized as follows:

S/N	Projects	Amount (=N=)
1	Agency Main Office	7 Million
2	Territorial Offices in Lagos	10 Million
3	Purchases of three (3) buses for Market Storms	15 Million
4	Branch Agency offices (Akure, Calabar, Benin and Ilorin)	8.3 Million

**Rebranding and Repositioning**

The sum of N50.36 million will be utilised to improve brand visibility, image and perception. This would be met by expending adequately on television commercial, radio and print adverts and Social media.

**Head office and Branch upgrade**

The sum of N55.29 million will be utilized for the enhancement of the Head office and the following branches – Port Hacourt , Abuja, Ibadan, Apapa, Kano, Uyo, Oshogbo, Warri and Kaduna.

**Staff Training and Development**

The Company intends to train its staff in leadership, ICT, oil & Gas underwriting and business analysis. These trainings are expensive and some are only available overseas. Part of the fund raised would be deployed to achieve this objective.

# Application Form with Instructions

Application List Opens  
Thursday, February 2, 2017



Application List Closes  
Monday, February 6, 2017

On behalf of



**Law Union & Rock Insurance Plc** RC 6286

Offer for Subscription By Way of Private Placement

**1,031,199,000**

Ordinary Shares of 50 kobo each at ₦0.70k per share

**PAYABLE IN FULL ON APPLICATION**

Applications must be made in accordance with the instructions set out on the back of this Application Form. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in doubt as to the action to take, please consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.

**DECLARATION**

- I/We are 18 years of age or over
- I/We attach the amount payable in full on application for the number of shares indicated in the Law Union & Rock Insurance Plc Offer by Way of Private Placement at ₦0.70k per share
- I/We agree to accept the same or any smaller number of shares in respect of which allotment may be made upon the terms of the Placement Memo dated January 23, 2017
- I/We authorise you to credit my/our CSCS account or send a Share Certificate and where applicable, a cheque for any amount overpaid, by registered post at my/our risk to the address first given below and to procure registration in my/our name as the holder(s) of such number of shares or such smaller number, as aforesaid
- I/We declare that I/we have read a copy of the Placement Memorandum dated January 23, 2017 issued by Meristem Securities Limited

GUIDE TO APPLICATION	
Number of Shares applied for Amount Payable	
10,000,000 minimum	₦7,000,000.00
Subsequent multiples of 1,000,000	₦700,000

D	D	/	M	M	/	Y	Y	Y	Y
						2	0	1	7

PLEASE COMPLETE IN CAPITAL LETTERS

Number of Shares applied for										Value of Shares applied for/Amount Paid									
										₦									
<b>INDIVIDUAL/CORPORATE APPLICANT</b>																			
Title:		Mr	Mrs	Miss	Others (please specify)														
Surname/Company Name																			
Other Names (for individual applicants only)																			
Full Postal Address																			
City										State									
Daytime Telephone Number										Mobile (GSM) Telephone Number									
E-mail Address:																			
Next of Kin																			
<b>JOINT APPLICANT</b>																			
Title:		Mr	Mrs	Miss	Others (please specify)														
Surname																			
Other Names																			
Name of Your Stockbroker																			
CHN Number (Clearing House Number)										CSCS Number									

<b>BANK DETAILS (FOR E-DIVIDEND)</b>																						
Name of Bank																						
Branch:						Account Number:																
Signature or Thumbprint				Signature or Thumbprint				Company Seal/Incorporation Number (Corporate Applicant)														
				<b>Stamp of Receiving Agent</b>																		