CONSOLIDATED HALLMARK INSURANCE PLC
AND SUBSIDIARY COMPANIES

COMPANY RC:168762

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018

SIAO - Accomplish More

(Chartered Accountants)
18b Olu Holloway Road Ikoyi, Lagos
P.O. Box 55461, Falomo, Ikoyi, Lagos
Tel: 01-4630871-2
Fax: 01-4630870
Website: www.siao-ng.com
E-mail: enquiries @siao-ng.com

Contents **Page**

Corporate Information

Directors	Mr. Obinna Ekezie	Chairman
	Chief Andrew D. S. Odigie	Vice Chairman
	Mr. Eddie Efekoha	Managing Director/CEO
	Mr. Babatunde Daramola	Executive Director- Finance, System & Investment
	Mrs. Mary Adeyanju	Executive Director-Operations
	Mr. Joel Botete Avhurhi	Non-Executive Director
	Mrs. Ngozi Nkem	Non-Executive Director
	Mrs. Eziaku Ethel Obidegwu	Non-Executive Director
	Prince Ben Onuora	Non-Executive Director
	Mrs. Adebola F. Odukale	Non-Executive Director
	Mr. Shuaibu Abubakar Idris	Independent Director

Company Secretary
Mrs. Rukevwe Falana
FRC/2016/NBA/00000014035
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos

Registered Office
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos

Registration Number
168762

Corporate Head Office
Consolidated Hallmark Insurance Plc
266, Ikorodu Road
Obanikoro, Lagos
FRC/2013/0000000000608
Email: info@chiplc.com

Registrars
Meristem Registrars & Probate Services Ltd
213, Herbert Macaulay Road
Adekunle, Yaba Lagos
Tel: +234 (1) 8920491-2
Lagos

Bankers
Access Bank Plc
Ecobank Nigeria Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
GT Bank Plc
Keystone Bank Plc

Corporate Information (Cont'd)

Polaris Bank Limited
Stanbic IBTC Bank Plc
Sterling Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

Auditors

SIAO (Chartered Accountants)
18b, Olu Holloway Road
Off Alfred Rewane Road
Falomo- Ikoyi
P.O.Box 55461, Falomo
Ikoyi, Lagos.
Tel: +234 01 463 0871-2
Website: www.siao-ng.com
E-mail: enquiries@siao-ng.com

Actuary

Ernst & Young
UBA House
10th Floor
57 Marina
Lagos
FRC/2012/NAS/00000000738
Tel: + 234 1 6314 543

Reinsurers

African Reinsurance Corporation
Continental Reinsurance Plc
WAICA Reinsurance Corporation

Subsidiaries

CHI Capital Limited
33D Bishop Aboyade Cole Street
Victoria Island

CHI Microinsurance Limited
266, Ikorodu Road
Obanikoro, Lagos

Hallmark Health Services Limited
264, Ikorodu Road
Obanikoro, Lagos

Branch Networks

Corporate Head Office
266, Ikorodu Road
Obanikoro, Lagos
Tel: +234-1-2912543
0700CHINSURANCE
Corporate Information (Cont'd)
O7OO24467872

Victoria Island Office
Plot 33D Bishop Aboyade Cole Street
Victoria Island Lagos
Tel:01-4618222
Fax 01-4618380

e-mail: info@chiplc.com

e-mail:info@chiplc.com
website: www.chiplc.com

website:www.chiplc.com

Regional Offices

Port Harcourt
52, Emekuku Street
Amazing Grace Plaza
Street
Tel: 09092861724, 09033543581
porthacourt@chiplc.com

Abuja
Metro Plaza Annex B
Plot 991/992 Zakariya Maimalari

Central Business District
Tel: 09-2347965 Fax: 097804398
abuja@chiplc.com

Branch Offices

Aba Office
4, Eziukwu Road
Tel: 08180001164
aba@chiplc.com

Kaduna Office
NK 9, Constitution Road
Kaduna
Tel: 08180001148
kaduna@chiplc.com

Owerri Office
5B Okigwe Road
House
Opp. Govt College Owerri
08180001162
owerri@chiplc.com

Akure Office
3rd Floor, Bank of Industry (BOI)

Alagbaka Akure
Tel: 08180001154
akure@chiplc.com

Kano Office
17, Zaria Road
Gyadi Gyadi
Tel: 08180001146
kano@chiplc.com

Warri Office
179, Jakpa Road, Effurun
Tel: 08180001157
warri@chiplc.com

Onitsha Office
41, New Market Road Onitsha
Tel: 08180001139
onitsha@chiplc.com

Enugu Office
77, Ogui Road
Tel: 08180001142
enugu@chiplc.com

IbadanOffice
1st Floor, Navada Plaza
140/142 Liberty Stadium Road
Tel: 08180001152
ibadan@chiplc.com

Results at a glance	Group			Company			
	31 December 2018	31 December 2017	%	**31 December 2018**	31 December 2017	%	**Change**
	N	**N**		**N**	**N**		**N**
Financial Position							
Cash and cash equivalents	**2,948,826,686**	1,921,271,578	53%	**2,696,356,809**	1,850,386,963	46%	1,027,555,107
Financial assets	**2,876,118,347**	3,129,629,708	-8%	**1,907,505,062**	2,732,022,161	-30%	(253,511,361)
Trade receivables	**234,852,324**	150,356,282	56%	**199,248,468**	150,356,282	33%	84,496,043
Investments	**4,544,284,669**	4,089,806,837	11%	**5,427,347,364**	4,476,037,484	21%	454,477,832
Other receivables & prepayments	**195,161,111**	174,488,859	12%	**210,813,534**	166,066,755	27%	20,672,251
Intangible Assets	**22,362,991**	24,621,130	-9%	**22,192,991**	18,458,195	20%	(2,258,138)
Total assets	**10,821,606,128**	9,490,174,394	14%	**10,463,464,230**	9,393,327,840	11%	**1,331,431,734**
Insurance contract liabilities	**3,803,576,977**	3,532,407,618	8%	**3,741,068,043**	3,532,407,618	6%	271,169,360
Total liabilities	**4,645,625,104**	4,801,168,279	-3%	**4,405,423,535**	4,791,575,832	-8%	(155,543,175)
Issued and paid up share capital	**4,065,000,000**	3,000,000,000	36%	**4,065,000,000**	3,000,000,000	36%	1,065,000,000
Share premium	**155,264,167**	-		**155,264,167**	-		
Contingency reserve	**1,603,720,833**	1,400,446,908	15%	**1,603,720,833**	1,400,446,908	15%	203,273,925
Statutory reserve	**27,726,056**	16,304,970	70%	**-**	-		11,421,086
Retained earnings	**324,269,968**	272,254,237	19%	**234,055,695**	201,305,100	16%	52,015,732
Shareholders fund	**6,175,981,025**	4,689,006,115	32%	**6,058,040,696**	4,601,752,008	32%	1,486,974,910
Comprehensive Income							
Gross premium	**6,864,879,525**	5,680,553,122	21%	**6,775,797,496**	5,680,553,122	19%	1,184,326,402
Net Premium earned	**4,272,913,674**	3,683,192,076	16%	**4,242,214,878**	3,683,192,076	15%	589,721,598
Net underwriting income	**4,629,298,726**	4,053,742,495	14%	**4,598,599,930**	4,053,742,495	13%	575,556,231
Other revenue	**1,105,494,445**	867,176,335	27%	**794,257,812**	740,314,559	7%	238,318,110
Total Revenue	**5,734,793,171**	4,920,918,830	17%	**5,392,857,742**	4,794,057,054	12%	813,874,341
Claims paid	**(1,799,821,142)**	(1,422,944,099)	26%	**(1,783,133,770)**	(1,422,944,099)	25%	(376,877,043)
Other expenses	**(3,400,534,323)**	(2,856,922,709)	19%	**(3,150,035,714)**	(2,806,433,566)	12%	(543,611,614)
Total Benefits, Claims and Other E	**(5,200,355,465)**	(4,279,866,808)	22%	**(4,933,169,484)**	(4,229,377,664)	17%	(920,488,657)
Profit before tax	**534,437,706**	641,052,022	-17%	**459,688,258**	564,679,389	-19%	(106,614,316)
Income tax expense	**(127,726,964)**	(234,846,616)	0%	**(83,663,738)**	(209,928,186)	-60%	
Profit for the year	**406,710,742**	406,205,405	0%	**376,024,520**	354,751,203	6%	505,337
Basic and diluted earnings per share (Kobo)	**5.79**	6.77		**5.36**	5.91	6%	

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

CHAIRMAN'S STATEMENT: 2019 AGM

Distinguished Shareholders,
Colleagues on the Board,
CHI Staff Members,
Ladies and Gentlemen,

Dear Distinguished Shareholders, it is with great pleasure that I welcome you to the 24th Annual General Meeting of our Group, the 3rd in my capacity as Chairman, following the re-composition of the Board of Directors. I have the honour and privilege to present the Annual Report and Accounts of Consolidated Hallmark Insurance Plc. for the year ended December 31, 2018.

We have indeed come a long way in the 24 years that we have been meeting; and with your support, the company has recorded tremendous growth and weathered many storms in its operating environment. This period has also come with significant experience and lessons in the insurance industry, the national economy as well as the global environment. 2018 was a productive year in the execution of the Group's Strategy; despite the macroeconomic challenges and uncertainties in the regulatory environment, your Group demonstrated resilience and tenacity of purpose in the course of its operations; and delivered profitable operating results to its shareholders.

Without your contributions and above all, the faithfulness of Almighty God, we wouldn't have achieved the modest results now being presented before you.

GLOBAL OUTLOOK

The year 2018 opened on a cautiously optimistic note with the global economy expected to be in a broad-based cyclical recovery by the World Bank in its Work Economic Outlook report at the beginning of the year as investment, manufacturing and trade were expected to be on a rebound. The rapid fall in global commodity prices including crude oil had begun to dissipate, witnessing a gradual rebound.

The average closing price for Brent Crude oil in 2018 was $71.34, up from $54.71 in 2017, while the global price of the same grade of crude (equivalent of Nigeria's Bonny Light) was a low of $50.57, up from a 2017 low of $44.82. Global Gross Domestic Product was projected by the International Monetary Fund (IMF) to grow by 3.7% in 2018 but was later reviewed downwards mid-year to a low of 3.1% by the world body. The cut was attributed to trade tensions and tariff dispute between the United States and China.

The economy of global leader, USA recorded a GDP growth of 3% in 2018 down from 3.5% in Q3 while unemployment rate closed at 3.7%

OPERATING ENVIRONMENT

The outlook for the year in the local operating environment latched on the relative stability in the exchange rate of the naira to USD$ which averaged ₦305 officially and the parallel market rate averaging ₦360 on the back of regular intervention by the Apex Bank in the forex market with injection of hard currency.

Inflation rates in Nigeria which opened the year at in January at 15.18% dropped to 11.44% in December 2018 according to figures from the National Bureau of Statistics– an improvement from the 12-year high figure of 18.7% in January, 2017. Also, as at the third quarter of 2018, GDP grew by 1.81%, a marginal improvement over the 1.17% during the corresponding period of 2017.

The Nigerian Stock Exchange (NSE) recorded a 17.8% loss in 2018 having nose-dived from an initial 9% gain in the All Share Index buoyed by interest from foreign investors during the first quarter of the year. Investor uncertainty however set in during the subsequent quarters dipping by 8 and 14 percent respectively in Q2 and Q3. The dipped is largely attributed to market sentiments about the 2019 general elections and the fears of political instability. The ASI (All Share Index) lost 6,812.69 points having opened at 38,243.19 and closed at 31,430.50 while investors lost N1.9 trillion of their investment value from a market capitalization value which dipped to N11.72 trillion from N13.609 trillion it opened at the beginning of the year.

Reforms in the Power Sector are yet to significantly yield the expected returns in power supply stability as generation figures said to have attained 7,000 megawatts while actual distribution still hovers around 4,000-4,500 megawatts at peak generation. Resources expended on power consumers in their operations therefore continue to remain substantial.

NIGERIAN INSURANCE INDUSTRY

A major development which unsettled the market in July 2018 was the introduction of the Tier Based Minimum Solvency Capital (TBMSC) regime where the industry regulator, the National Insurance Commission (NAICOM) sought to categorize players into three Tiers. Risks (businesses) were to be underwritten by companies based on their capacities, with no mandatory injection of capital forced on players.

The exercise was however suspended in October following the outcry it generated and the resultant court case filed by shareholders. It was eventually cancelled in November, 2018.

Also, the regulator introduced guidelines for State Insurance Providers in November 2018, targeted at opening up opportunities in the inter-land areas, but this policy was equally suspended shortly after in December.

CAPITAL RAISE

Your company has remained proactive in ensuring a solid capital base, leveraging on your approval for additional capital in 2017 to successfully raise through a Private Placement, the sum of N734.5 million through an additional 1,130,000,000 units of ordinary shares at N0.65 per share. This has since increased the issued shares of your company to 8,130,000,000 from 7,000,000,000 units.

CHANGE IN NSE TICKER CODE

During the last quarter of the year under review, the trade code (ticker) of your company at the NSE was changed to CHIPLC from HMARKINS during listing. This was done to appropriately reflect the acronym.

OPERATING RESULTS

Notwithstanding Nigeria's macroeconomic challenges highlighted earlier, the group recorded a Gross Premium Written of N6,864,879,525 an increase of 20.85% from 2017, the highest recorded since its inception, however due to investments made in strategic market development initiatives; and the high claims payout during the year, the operating expenses grew by 26.48% to N1.77billion. However, due to Management's disciplined approach to cost management, the group still recorded a Profit After Taxation growth from ₦ 406,205,406 in 2017 to ₦407,074,317 in 2018.

DIVIDEND

We shall remain committed to our promise of regular dividend payment, God willing, having paid dividends seven financial years out of eleven of our operations in the past. This year, we are proposing a total dividend payment of 2 kobo per share subject to your approval at this meeting. This will translate to a total dividend payout of ₦ 162,600,000 from our 2018 operations.

SUBSIDIARIES

Our Health Maintenance Organisation, Hallmark HMO is gaining momentum in its operations with a rapidly expanding client base while Grand Treasurers Limited (GTL), the Leasing subsidiary of your company has recently expanded operations to other parts of the country.

They are both contributing positively to the overall growth of your company.

FUTURE OUTLOOK

We expect stability in the political environment after the heat generated by the 2019 general election settles, and the business environment gets set for reforms by the government post May 29, 2019.

Our commitment remains unwavering towards evolving into a leading provider of insurance and other financial services in Nigeria. Measures have been firmly put in place in this regard while the deployment of funds generated through capital raise will no doubt ensure further improvement in the company’s income.

APPRECIATION

I sincerely like to thank my colleagues on the Board of Directors for your uncommon leadership and strategic guidance in achieving the goals we have set out over the period. It is noteworthy that the achievements made by the Group could not have been attained without the unrelenting passion and dedication displayed by our Management and Staff; our partners- the insurance brokers and agents and our numerous customers.

Finally, on behalf of the Board, I would also like to express our appreciation to our shareholders especially, as well as other stakeholders for their continued support and confidence in CHI Plc. Together we shall continue to achieve greater success in the years ahead.

May God continue to reward our hard work and commitment with success.

Obinna Ekezie

Chairman, Board of Directors

February, 2019.

FROM THE CEO'S DESK

Our Dear Shareholders,
Welcome to the 24th in the series of the Annual General Meetings of Consolidated Hallmark Insurance. We are gathered again to receive and review the report of the performance of your company for the financial year ended, December 31, 2018.

Year in Year out, the Nigerian Insurance industry has continuously experienced its share of the challenges affecting the Nigerian economy, but the unique nature of the industry has come to bear as inflationary upsides affecting the costs of goods and services in other sectors have not reflected in premium rates for insurance risk covers. Rates have remained flat despite pressure from rising claims with instances of rates crashing in a market with low penetration of customers fueled by intense competition by players.
Despite the challenges however, we have remained committed towards ensuring the growth and overall profitability of our business as the details of our results for 2018 will reveal.

Please join me in the journey as we review the sector and the company, our successes/constraints, and our chart towards the future.

INSURANCE INDUSTRY
Of all the industry regulations released by the National Insurance Commission (NAICOM) in 2018, the Tier Based Minimum Solvency Margin recapitalization model caught operators unawares because of the level of capital increase required. Operation of the scheme was scheduled for commencement by January 1, 2019 though without compulsion to the operators on which category of insurance to play in. The three-tier model required operators desirous of playing in Tier to beef up their solvency margin from N5 billion to N15 billion. Life Insurance Operators who desired to continue in Tier One were mandated to boost their margins from N2 billion to N6 billion.
Your company as a non-life insurer was expected to have a solvency margin of N9 billion, to continue with underwriting of all risks including oil & gas, marine and aviation. Though later suspended and eventually cancelled, the policy left in its wake some market ripples, with residual effects on income. The situation is however gradually stabilising.
The National Insurance Commission (NAICOM), during the year being reviewed also introduced the State Insurance Provider (SIP) policy under which new insurance distribution channels were to be opened. The Commission said this was in furtherance of its policy to diversify insurance distribution in Nigeria.

The SIP was to be an agency of state governments and licensed by NAICOM to provide intermediary services as defined by the guidelines issued by the Commission.
However, like the Solvency Based Minimum Capital policy, the SIP implementation was aborted prior to its implementation in January, 2019 due to agitations from market players led by intermediaries.

The regulator continued with the implementation of guidelines released a year earlier – including the Bancassurance Operational Guidelines and the Revised Guidelines for Microinsurance. We have since taken advantage of the latter which was meant to facilitate registration and approval procedures for entering bancassurance relationships between banks and insurance companies. Our collaboration with some banks in this regard has led to opening of payment channels for ease of premium remittance by customers.

Also, the final registration process for our microinsurance subsidiary is in advanced state with the hope of commencing operations soon.

Implementation of other regulatory priorities by the Commission continued in 2018. These include the commencement of the industry rebranding campaign on both traditional and social media platforms. The project which is being jointly funded by industry operators and NAICOM has since entered a second phase in the plan to ensure better awareness and perception of insurance.

PERFORMANCE RATIOS

The Nigerian insurance industry was projected to grow at an average annual rate of 7.5%, up to the 2018 Financial year according to a report by Fast Market Research, an American firm. The report titled "the Insurance Industry in Nigeria: Key Trends and Opportunities to 2018," revealed a cumulative average growth rate (CAGR) for the insurance industry peaking at 10 percent. Factors responsible for the growth were listed to include a sterling performance by the life insurance segment.

The results of our performance in 2018 is an improvement on the growth projections for the industry. It is an all-time high rise in revenue, hitting a Premium Income of ₦6,864,879,525, an increase of ₦1,184,326,402 or 20.85% over the 2017 figure. Business retention remains good, even as we have further energized our Retail and Agency segments to grow new business inflow into the group. The retail segments achieved a combined growth of 135% in 2018 on their 2017 performance. This is a testament on our last year review where we reported progress being made in the deepening of our footprints in the retail market segments. CHI's revenue diversification drive was a major factor that aided the sustained financial performance through the challenging market conditions of 2018, further reinforcing its role as a formidable player in the Insurance Industry.

We have continued to fulfil our claims payment obligations to customers promptly amidst rising claims in the industry, with ₦4,787,135,023 spent on claims settlement in 2018 when compared with the ₦3,354,056,803 of 2017. The 42.72% increase, though significant, is a reduction of the 93% growth in 2017 claims expenses over that of 2016. The increase in the figure for 2018 is attributable largely to a few large one-offs with a single payment on a marine hull loss amounting to ₦2,174,399,976. Significant recoveries

on overall claims expenses amounting to ₦2,983,861,126 were however made from our robust reinsurance arrangement.
Due to Management's unrelenting efforts to ensure that your company is run efficiently, we recorded a reduction in underwriting expense and operating expense ratios in 2018, closing at 14.57% and 18.6% respectively, from 2017 figures of 24% and 26% respectively. This shows that we are making more money with lower costs. Your company has also increased it's Total assets from ₦9,490,174,394 in 2017 to ₦10,802,944,013 in 2018, representing a growth of 14%. Our capacity to undertake larger and more technical transactions has been greatly enhanced with the recent injection of additional capital through funds generated from a combination of the Rights Issue and Private Placement.

BUSINESS OUTLOOK
The implementation of our Five-Year Corporate Strategy plan has continued with increased vigor, following the setting up of a full-fledged Strategy function. Our internal processes are being reviewed for the purposes of streamlining them; while our Technical Operations have been restructured into a Strategic Business Unit (SBU) model to drive greater efficiency.

Our technology space is also being upscaled with more premium placed on revamping alternative and E-commerce channels to drive brand awareness, product distribution and in effect, revenue growth. Our customers now not only buy our products online through our portals, but also from other external channels driven by our strategic partnerships. It is cheering to also note that payment of renewal premium can now be done by them through these channels.

Our risk portfolio shall be continually diversified to avoid exposure to large concentration of risks while ensuring adherence to our reinsurance treaty arrangements to aid mitigation from effects of large/catastrophic claims.

Our desire to position ourselves as leaders in the insurance industry remains on course, with the enhanced operations of our subsidiaries including Grand Treasurers Limited and Hallmark HMO. Significant strides are being recorded by them in their market segments. The strategic intent is to continue to unlock new revenue streams while lowering costs in operations. We are upbeat over new performance targets and are deploying appropriate strategies to meet stakeholders' expectations as 2019 unfolds.
Also, in view of low visibility which the entire insurance industry is yet to tackle headlong, corporate actions are being taken to embark on media campaigns that will drive brand visibility of your company, in addition to the efforts being made by the industry.

CORPORATE SOCIAL RESPONSIBILITY

Our efforts to contribute to a better society especially through efforts to ameliorate the hardship experienced by the less privileged in our immediate operating environment has made us, over the years to continue to donate items to various orphanage homes spread across different locations including Abuja, Port Harcourt, Yaba, Surulere, Lekki and Anthony Village.

We are a company that shows empathy. Our Annual Essay Competition for students offering insurance and actuarial science in tertiary institutions has continued to attract the keen interest of participants nationwide. The winning prizes have since been increased, while all first prize winners in previous editions have expressed their preference for Consolidated Hallmark as their first choice of employment. They all joined our workforce.
Meanwhile, efforts are in the offing by Management to further expand the scope of our CSR activities.

HUMAN CAPITAL DEVELOPMENT
Premium value is placed on human capital development as members of staff have continued to benefit from local and International training programs to aid their job performance in line with our firm belief that human capital remains the most vital asset of an organization. Also, on the job training is ongoing to complement external training programs.

Other Human Resources initiatives include the full implementation of our online Enterprise Human Resource Management Solutions portal for Performance Management and staff data capture/Management.
Culture transformation of the over 200 strong workforce is taking place while succession planning is an integral aspect of the HR Policy.

CONCLUSION
2019 is gradually unfolding with hopes of a more positive economic performance in view of the positive 2.38% GDP growth figures for the last quarter of 2018 from the National Bureau of Statistics (up from 1.81% in Q3). We hope as an organization to harness the existing potentials from the continued growth of the national economy with the expected successful 2019 general elections and government at the national level rolling out policies that will further enhance ease of doing business. Risk mitigating strategies are also in place to ameliorate impending risks from all sectors of the economy.
For us at Consolidated Hallmark, it has been 12 years of determination to continually improve on our records of performance. It is heartwarming to note that there have been incremental increases Year on Year in overall company performance during this period of stewardship.

We count on the continued partnership with our customers and the resilience and dedication of colleagues – on the board, management and entire members of staff. Thank you all.

My appreciation also goes to every one of our over 9,000 shareholders who have continued to show their faith in the company. I appreciate you for being there for us always.

Above all to God Almighty, without whom we can indeed do nothing, to him be all the glory.

Eddie A. Efekoha
Managing Director/CEO

Lagos
February, 2019.

The Directors have the pleasure in submitting their report on the affairs of Consolidated Hallmark Insurance Plc together with the Group Audited Financial Statements for the year ended 31st December 2018

LEGAL FORM
The Company was incorporated on 2nd August 1991 as a private limited liability Company and commenced operations in 1992. The Company converted to a public limited Company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The Company shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT
During the year under review the Group engaged principally in general insurance business and maintained 11 corporate offices.

OPERATING RESULTS

	2018	2017	Change	% Change
Gross Written Premium	6,864,879,525	5,680,553,122	1,184,326,402	21%
Gross Premium Earned	6,512,335,014	5,542,732,729	969,602,285	17%
Net Premium Earned	4,242,214,878	3,683,192,076	559,022,802	15%
Net Claim Paid	(1,799,821,142)	(1,422,944,099)	(376,877,043)	26%
Management Expenses	(1,778,493,631)	(1,472,184,057)	(306,309,574)	21%
Underwriting Profit	1,207,436,892	1,246,059,744	(38,622,852)	-3%
Profit or (Loss) Before Tax	534,437,706	641,052,022	(106,614,316)	-17%
Profit or (Loss) After Tax	406,710,742	406,205,406	505,337	0%

Directors as at the date of this report
The names of the Directors at the date of this report and of those who held office during the year are as follows:

1.	Mr. Eddie Efekoha	Managing Director	
2.	Mr. Babatunde Daramola	Executive Director	Appointed 1 April 2016
3.	Mrs. Mary Adeyanju	Executive Director	Appointed 27 July 2016
4.	Mrs. Ngozi Nkem	Non-Executive Director	
5.	Mr. Obinna Ekezie	Non-Executive Director	Appointed 1 April 2016
6.	Mrs. Eziaku Ethel Obidegwu	Non-Executive Director	Appointed 1 April 2016

7.	Mrs. Adebola Odukale	Non-Executive Director	Appointed 1 April 2016
8.	Prince Ben C. Onuora	Non-Executive Director	Appointed 1 April 2016
9.	Mr. Joel Botete Avhurhi	Non-Executive Director	Appointed 1 April 2016
10.	Chief Andrew Dele Stephen Odigie	Non-Executive Director	Appointed 1 April 2016
11.	Mr. Shuaibu Abubakar Idris	Non-Executive Director	Appointed 26 Oct 2016

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

Directors	Direct As at February 2019	Indirect 2019 As at February 2019	Direct 2018	Indirect 2018	Direct 2017	Indirect 2017
Mr. Obinna Ekezie	-	467,283,121	-	467,283,121	-	399,285,136
Mrs. Adebola Odukale	-	1,079,980,650	-	1,079,980,650	-	1,079,980,650
Mr. Eddie Efekoha	704,840,451	704,840,451	704,840,451	345,999,075	505,690,000	296,000,000
Mrs. Ngozi Nkem	674,118,755	260,000,000	260,000,000	638,118,755	240,000,000	157,820,607
Mrs. Eziaku Obidegwu	-	188,000,000	-	188,000,000	-	165,000,000
Chief Andrew Odigie	433,274	-	433,274	-	350,000	-
Mr. Joel Avhurhi	98,000	128,213,465	98,000	128,213,465	84,000	109,897,257
Prince Ben Onuora	21,372,259	-	21,372,259	-	1,200,000	-
Mr. Babatunde Daramola	14,375,615	-	14,375,615	-	8,182,000	-
Mrs. Mary Adeyanju	21,731,666	-	21,731,666	-	1,759,000	-

Director	**Indirect Interest Represented**
Mr. Obinna Ekezie	Ugo (Dr.) Obi Ralph Ekezie
Mrs. Adebola Odukale	Capital Express Assurance Company Limited
	Capital Express Securities Limited
	Capital Express Managed Fund
	Capital Express Assets & Trust Ltd
Mrs. Ngozi Nkem	Maduako Group Limited
	Transglobe Investment & Financial Co Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Mrs. Eziaku Obidegwu	Sunthel Trust Limited
	Chief Sunny Obidegwu
Mr. Joel Avhurhi	Faith & Hope Enterprise

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2018 were as follows:

Shareholder	Units Held	%
Capital Express Assurance Co. Ltd	1,000,000,000	16.70
SPDC West Multipurpose Cooperative Society	500,000,000	8.30
Ugo (Dr.) Obi Ralph Ekezie	467,283,121	5.75
Mr. Eddie Efekoha	704,840,451	8.67

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at February 2019 were as follows:

Shareholder	Units Held	%
Capital Express Assurance Co. Ltd	1,000,000,000	12.30
SPDC West Multipurpose Cooperative Society	500,000,000	6.15
Ugo (Dr.) Obi Ralph Ekezie	467,283,121	5.75
Mr. Eddie Efekoha	704,840,451	8.67
Niger Delta Exploration & Production Plc	1,329,832,063	16.36

SHAREHOLDING ANALYSIS

The range of shareholding as at 31st December 2018 is as follows:

Range of Holding	No of Shareholders	%
1 - 10000	3,850	0.25%
10001 - 100000	3,761	2.15%
100001 - 1000000	1,203	5.72%
1000001 - 10000000	237	9.48%
10000001 - 100000000	35	14.37%
100000001- ABOVE	14	68.02%
		100.00%

DIRECTORS RESPONSIBILITIES

The Company's Directors are responsible, in accordance with the provisions of Section 334 of the Companies and Allied Matters Act Cap C20 LFN 2004, for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit and loss and cash flows for the year and that the statements comply with the International Financial Reporting Standard, Insurance Act 2003 and Companies and Allied Matters Act Cap C20 LFN 2004. In doing so they ensure that:

a. Proper accounting records are maintained.

b. Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularity.

c. Applicable accounting standards are followed.

d. Suitable accounting policies are consistently applied.

e. Judgments and estimates made are reasonable and prudent and consistently applied.

f. The going concern basis is used unless it is inappropriate to presume that the Company shall continue in Business.

FIXED ASSETS
Movements in fixed assets during the year are shown in note 12.2a & 12.2b. In the opinion of the Directors the market value of the Company's fixed assets is not lower than the value shown in the Financial Statement.

CORPORATE GOVERNANCE REPORT

INTRODUCTION
Consolidated Hallmark Insurance Plc ('CHI') is unswerving in its adherence to the principles of corporate governance as enshrined in the regulators' codes. CHI recognizes the benefits that strict adherence to these codes afford its investors, the Company, the insurance industry and the financial market in Nigeria and beyond. The Company has thus, not reneged in its commitment and efforts toward ensuring full compliance with the various and similar standards required of it by its regulators.

THE BOARD
The Company's Board of Directors is made of seasoned and accomplished professionals in the petroleum, insurance, accounting and banking industry. This assemblage of well bred and accomplished professionals with vast experience who are very conscious of their various professional ethics and the regulated nature of the insurance business have over the years brought these experiences to bear by their robust, dispassionate and consistent review of the Company's policies.

COMPOSITION OF THE BOARD
The Board of CHI is made up of eleven Directors. The Board is composed majorly of Non-Executive Directors which makes it independent of Management and has thus, enabled the Board to carry out its oversight function in an objective and effective manner.

In tandem with international best practice, the positions of the Chairman and the Chief Executive Officer/Managing Director are occupied by two different persons.

The details of the composition of the Board are stated below:

Mr. Obinna Ekezie	Non-Executive Director
Chief Andrew Dele Stephen Odigie	Non-Executive Director
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Mrs. Ngozi Nkem	Non-Executive Director
Mrs. Eziaku Ethel Obidegwu	Non-Executive Director
Mrs. Adebola Odukale	Non-Executive Director
Prince Ben C. Onuora	Non-Executive Director
Mr. Joel Botete Avhurhi	Non-Executive Director
Mr. Shuaibu Abubakar Idris	Independent Non-Executive Director
Mr. Babatunde Daramola	Executive Director
Mrs. Mary Adeyanju	Executive Director

DUTIES OF THE BOARD

1. Provides strategic direction for the Company.
2. Approves budget of the Company.
3. Oversees the effective performance of Management in running the affairs of the Company.
4. Ensures human and financial resources are effectively deployed.
5. Establishes adequate system of internal control procedures that ensure the safeguard of assets and assist in the prevention and detection of fraud and other irregularities
6. Following applicable accounting standards.
7. Consistently applying suitable accounting policies.
8. Ensures compliance with the code of corporate governance and with other regulatory laws and guidelines.
9. Performance appraisal of Board Members and senior executives.
10. Approves the policies surrounding the Company's communication and information dissemination system.

MEETINGS OF THE BOARD

The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met seven times in 2018, thus it ensured that the requirement of meeting at least once in every quarter was surpassed. Required notices and meeting papers were sent in advance before the meeting to all the Directors while the Nigerian Stock Exchange was equally given prior notice before every meeting of the Board.

BOARD COMMITTEES

To assist in the execution of its responsibilities, the Board discharges its oversight functions through various Committees put in place. The Committees are set up in line with statutory and regulatory requirements and are consistent with global best practices. Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-Executive Directors in particular.

The Committees have well defined terms of reference which set out their roles, responsibilities, functions, scope of authority and procedure for reporting to the Board. The Committees consider matters that fall within their purview to ensure that decisions reached are as objective as possible.

Set out below are the various Committees and the terms of reference of each Board Committee:

1. Board Finance & General Purpose Committee (FGPC)
2. Board Audit, Risk Management & Compliance Committee (ARMCC)
3. Board Investment Committee (BIC)
4. Board Establishment & Governance Committee (EGC)

1. BOARD FINANCE & GENERAL PURPOSE COMMITTEE (FGPC)

PURPOSE

The Board Finance & General Purpose Committee is responsible to the Board of Directors and it is mandated to oversee the Company's financial affairs on behalf of the Board and to give initial consideration to and advice on any other Board business of particular importance or complexity.

RESPONSIBILITIES

To review and make recommendation to the Board on the annual budget and audited accounts of the Company.

1. To recommend strategic initiatives to the Board.
2. To review quarterly and annual performance against budget
3. To consider and approve extra budgetary expenditure.
4. To give anticipatory approvals on behalf of the Board and ensure that such approvals are ratified by the Board at next sitting.
5. Any other matter that is not specifically covered by any other Committee.
6. Any other matter as may be delegated to the Committee by the Board from time to time.

MEETINGS OF THE COMMITTEE

The Committee meets as often as it considers necessary, but not less than once per quarter. The Committee met five times during the period under review.

MEMBERSHIP/COMPOSITION

Chief ADS Odigie	Non-Executive Director	Chairman
Mr. Joel Avhurhi	Non-Executive Director	Member
Mrs. Eziaku Obidegwu	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Mr. Babatunde Daramola	Executive Director	Member

Mrs. Mary Adeyanju	Executive Director	Member

2. BOARD AUDIT, RISK MANAGEMENT & COMPLIANCE COMMITTEE (ARMCC)

PURPOSE

The primary objective of the Audit & Risk Management Committee of the Board is to monitor and provide effective supervision of the Management's Financial Reporting Process with a view to ensuring accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Audit Committee also oversees the work carried out in the financial reporting process by Management, Internal Auditor and the External Auditor. The Audit Committee has the power to investigate any activity within its terms of reference, seek information from any employee when necessary and obtain external legal or professional advice from experts when necessary.

RESPONSIBILITIES

1 Monitors the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant reporting judgments contained in them, assisting the Board's oversight of the Company's compliance with applicable legal and regulatory requirements in this respect.
2 Reviews and approves the External Auditors' terms of engagement, propose fees and planned audit scope.
3 Oversees, monitors and reviews the functions and effectiveness of Internal Audit.
4 It reviews the scope and planning of Internal Audit requirements.
5 It reviews findings on management matters in conjunction with the External Auditors.
6 The Committee reviews the effectiveness of the Company's system of accounting and internal control.
7 The promotion, co-ordination and monitoring of risk management activities, including regular review and input to the corporate risk profile.
8 The Committee shall ensure that principal risks of the Company's business are identified and effectively managed.
9 To ensure that infrastructure, resources and systems are in place for risk management.
10 Carry out review of the risk mitigation programmes for completeness, adequacy, proportionality and optimal allocation of resources.
11 Setting the Company's tolerance for risks.
12 Ensuring that management establishes a framework for assessing the various risks.
13 It makes recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors, financial and senior management of the Company.
14 It has the power to instruct the Internal Auditors to carry out investigations into any of the Company's activities which might be of interest or concern to the Board.

15 The Committee is responsible for the review of the integrity of the Company's financial reporting and oversees the independence and objectivity of the External Auditors.
16 The Committee may seek explanations and additional information from the External Auditors with management presence.
17 It receives quarterly reports of the Internal Auditors.

MEETINGS OF THE COMMITTEE
The Committee meets not less than four times per annum and more frequently as circumstances require. This Committee met five times during the period under review.

MEMBERSHIP/COMPOSITION

Mr. Shuaibu Idris	Independent Non-Executive Director (Chairman)	
Mr. Joel Avhurhi	Non-Executive Director	Member
Chief ADS Odigie	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member

3. BOARD INVESTMENT COMMITTEE (BIC)

PURPOSE
The purpose of the Board Investment Committee is to assist the Board of Directors in fulfilling its obligation and oversight responsibilities in making investment decisions and formulating and advising the Board on strategic policy for the Company's capital and revenue investment programmes based on professional information/advice and for ensuring that systems are in place to identify, manage, and monitor principal risks that may impact on the Company's investment.
RESPONSIBILITIES
1. To consider and advise the Board on strategic policies for the Company's investment programmes.
2. The Investment Committee has responsibility for deciding on the appropriateness of all investments within the Company as it affects its clients, lines of business, Management staff and IT systems.
3. The Committee takes full responsibility for investment decisions whether to proceed with change initiatives, and necessary release or withdrawal of funds on behalf of the Board and in line with the Company's strategic objectives.
4. Ensuring that the assets of the Company are protected and effective control measures are put in place for sufficient internal checks and balances.
5. Considers and approves the investment policies of the Company.

MEETINGS AND PROCEDURE

The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Board Investment Committee met four times during the period under review.

MEMBERSHIP/COMPOSITION

Mrs. Eziaku Obidegwu	Non-Executive Director	Chairperson
Mrs. Adebola Odukale	Non-Executive Director	Member
Prince Ben Onuora	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member
Mr. Babatunde Daramola	Executive Director	Member

4. BOARD ESTABLISHMENT & GOVERNANCE COMMITTEE

PURPOSE

The Committee deals with matters affecting executive management staff as it relates to recruitment, assessment, promotion, disciplinary measures, career development among others. The Committee is also responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

RESPONSIBILITIES

1. Review from time to time the People Management Policies and make recommendations to the Board as appropriate;
2. Review and recommend recruitment, appointment and promotion of Top Management Staff;
3. Consideration and approval of disciplinary matters and exit/severance matters pertaining to Top Management Staff;
4. Reviews periodically, reports on productivity/performance of Top Management;
5. Review of staff compensation and welfare packages and make recommendation to the Board;
6. Consider and approve annual training programmes for the Company's staff in order to ensure overall staff development.

In carrying out its Corporate Governance functions, the Committee shall undertake the following duties:

7. Evaluate the current composition, organisation and governance of the Board and its Committees, as well as determine future requirements and make recommendations in this regard to the Board for its approval;

8. Oversee the evaluation of the Board;
9. Recommend to the Board, Director nominees for each Committee of the Board;
10. Coordinate and recommend Board and Committee meeting schedules;
11. Advise the Company on the best business practices being followed on corporate governance issues nationally and world – wide;
12. Recommend to the Board the governance structure for the management of the affairs of the Company;
13. Review and re-examine the Board charter annually and make recommendations to the Board for any proposed changes; and
14. Annually review and evaluate Board performance.

MEETINGS OF THE COMMITTEE
The Committee meets at least once in each quarter and as necessary. The Board Establishment & Governance Committee met five times during the period under review.

MEMBERSHIP/COMPOSITION

Prince Ben Onuora	Non-Executive Director	Chairman
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mrs. Adebola Odukale	Non-Executive Director	Member
Mr. Shuaibu Idris	Independent Non-Executive Director	
Mr. Eddie Efekoha	Managing Director	Member
Mrs. Mary Adeyanju	Executive Director	Member

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FGPC	ARMC	BIC	BEGC
Mr. Obinna Ekezie	5	N/A	N/A	N/A	N/A
Chief ADS Odigie	7	5	5	N/A	N/A
Mr. Eddie A. Efekoha	7	5	5	4	5
Mrs. Eziaku Obidegwu	6	4	N/A	4	N/A
Mr. Joel Avhurhi	7	5	5	N/A	N/A
Mr. Shuaibu Idris	7	N/A	5	N/A	4
Prince Ben Onuora	7	N/A	N/A	4	5
Mrs. Adebola Odukale	6	N/A	N/A	4	5
Mrs. Ngozi Nkem	7	N/A	5	N/A	4
Mrs. Mary Adeyanju	7	5	N/A	N/A	5
Mr. Babatunde Daramola	7	5	N/A	4	N/A
Dates of Meetings					

	31/01/18	24/01/18	24/01/18	22/01/18	22/01/18
	28/02/18	23/04/18	27/02/18	19/04/18	19/04/18
	21/05/18	16/07/18	23/04/18	12/07/18	27/04/18
	19/07/18	19/10/18	16/07/18	10/10/18	12/07/18
	30/07/18	5/12/18	19/10/18	-	10/10/18
	24/10/18	-	-	-	-
	13/12/18				

TENURE OF DIRECTORS

The tenure of the Non-Executive Directors is limited to three terms of three years each. This is in compliance with CAMA, NAICOM's Code of Good Corporate Governance and also fueled by the necessity to reinforce the Board by continually injecting new energy, fresh ideas and perspectives.

STATUTORY AUDIT COMMITTEE

The constitution and composition of the statutory audit committee is in compliance with Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004. The Committee is made of three Directors and three representatives of Shareholders.

The Statutory Audit Committee amongst other things examines the auditor's report and make recommendations thereon at the annual general meeting as it deems fit. The Committee's composition is set out below:

Dr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiotorhoro	Shareholders' Representative	Member
Chief James Emadoye	Shareholders' Representative	Member
Chief ADS Odigie	Non-Executive Director	Member
Mr. Joel Avhurhi	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member

Responsibilities

1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices
2. Review the scope and planning of audit requirements
3. Review the findings on management matters in conjunction with external auditor and departmental responses thereon
4. Keep under review the effectiveness of the company's system of accounting and internal control
5. Make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the company
6. Authorise the internal auditor to carry out investigation into any activities of the company which may be of interest or concern to the Committee.

Meetings of the Committee

The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Statutory Audit Committee met two times during the period under review.

	Members		January 24	February

			2018	27 2018
	Dr. Tony Anonyai	Shareholder/Chairman	✓	✓
	Chief James Emadoye	Shareholder	✓	✓
	Chief Simon Okiotorhoro	Shareholder	✓	✓
	Chief ADS Odigie	Director	✓	✓
	Mr. Joel Avhurhi	Director	✓	✓
	Mrs. Ngozi Nkem	Director	✓	✓

SHAREHOLDERS RIGHTS

The Board is continuously committed to the fair treatment of shareholders and ensures that the shareholders are given equal access to information about the Company irrespective of their shareholdings. The general meetings of the Company have always been conducted in an open manner which allows for free discussions on all issues on the agenda. The statutory and general rights of the shareholders are protected at all times.

Representatives of regulatory bodies such as the NAICOM, SEC and the NSE are always in attendance at our annual general meetings. The representatives of the shareholders association also attend the Company’s general meetings and they are allowed to make full and fair participation during the meetings.

CONFLICT OF INTEREST

CHI has a policy in place that requires prompt disclosure from Directors of any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its committees. CHI policy requires any Director who has or may have a conflict of interest to abstain from discussions and voting on such matters.

THE COMPANY SECRETARY

The Company Secretary primarily assists the Board and Management in the implementation and development of good corporate governance. The Company Secretary provides guidance and advice to the Board and the Management of the Company on issues of ethics, conflict of interest and good corporate governance.

The Company Secretary also does the following: advice the Directors on their duties, and ensure that they comply with corporate legislation and the Articles of Association of the Company; Arranging meetings of the Directors and the shareholders. This responsibility involves the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

REMUNERATION

CHI has a comprehensive remuneration policy for Directors and all levels of Management staff. Our remuneration policy is adequate to attract, motivate and retain skilled, qualified and experienced individuals required to manage the Company successfully. The statement of the Directors remuneration is stated in the Audited Financial Statement.

SPONSORSHIP AND DONATIONS

In line with our Corporate Social Responsibility initiatives the following sponsorship and donations were made to organisations during the year, including:

- Consolidated Hallmark Insurance Tertiary Institutions Annual Essay Award N500,000
- Niola Cancer Care Foundation N100,000
- Medical assistance to the needy N500,000
- Motherless Babies' Home Foodstuff & Provisions N250,000
- CIIN/IICC Education Conference N1,000,000
- Insurance Industry Rebranding Project II N2,601,770
- Donation for treatment on health ground to Journalist N200,000
- Sponsorship of 2018 Variety Night (Chrisland School) N150,000
- Lagos State District Education Programme N25,000

EMPLOYMENT AND EMPLOYEES

a) Employment of disabled persons

The Group does not discriminate in considering applications for employment from disabled persons. If a disabled person meets all recruitment requirements, the Group shall not by reason of disability deny such a person from employment opportunity but would make adequate provision for the accommodation of such person. However, as at 31st December 2018 there was no disabled person in the Group employment.

b) Employees' training and Involvement

The Group ensures that the employees are kept fully informed of the values, goals and performance plans and progress during the year. They are involved in the goal setting at the beginning of the year and meet regularly to review performances. They make recommendations on innovative ideas towards meeting customers' expectations and improving on general operations and relationships within the Group. The Group pays strong importance to the use of our core values in the discharge of duties across the company and acquisition of Technical expertise through extensive internal and external training, on the job skills enhancement and professional development.

c) Health, Safety and welfare of employees

The Group strictly observes all safety and health regulations. Successfully managing HSE issues is an essential component of our business strategy. Through observance and encouragement of this policy, we assist in protecting the environment and the overall well-being of all our stakeholders, specifically, our employees, clients, shareholders, contractors, and host communities.

We conduct regular fire training and drill exercises to sensitize all staff and stakeholders of the need to be safety conscious. The Group ensures that all safety measures are observed in all locations. During the period under consideration we did not experience any workplace accident or health hazards.

Employees are registered with Health Management Organizations of their choice for provision of medical services at the designated hospitals. We equally have arrangement with offsite hospitals to cater for emergency cases that occur during working hours.

SECURITY TRADING POLICY

In compliance with the requirement of section 14 of the Nigerian Stock Exchange amended rules, the Group has in place a security trading policy which is designed to prevent insider trading in the company's securities by Board Members, Executive Management and persons that are closely related to them who are privy to price sensitive information.

The policy also prevents them from releasing such price sensitive information to their privies or agent for the purpose of trading in the company's shares.

DIVIDEND

The Directors at its board meeting dated 27th February 2019 passed a resolution to recommend a dividend of 2kobo per share amounting to =N=162,600,000.00 for Shareholders approval at the next Annual General meeting of the company.

AUDITORS

The Auditors SIAO Professional Services have indicated their willingness to serve as the Group's External Auditors in accordance with section 357(2) of the Companies and Allied Matters Act Cap C20 LFN 2004.

A resolution will be proposed at the annual general meeting to authorize the Directors to fix their remuneration.

By order of the Board

RUKEVWE FALANA
Company Secretary
FRC/2016/NBA/00000014035

Statement of Directors' Responsibilities

In accordance with the provisions of Section 334 and 335 of the Companies and Allied Matters Act 2004 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and its Subsidiaries and of the operating result for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;

- The Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and Prudential Guidelines issued by NAICOM.

- The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

- The financial statements are prepared on a going concern basis unless it is presumed that the Group will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

- Insurance Act 2003
- International Financial Reporting Standards;
- Companies and Allied Matters Act 2004;
- Banks and Other Financial Institutions Act, 1991;
- NAICOM Prudential Guidelines; and
- Financial Reporting Council Act, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on 28 February, 2019 by:

………………………………	………………………………..
Mr. Eddie Efekoha	**Mr. Obinna Ekezie**
Managing Director/CEO	**Chairman, Board of Director**
FRC/2013/CIIN/00000002189	FRC/2017/IODN/000000017485

Certification Pursuant to Section 60 (2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended December 31, 2018 that:

a. We have reviewed the report;

To the best of our knowledge, the report does not contain:

i. Any untrue statement of a material fact, or
ii. Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

c. We:

- Are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d. We have disclosed to the auditors of the Company and Audit Committee:

i. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
ii. Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Babatunde Daramola	**Mr. Eddie Efekoha**
E.D. Finance, System & Investment	**Managing Director /CEO**
FRC/2013/ICAN/00000000564	**FRC/2013/CIIN/00000002189**

SIAO

Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Consolidated Hallmark Insurance Plc

Report on the Audit of the Consolidated Financial Statements for the year ended 31st December, 2018

Opinion

We have audited the consolidated financial statements of Consolidated Hallmark Insurance Plc (**the Company)** and its subsidiaries (**altogether, the Group**), which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Consolidated Hallmark Insurance Plc **and its subsidiaries** as at December 31, 2018 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) applicable and in the manner required by the Financial Reporting Council Act 2011, Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and the relevant NAICOM circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

SIAO

Key Audit Matters

Private placement of 1.130 Billion Ordinary Shares at 65 kobo per share, reference Note 19.1

The company disclosed in Note 19.1 a private placement of 1.130 Billion Ordinary Shares with proceeds of N565 Million as addition to Issued Share Capital and N155.264 million in Share Premium.

1,130,000,000 Ordinary Shares of the Company were offered by way of private placement to an investor at 65kobo per one ordinary share of 50 kobo par value. The placement was concluded and the proceeds realized at the close of the year.

The transaction was material and thus qualify for this disclosure during the year.

How our audit addressed the key audit matters

Our procedures in relation to the disclosure of the private placement of Ordinary Shares in Note 19.1 include:

- We reviewed the placement documents to confirm the total shares on offer and the price per share;
- Reviewed board of directors' minutes and resolution at the Board Completion Meeting concerning the Private Placement;
- Reviewed the clearance given by Securities and Exchange Commission;
- Traced the proceeds obtained from the issue to the Company's accounts, and also the issues expenses.

We found the disclosure in Note 19.1 to be appropriate.

Key Audit Matters

Valuation of Insurance Contract Liabilities

Refer to note 14 in the Group financial statements

Management has estimated the value of insurance contract liabilities in the Group financial statements to be **N3.804 billion** as at year ended 31st December, 2018 based on a liability adequacy test carried out by an external firm of actuaries. The valuation depended on a set of key assumptions, and significant judgements including supposition that:

- Policies are written, and claims occur uniformly throughout the year for each class of business;
- Future claims follow a regression pattern;
- Weighted past average inflation will remain unchanged into the future;
- UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.

How our audit addressed the key Audit Matters

Our procedures in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:

- Evaluate and validate controls over insurance contract liability;
- Evaluate the independent external actuary's competence, capability and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions;
- Checking the accuracy and relevance of data provided to the actuary by management;
- Reviewing the result based on the assumptions.

We assessed the disclosures on note 14 and found them to be appropriate based on the assumptions and test result.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the Consolidated Hallmark Insurance Plc 2018 annual report other than the Group financial statements and our auditors' report thereon ("the Other Information").

Our opinion on the Group financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

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

Based on the work we have performed on the Other information obtained prior to the date of this auditors' report, if we conclude that there is a material misstatement of the Other Information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the Group Financial Statements

The directors are responsible for the preparation of Group financial statements that give a true and fair view, in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, Financial Reporting Council Act 2011, the Insurance Act 2003 of Nigeria, the Investments and Securities Act 2007 and National Insurance Commission (NAICOM) circulars. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Group Financial Statements

Our Objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

We report our opinion solely to you, as a body, in accordance with section 359 (1) of the Companies and Allied Matters Act, Cap C20, LFN 2004 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

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

- Identify and assess the risks of material misstatement of the Group financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and

- performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence.

S I A O

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

Report on Other Legal and Regulatory Requirements

Contravention of Regulatory Guidelines

The company paid N23 Million for contravening NAICOM's rule of seeking for "Approval in Principle' (AIP) on Airpeace Limited's transaction, and N450,000 for failure to render a quarterly return on utilization of rights issue proceeds to the SEC during the period under review.

Compliance with the requirements of the Companies and Allied Matters Act, 2004 and Nigerian Insurance Act, 2003

The Companies and Allied Matters Act and Nigerian Insurance Act requires that in carrying out our audit, we consider and report to you on the following matters. We confirm:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books;

iii) The Group's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

....

Joshua Ansa, FCA
Engagement Partner:
FRC/2013/ICAN/00000001728

For: S I A O
(Chartered Accountants)
Ikoyi, Lagos

Date: 28th March, 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0991436

Report of the Audit Committee

To the members of Consolidated Hallmark Insurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap C20 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit Committee of Consolidated Hallmark Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended December 31, 2018 and we confirm that they were adequate.

- The Group's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.

- We are satisfied with the management responses to the External Auditors' findings on management matters for the year ended December 31, 2018

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Dr. Tony Anonyai
Chairman of the Audit Committee
FRC/2013/NIM/00000002579

Date; February 28, 2019

Members of the Audit Committee

Dr. Tony Anonyai	-	(Shareholders' Representative)-	Chairman
Mr. James Emadoye	-	″ ″	Member
Mr. Simon Okiotorhoto	-	″ ″	Member
Mrs. Ngozi Nkem	-	(Non-Executive Director)	Member
Chief Andrew S. Odigie	-	″ ″	Member
Mr. Joel Botete Avhurhi	-	(Non-Executive Director)	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.

General Information;

The Group

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiaries - CHI Capital Limited, Hallmark Health Services Limited and CHI Microinsurance Limited (in formation). CHI Capital Limited has two wholly owned subsidiaries, Grand Treasurers Limited and CHI Support Services Limited.

Company Information:

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991 and domiciled in Nigeria. The address of the company registered office is 266 Ikorodu road Lagos (formerly plot 33d Bishop Aboyade Cole Street, Victoria Island, Lagos).

The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of the National Insurance Commission (NAICOM) announced in 2005. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

These consolidated and separate financial statements have been authorized for issue by the Board of Directors on **27 February 2019.**

Principal Activities

Consolidated Hallmark Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non – life insurance underwriting including Motor, Fire and Special Perils, Goods-in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and have its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos.

Going concern assessment

These consolidated financial statements have been prepared on a going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

Subsidiaries;

CHI Microinsurance Limited (Undergoing Formation)

CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc, incorporated in 2016 and undergoing NAICOM licensing process to provide Life microinsurance services. Microinsurance is a financial arrangement to protect low income people against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of risk involved.

CHI Capital Limited

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited in 2010 and also, incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

Grand Treasurers Limited is a subsidiary of CHI Capital Limited. The business of the company is consumer lending, lease financing and other finance company business.

CHI Support Services Limited is a company incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company in 2014 and authorised by the Nigerian Communication Commission to provide the service of tracking vehicles. CHI Support Services was incorporated in Nigeria.

Hallmark Health Services Ltd

Hallmark Health Services Ltd is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. Incorporated in 2017. It is envisioned to be a leading health insurance company to meet the need for quality health maintenance services providing affordable and lasting health care plan for all Nigerians

Statement of Significant Accounting Policies
The following are the significant accounting policies adopted by the Group in the preparation of its consolidated financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

1. Basis of presentation:

1.1 Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group's financial statements for the year 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by IFRS's interpretation committee (IFRIC) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

These are the Group's financial statements for the year ended 31 December 2018, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 Application of new and amended standards
The accounting policies adopted are consistent with those of the previous financial year despite the adoption of IFRS. For the preparation of these Financial Statements, the following new, revised or amended requirements are mandatory for the first time for the financial year beginning 1 January 2018.

New standards, interpretations and amendments effective from 1 January 2018
The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 31 December 2018. They have not been adopted in preparing the financial statements for the year ended 31 December 2018 and are expected to affect the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below.

- **IFRS 15 - Revenue from Contracts with Customers**

  In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments, insurance contracts and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g. IFRS 9, 4 and IFRS 16 Leases).

  Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognise revenue, and at what amount.

  a) Identify the contract(s) with a customer

Statement of Significant Accounting Policies (Cont'd)

b) Identify the performance obligations in the contract

c) Determine the transaction price

d) Allocate the transaction price to the performance obligations in the contract

e) Recognise revenue when (or as) the entity satisfies a performance obligation

The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. This standard does not have any significant impact on the Group

- **Amendments to IAS 28 - Investment in Associates and Joint ventures**

The amendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity's associate or joint venture to its interests in subsidiaries. Furthermore, the amendments also clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of the unrelated investors' interests in the associate or joint venture.

The IASB published an amendment to IAS 28 on 'Long-term interests in associates and joint ventures' in October 2017 to clarify that an entity should apply IFRS 9 (including its impairment requirements) to long-term interests in an associate or joint venture to which it does not apply the equity method. This amendment does not impact the Group as it does not have long term interests in associates and joint ventures.

Amendments to IFRS 1 – First time Adoption of IFRS:
Deletion of short- term exemptions for first time adopters The IASB deleted short term exemptions granted to first time adopters of IFRS as those reliefs are no longer necessary. This amendment does not have any impact on the Group.

Amendments to IFRS 2-Share Based Payment-Classification and measurment of share based payment transactions
This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Group.

Amendments to IAS 40 – Investment Property – Transfers of Investment Property
The amendment to IAS 40 clarifies the requirements on transfers to, or from, investment property. Transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the

Statement of Significant Accounting Policies (Cont'd)

property qualifies as an investment property. That change in use should be supported by evidence.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The IFRS Interpretation Committee of the IASB issued IFRIC 22 which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, when an entity has received or paid advance consideration in foreign currency. The committee explained that the date of transaction for the purpose of determining exchange rate to use on initial recognition of related asset, expense or income is the date on which an entity initially recognizes the non-monetary assets or non-monetary liabilities arising from the payment or receipt of advance consideration. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. These amendments do not have any material impact on the Group.

Amendments to IFRS 4 – Insurance Contract, regarding implementation of IFRS 9

The IASB issued the amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

1. An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is called the overlay approach;
2. An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is called the deferral approach. The Group chooses to apply the deferral approach.

IFRS 9 - Financial instruments

IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by collecting both contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition,

Statement of Significant Accounting Policies (Cont'd)

designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases. IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

The hedge accounting requirements in IFR S 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains. The amendments had no material effect on the Group's Financial Statements.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss.

IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. Reporting entities will be required to develop the capability to model a number of economic scenarios and capture the impact on credit

Statement of Significant Accounting Policies (Cont'd)

losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight needs to be established around the process.

An assessment of the ECL in the Group's balance sheet reflects an increase in the provisions for credit losses. However, this increase does not have a significant impact on regulatory capital and invariably the Capital adequacy due to the Group's strong earnings and retention capacity over the years.

The Group conducted an initial predominance assessment and having met the criteria for exemption, the Board opted for temporary exemption option (deferral approach). The result of the predominance assessment using 2015 financial report as stated in IFRS 4 amended 2016 section 20D of the standard is stated below;

The carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to N4.16billion as at 31 Dec 2018 (31 Dec 2017 : N3.85billion), Company N4.10billion (31 Dec 2017: 3.85billion) which is greater than 80 per cent of the total carrying amount of all its liabilities as at 31 Dec 2018 and 31 Dec 2017 respectively ;

The Company is registered with C.A.C. to carryout insurance activities and its activities are predominantly connected with insurance contracts.

Predominance Assessment				
Using 2015 Financial Report	**Group**		**Company**	
Insurance Liabilities	Carrying amount	Insurance Liabilities	Carrying amount	Insurance Liabilities
Insurance Contract Liabilities	2,218,670,079	2,218,670,079	2,218,670,079	2,218,670,079
Trade Payables	112,060,913	112,060,913	112,060,913	112,060,913
Other Payables and Provision	163,568,360	-	171,540,123	-
Retirement Benefit Obligations	184,444	-	4,430	-
Income Tax Liabilities	120,730,104	93,162,912	93,162,912	93,162,912
Deferred tax liabilities	140,289,268		139,693,165	
	2,755,503,168	2,423,893,904	2,735,131,622	2,423,893,904
Predominance ratio		88%		89%

The impact assessment of IFRS 9 on the Group's financial assets as December 31, 2017 which is the reporting date that immediately precedes January 1, 2018, i.e. the effective implementation date of the standard, is stated below;

Group

2017 Impact analysis on Financial Assets	**2017 GROUP**		
Financial Assets;	**IAS 39**	**IFRS 9**	**Impact**
-At fair value through profit or loss	**170,256,830**	**170,256,830**	-
-Loans and receivables(Amortised Cost)	**408,385,061**	**402,769,036**	5,616,025
-Available for sale assets(FVOCI)	**60,950,000**	**74,189,168**	(13,239,168)
-Held to maturity(Amortised Cost)	**2,260,597,511**	**2,223,744,982**	36,852,529
Trade receivables	**234,852,324**	**233,208,358**	1,643,966.27
	3,135,041,727	**3,104,168,375**	**30,873,352**

Statement of Significant Accounting Policies (Cont'd)
Company

	2017 COMPANY		
Financial Assets;	IAS 39	IFRS 9	Impact
-At fair value through profit or loss	161,850,795	161,850,795	-
-Loans and receivables(Amortised Cost)	248,623,854	224,426,679	24,197,175
-Available for sale assets(FVOCI)	60,950,000	74,189,168	(13,239,168)
-Held to maturity(Amortised Cost)	2,260,597,511	2,243,156,862	17,440,649
Trade receivables	150,356,282	149,905,213	451,069
	2,882,378,442	2,853,528,717	28,849,725

Fair value disclosures

Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest:

The group financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows;

		2018	2017
i	Premium receivable	234,852,324	150,356,282
ii	Loans	1,187,669,655	408,385,061
iii	Other assets and receivables	195,161,111	174,488,859
iv	Short term placement	1,330,749,584	1,184,243,800
v	Investment securities;		
	-Bond	178,363,322	146,581,227
	-Treasury bills	897,224,059	2,114,016,284

Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest

These are financial assets that meets the definition of held for trading in line with IFRS 9; or that is managed and whose performance is evaluated on a fair value basis. These assets are as follows:

Quoted equity securities	301,916,504	170,256,830
Unquoted equity securities	60,950,000	60,950,000

The Central Bank of Nigeria that regulate a member of the Group, Grand Treasurers Limited, issued a Guidance Note dated November 30, 2018 to all Other Financial Institutions (OFI) on the implementation of IFRS 9 financial instruments. See OFISD/DIR/GEN/IFR/XX/XX.

Amendments to IFRS 12 titled Clarification of the Scope of the Standard

Annual improvements to IFRS Standard 2014-2016 Cycle
The amendments clarification that the disclosure requirements of IFRS 12 do apply to interests in entitles within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations except for summarized financial information for those interests (i.e. paragraphs B10-B16 of IFRS 12). The amendments had no material effect on the Group's Financial Statements.

Statement of Significant Accounting Policies (Cont'd)

Amendments to IFRS 2 -'Share -based payments', Classifying how to account for certain types of share-based payment transactions

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. Effective for annual periods beginning on or after 1 January 2018. The amendments had no impact on the Group's Financial Statements.

IFRIC 22, ' Foreign currency transactions and advance consideration

This IFRIC addresses currency transactions or parts of transactions where there is, that is, denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. Effective for annual periods beginning on or after 1 January 2018. The amendments had no material effect on the Group's Financial Statements.

1.1.3 Standards and Interpretations Issued but not yet Effective

The Group has not applied the following new or amended standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2018 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to IFRS Statements Limited). The Directors anticipate that the new standards and amendments will be adopted in the Group's financial statements when they become effective. The Group has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

- **IFRS 16 Leases**

The standard- effective for annual periods beginning on or after 1 January 2019 (earlier application permitted only if IFRS 15 also applied) – replaces IAS 17 and its interpretations. The biggest change introduced is that almost all leases will be brought onto lessee' balance sheets under a single model (except leases of less than 12 months and leases of low – value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

The impact of this amendment has been reviewed and have been estimated to have no or minimal impact on the financial statements of the entity in future periods.

IFRS 17 Insurance Contracts

The standard that replaces IFRS 4 – effective for annual periods beginning on or after 1 January 2022 (earlier application permitted only if IFRS 9 and IFRS 15 also applied) – requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving basis for users of financial statements to assess the effect that insurance contracts have on

Statement of Significant Accounting Policies (Cont'd)

the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The impact of this amendment has been reviewed and have been estimated to have major impact on the financial statements of the entity in future periods.

1.2 Basis of measurement

These financial statements are prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Assets held for trading are measured at fair value

1.3 Functional and presentation currency

The financial statements are presented in the functional currency, Nigeria naira which is the Group's functional currency.

1.4 Consolidation

The Group financial statements comprise the financial statements of the company and its subsidiaries, CHI Capital Limited, Hallmark Health Services Limited and CHI Microinsurance Limited, all made up to 31 December, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control seizes.

Subsidiaries are all entities (including structured entities) over which the Group exercise control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

(1) Power over the investee
(2) Exposure, or rights, to variable returns from its involvement with the investee, and
(3) The ability to use its power over the investee to affect the amount of the investor's returns.

The subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement.

1.5 Use of estimates and judgments

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

Statement of Significant Accounting Policies (Cont'd)

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below:

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time.

Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could

Statement of Significant Accounting Policies (Cont'd)

affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets whenever observable market data exist for this asset.

(c) Impairment of trade receivables

The Group adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30days that are due from brokers. The trades receivable was further subjected to impairment based on management judgement. Internal models were developed based on company's specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(d) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset under Deferred Acquisition Costs (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

(e) Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

2. Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

Statement of Significant Accounting Policies (Cont'd)

3. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances, fixed deposits and treasury bills within 90days.

3.1 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. At initial recognition, the Group classifies its financial assets in the following categories:

3.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term. Assets where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day, are trading assets. Assets do not fall under this category merely because there is a market for the asset – the entity must have acquired the asset for short term trading intent.

3.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The Group's loans and receivables comprise loans issued to corporate entities, individual and/or staff of the Group. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

Statement of Significant Accounting Policies (Cont'd)

3.1.3 Available-for-sale investments

These are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Group's available-for-sale assets comprise investments in equity securities (other than those qualifying as cash equivalents).

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Gains or losses arising from remeasurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months. Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Group's right to receive payment is established.

3.1.4 Held-to-maturity financial assets

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

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognized at cost and subsequently measured at amortized cost. Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income. In the event of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/ (losses) on investment securities'

3.2 Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date

Statement of Significant Accounting Policies (Cont'd)

of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.3 Impairment of assets

3.3.1 *Financial assets carried at amortized cost*

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.

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

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount

Statement of Significant Accounting Policies (Cont'd)

of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

3.3.2 Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

3.3.3 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss

Statement of Significant Accounting Policies (Cont'd)

is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

3.3.4 Impairment of other non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.1 ***As Lessor***

4.1.1 Finance leases

Assets held under finance leases are recognized as finance lease receivable of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognized immediately in the income statement, unless attributable to qualifying assets, in which case they are capitalized to the cost of those assets. Contingent rentals are recognised as expenses in the periods in which they are incurred.

5. Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

6. Reinsurance assets and liabilities

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and

Statement of Significant Accounting Policies (Cont'd)

which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortized over the estimated remaining settlement period.
The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

7. Deferred acquisition costs

Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

8. Other receivables and prepayments

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

9. Deposit for shares (assets)

Where the company invested in the equities of other entities and the necessary allotment of shares or share certificates have not been received by the company, such investment shall be treated as deposit for shares. At initial recognition, it would be treated at cost and at subsequent recognition, it would be recognized at cost less impairment (if any).

10. Investment in subsidiaries

Subsidiaries are entities controlled by the parent. In accordance with IAS 10, control exists when the parent has:

Statement of Significant Accounting Policies (Cont'd)

I. Power over the investee
II. Exposure, or rights, to variable returns from its involvement with the investee; and
III. The ability to use its power over the investee to affect the amount of investor's returns.

Investments in subsidiaries are reported at cost less impairment (if any).

11. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

12. Intangible assets

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses. Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.
The class of the intangible assets recognised by the company and its amortisation rates are as follows:

	Rate
Computer software	15%

13. Property and equipment
13.1 Recognition and Measurement

All property and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	-	2%

Statement of Significant Accounting Policies (Cont'd)

Furniture & fittings	-	15%
Computers	-	15%
Motor vehicles	-	20%
Office equipment	-	15%

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period.

13.2 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

14. Statutory Deposit

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

15. Insurance Contracts Liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (note14.4).Balances arising from insurance contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

Statement of Significant Accounting Policies (Cont'd)

15.1 Reserves for unearned premium

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

15.2 Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

15.3 Reserves for unexpired risk

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

15.4 Liability adequacy test

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

16. Retirement benefits obligations

16.1 Defined contribution plan

The Group runs a defined contribution plan in line with the Pension Reform Act Amended 2014. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The rate of contribution by the Group and its employee is 10% and 8% respectively of basic salary, housing and transport allowance. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Statement of Significant Accounting Policies (Cont'd)

17. Deposit for shares (liability)

Where the shareholders deposited for the equity of the entity and the necessary allotment of shares or share certificates have not been issued by the company due to authorization and approval from regulatory bodies, such deposit shall remain a liability until the allotment is done, when the obligation is converted into equity.

18. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

19. Share premium

Share premium is the excess amount over the par value of the shares. This is classified as equity when there is no obligation to transfer cash or other assets. The proceeds received are recorded as net of costs. This reserve is not ordinarily available for distribution.

20. Contingency reserve

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

21. Statutory reserve

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited, a subsidiary within the group.

22. Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a deduction in the revenue reserve in the year in which the dividend is approved by the Company's shareholders.

23. Revenue recognition

23.1 Premium

Written premium for non-life (general insurance) business comprises the premiums on contract incepting in the financial year. Written premium are stated at gross of commissions payable to intermediaries. Unearned premiums are those portions of the premium, which relates to periods of risks after the balance sheet date. Unearned premiums are prorated evenly over the term of the insurance policy. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in the unearned premium.

Statement of Significant Accounting Policies (Cont'd)

a) **Gross premium**
Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance.

b) **Gross premium earned**
Gross premium earned is the written premium recognized after adjusting for the unearned portion of the premium.

a) **Unearned premium**
This is the portion of the gross premium on the insurance contract, determined on a contract by contract basis, which is deemed to be relating to the risk for period not falling within the current accounting year. This is carried forward to the next accounting period as unearned premium.

b) **Net premium**
Net premium represents gross premium earned less reinsurance costs.

c) **Reinsurance premium**
Reinsurance premium is the ceding to a reinsurance part of a risk or liability accepted in order to ensure greater and reduced liability on the part of the company. The outward reinsurance premium relating to earned premiums are recognized as outflow in accordance with the reinsurance services received.

23.2 Reinsurer's share of unearned premium

Reinsurer's share of unearned premium is recognized as an asset using principles consistent with the company's method for determining the unearned premium liability.

24. Expenses

a) **Reinsurance cost**
This represents the outward reinsurance premium paid to reinsurance companies less the unexpired portion as at the end of the current accounting year.
The reinsurance cost is charged to the underwriting revenue account while the unexpired portion is shown as prepaid reinsurance costs, on asset, on the balance sheet.

b) **Reinsurance recoveries**
Reinsurance recoveries represents that portion of claims paid or payable on risks ceded out to reinsurance companies on which recoveries are received or receivable from the reinsurer.
The recoveries are applied to reduce the gross claims incurred on the underwriting revenue account.

c) **Prepaid reinsurance cost**
This is the unexpired reinsurance cost determined on a time apportionment basis and is reported under other asset on the balance sheet.

Statement of Significant Accounting Policies (Cont'd)

d) Gross claims paid
This is the direct claims payments during the year plus reinsurance claims paid, if any.

e) Gross claims incurred
The is made up of claims and claims handling expenses paid during the financial year after adjusting for the movement it the prevision for outstanding claims and claims incurred but not reported (IBNR).

a) Net claims incurred
This is gross claims incurred after adjusting for reinsurance claims recoveries.
All claims paid and incurred are charged against the underwriting revenue account as expense wren Incurred. Reinsurance recoveries are recognized when the company records the liability for the claims.
Anticipated reinsurance recoveries on claims ore disclosed separately as assets.

f) Management expenses
Management expenses are expenses other than claims, investments and underwriting expenses. They include salaries, depreciation charges and other administrative but non-operating expenses. They are accounted for on or accrual basis and are charged to the profit and loss account in the year in which they were incurred.

Provision for unpaid claims and adjustment expenses

Individual loss estimates are provided on each claims reported. In addition, provisions are made for adjustment expenses, changes in reported claims, and for claims incurred but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

25. Salvage and subrogation recoverable

In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value.

Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

26. Fees and commission income

Fees and commissions consist primarily of reinsurance commission and other contract fees. All other fee and commission income is recognized as services are provided.

27. Investment income
Investment income consists of dividend, interest income. Dividends are recognized only when the group's right to payments is established.

Statement of Significant Accounting Policies (Cont'd)

27.1 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount

27.2 Other operating income

Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

27.3 Realized gains and losses

The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortized costs as appropriate.

28. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of

Statement of Significant Accounting Policies (Cont'd)

the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

29. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

30. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, unsettled monetary assets and liabilities are translated into the Group's functional currency by using the exchange rate in effect at the year-end date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

31. Unclaimed dividend

Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.

32. Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the year.

33. **Borrowings**

These are financial liabilities that mature within 12months of the balance sheet date. Borrowings inclusive of transaction cost are recognize initially at fair value. Borrowings are subsequently stated at amortized cost using the effective interest rate method; any difference between proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED 31 DECEMBER 2018

	Notes	Group		Company	
		December 2018 N	December 2017 N	**December 2018 N**	December 2017 N
Assets					
Cash and cash equivalents	2.0	**2,948,826,686**	1,921,271,578	**2,696,356,809**	1,850,386,963
Financial assets:					
-At fair value through profit or loss	3.1	**301,916,504**	170,256,830	**291,091,429**	161,850,795
-Loans and receivables	3.2	**1,187,669,655**	408,385,061	**479,876,252**	248,623,854
-Available for sale assets	3.3	**60,950,000**	60,950,000	**60,950,000**	60,950,000
-Held to maturity	3.4	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
Finance lease receivables	5.0	**249,994,807**	229,440,306	**-**	-
Trade receivables	6.0	**234,852,324**	150,356,282	**199,248,468**	150,356,282
Reinsurance assets	7.0	**2,031,727,218**	1,655,890,085	**2,031,727,218**	1,655,890,085
Deferred acquisition cost	8.0	**307,344,920**	257,664,385	**302,966,178**	257,664,385
Other receivables & prepayments	9.0	**195,161,111**	174,488,859	**210,813,534**	166,066,755
Investment in subsidiaries	10.0	**-**	-	**1,030,000,000**	530,000,000
Intangible Assets	12.0	**22,362,991**	24,621,130	**22,192,991**	18,458,195
Investment properties	12.1	**899,211,000**	899,661,000	**805,550,000**	806,000,000
Property and equipment	12.2	**1,006,001,531**	976,591,367	**957,103,968**	926,483,015
Statutory deposits	13.0	**300,000,000**	300,000,000	**300,000,000**	300,000,000
Total assets		**10,821,606,128**	9,490,174,394	**10,463,464,230**	9,393,327,840
Liabilities					
Insurance contract liabilities	14.0	**3,803,576,977**	3,532,407,618	**3,741,068,043**	3,532,407,618
Trade payables	15.0	**10,777,564**	26,482,944	**10,777,564**	26,482,944
Borrowing	15.1	**67,530,064**	-	**-**	-
Other payables and provision	16.0	**217,647,746**	207,368,924	**180,817,178**	244,704,571
Retirement benefit obligations	17.0	**6,403,628**	5,574,664	**5,833,280**	5,169,023
Deposit for Shares	17.1	**-**	500,456,779	**-**	500,456,779
Income tax liabilities	18.2	**368,204,246**	297,205,965	**298,742,725**	252,351,030
Deferred tax liabilities	18.3	**171,484,879**	231,671,385	**168,184,745**	230,003,867
Total liabilities		**4,645,625,104**	4,801,168,279	**4,405,423,535**	4,791,575,832
Equity and reserves					
Issued and paid up share capital	19.1	**4,065,000,000**	3,000,000,000	**4,065,000,000**	3,000,000,000
Share Premium	19.2	**155,264,167**	-	**155,264,167**	-
Contingency reserve	20.1.	**1,603,720,833**	1,400,446,908	**1,603,720,833**	1,400,446,908
Statutory reserve	20.2	**27,726,056**	16,304,970	**-**	-
Retained earnings	21.0	**324,269,968**	272,254,237	**234,055,695**	201,305,100
Total equity and reserves		**6,175,981,024**	4,689,006,115	**6,058,040,695**	4,601,752,008
Total liabilities and equity and reserves		**10,821,606,128**	9,490,174,394	**10,463,464,230**	9,393,327,840

The consolidated financial statements were approved by the Board of Directors on 28 February, 2019

Obinna Ekezie	**Eddie A. Efekoha**	**Babatunde Daramola**
Chairman	**Managing Director**	**Chief Financial Officer**
FRC/2017/IODN/00000017485	**FRC/2013/CIIN/00000002189**	**FRC/2012/ICAN/00000000564**

The accompanying notes form an integral part of this financial statements

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		December 2018	31 December 2017	**December 2018**	31 December 2017
	Notes	**N**	N	**N**	N
Gross premium written		**6,864,879,525**	5,680,553,122	**6,775,797,496**	5,680,553,122
Gross premium income	**23.**	**6,512,335,014**	5,542,732,729	**6,481,636,218**	5,542,732,729
Reinsurance premium expenses	**24.**	**(2,239,421,340)**	(1,859,540,653)	**(2,239,421,340)**	(1,859,540,653)
Net premium income		**4,272,913,674**	3,683,192,076	**4,242,214,878**	3,683,192,076
Fee and commission income	**25.**	**356,385,052**	370,550,419	**356,385,052**	370,550,419
Net underwriting income		**4,629,298,726**	4,053,742,495	**4,598,599,930**	4,053,742,495
Claims expenses	**25a**	**(4,787,135,023)**	(3,354,056,803)	**(4,770,447,651)**	(3,354,056,803)
Claims recoveries from reinsurers	**25b.**	**2,987,313,881**	1,931,112,704	**2,987,313,881**	1,931,112,704
Claims incurred		**(1,799,821,142)**	(1,422,944,099)	**(1,783,133,770)**	(1,422,944,099)
Underwriting expenses	**26.**	**(1,622,040,692)**	(1,384,738,653)	**(1,620,609,007)**	(1,387,920,776)
Underwriting profit		**1,207,436,892**	1,246,059,744	**1,194,857,153**	1,242,877,621
Investment income	**27.**	**939,953,832**	796,219,129	**617,407,797**	672,917,451
		-	-		
Other operating income	**28.**	**25,923,716**	74,861,221	**25,487,990**	68,681,215
Impairment (charge)/write back	**29.**	**(11,745,127)**	770,516	**-**	3,390,424
Net fair value loss on financial assets at fair value through profit or loss	**30.**	**151,362,024**	(4,674,531)	**151,362,024**	(4,674,531)
Operating & Administrative expenses	**31.**	**(1,778,493,631)**	(1,472,184,057)	**(1,529,426,707)**	(1,418,512,790)
Profit before taxation		**534,437,706**	641,052,022	**459,688,258**	564,679,389
Income tax expense	**18.1**	**(127,726,964)**	(234,846,616)	**(83,663,738)**	(209,928,186)
Profit after taxation		**406,710,742**	406,205,406	**376,024,520**	354,751,203
Other comprehensive income/(loss) net of tax					
Items that will be reclassified subsiquently to profit or loss		**-**	**-**	**-**	**-**
Items that will not be reclassified subsiquently to profit or loss		**-**	**-**	**-**	**-**
Total other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**406,710,742**	406,205,406	**376,024,520**	354,751,203
Profit attributable to:					
Equity holders of the parents'		**406,710,742**	406,205,406	**376,024,520**	354,751,203
Non-controlling interest interest		**-**	-	**-**	-
		406,710,742	406,205,406	**376,024,520**	354,751,203
Basic & diluted earnings per share (Kobo)	**32.**	**5.79**	6.77	**5.36**	5.91

The accompanying notes form an integral part of this financial statements

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2018

The Group

	Issued share capital N	Share Premium N	Contingency reserves N	Statutory reserve N	Retained earnings N	Total equity N
At 1 January 2017	3,000,000,000	-	1,230,030,314	9,279,386	163,491,009	4,402,800,709
Changes in equity for 2017:						
Profit for the year					406,205,406	406,205,406
Other comprehensive income for the year	-		-	-		
Total comprehensive income for the year	-		-	-	406,205,406	406,205,406
Transactions with owners:						
Transfer to contigency reserves						
Transfer to statutory reserves	-		170,416,594	7,025,584	(177,442,178)	-
Dividends declared during the year		-				
Non-controlling interest arising on business	-		-	-	(120,000,000)	(120,000,000)
combination						-
Contribution by and to owners of the business	-		-	-	-	-
	-	-	170,416,594	7,025,584	(297,442,178)	(120,000,000)
At 31 December 2017	3,000,000,000	-	1,400,446,908	16,304,970	272,254,237	4,689,006,115
At 1 January 2018	**3,000,000,000**	**-**	**1,400,446,908**	**16,304,970**	**272,254,237**	**4,689,006,115**
Changes in equity for 2018:						
Profit for the year	**-**		**-**	**-**	**406,710,742**	**406,710,742**
Other comprehensive income for the year	**-**		**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**406,710,742**	**406,710,742**
Transactions with owners:						
Transfer within reserves	**-**		**203,273,925**	**11,421,086**	**(214,695,011)**	**-**
Addition	**1,065,000,000**	**155,264,167**				**1,220,264,167**
Dividends relating to prior periods paid during the year	**-**		**-**	**-**	**(140,000,000)**	**(140,000,000)**
Non-controlling interest arising on business combination						**-**
	-		**-**	**-**	**-**	**-**
Contribution by and to owners of the business	**1,065,000,000**	**155,264,167**	**203,273,925**	**11,421,086**	**(354,695,011)**	**1,080,264,167**
At DECEMBER 2018	**4,065,000,000**	**155,264,167**	**1,603,720,833**	**27,726,056**	**324,269,968**	**6,175,981,025**

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2018

The Company

	Issued share capital N	**Share Premium N**	**Contigency reserves N**	**Retained earnings N**	**Total equity N**
At 1 January 2017	3,000,000,000	-	1,230,030,314	136,970,491	4,367,000,805
Changes in equity for 2017:					
Profit for the year	-	-	-	354,751,203	354,751,203
Other comprehensive income for the year	-		-	-	-
Total comprehensive income for the year	-	-	-	354,751,203	354,751,203
Transactions with owners:					
Transfer within reserves	-		170,416,594	(170,416,594)	-
Dividends relating to prior periods paid during the year		-			
Contribution by and to owners of the business				(120,000,000)	(120,000,000)
	-	-	170,416,594	(290,416,594)	(120,000,000)
At 31 December 2017	3,000,000,000	-	1,400,446,908	201,305,100	4,601,752,008
At 1 January 2018	**3,000,000,000**	**-**	**1,400,446,908**	**201,305,100**	**4,601,752,008**
Changes in equity for 2018:					
Profit for the year	**-**	**-**	**-**	**376,024,520**	**376,024,520**
Other comprehensive income for the year	**-**		**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**376,024,520**	**376,024,520**
Transactions with owners:					
Transfer within reserves	**-**		**203,273,925**	**(203,273,925)**	**-**
Addition	**1,065,000,000**	**155,264,167**			**1,220,264,167**
Dividends relating to prior periods paid during the year				**(140,000,000)**	**(140,000,000)**
Contribution by and to owners of the business	**1,065,000,000**	**155,264,167**	**203,273,925**	**(343,273,925)**	**1,080,264,167**
At DECEMBER 2018	**4,065,000,000**	**155,264,167**	**1,603,720,833**	**234,055,695**	**6,058,040,695**

CONSOLIDATED HALLMARK INSURANCE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2018

	Notes	Group December 2018 N	Group 31 DECEMBER 2017 N	Company December 2018 N	Company 31 DECEMBER 2017 N
Cash flows from operating activities					
Premium received from policy holders	6	**6,780,383,482**	5,712,287,932	**6,726,905,310**	5,712,287,932
Reinsurance receipts in respect of claims	25b.	**2,787,704,737**	866,513,195	**2,787,704,737**	866,513,195
Commission received	25	**369,621,536**	390,586,084	**369,621,536**	390,586,084
Other operating receipts	28	**300,005,528**	184,010,569	**25,487,990**	68,681,215
Cash paid to and on behalf of employees	33.	**(696,317,651)**	(566,188,159)	**(541,995,811)**	(543,297,321)
Reinsurance premium paid	15	**(2,431,354,711)**	(1,955,460,368)	**(2,431,354,711)**	(1,955,460,368)
Claims paid	25a	**(4,872,635,876)**	(2,370,171,567)	**(4,855,948,503)**	(2,370,171,567)
Underwriting expenses	26	**(1,671,721,227)**	(1,416,006,094)	**(1,665,910,801)**	(1,416,006,094)
Other operating cash payments		**(933,539,469)**	(974,739,853)	**(712,754,728)**	(709,859,586)
Company income tax paid	18.2	**(116,915,189)**	(67,537,495)	**(99,091,165)**	(59,756,961)
Net cash (used in)/ from operating activities		**(484,768,841)**	(196,705,757)	**(397,336,144)**	(16,483,472)
Cash flows from investing activities					
Purchase of property and equipment	12.2	**(131,592,105)**	(98,434,767)	**(122,522,325)**	(76,132,132)
Purchase of intangible asset	12.0	**(9,133,293)**	(15,161,690)	**(8,946,293)**	(9,632,041)
Additions to investment properties	12.1	**(3,550,000)**	(9,000,000)	**(3,550,000)**	-
Increase in investment in subsidiaries	10.	**-**	-	**(500,000,000)**	(50,000,000)
Proceeds from sale of property and equipment	12.2	**7,954,350**	6,274,442	**7,954,350**	4,680,457
Purchase of financial assets	3.	**(2,355,921,314)**	(1,091,771,846)	**(970,601,355)**	(819,844,737)
Proceeds from sale of financial assets	3.	**2,925,553,362**	765,023,988	**2,090,684,638**	629,376,611
Proceeds from borrowing	**15.1**	**99,000,000**	-	**-**	
Payment on borrowing (principal & Interest)	**15.1**	**(31,469,936)**	-	**-**	
Dividend received	27.	**8,764,597**	8,499,313	**8,764,597**	8,499,313
Rental Income received	27.	**3,997,000**	3,689,257	**3,997,000**	3,689,257
Interest received	27.	**418,913,900**	331,577,321	**157,717,992**	208,275,643
Net cash from investing activities		**932,516,561**	(99,303,982)	**663,498,604**	(101,087,628)
Cash flows from financing activities					
Proceeds on private placemant & right issue 2017	17.1 & 19.2	**720,264,167**	500,456,779	**720,264,167**	500,456,779
Refund of excess on right issue	17.1	**(456,779)**	-	**(456,779)**	-
Dividend paid	21.	**(140,000,000)**	(120,000,000)	**(140,000,000)**	(120,000,000)
Net cash used in financing activities		**579,807,388**	380,456,779	**579,807,388**	380,456,779
Increase in cash and cash equivalents		**1,027,555,108**	84,447,041	**845,969,846**	262,885,679
Cash and cash equivalents at Beginning		**1,921,271,578**	1,836,824,537	**1,850,386,963**	1,587,501,284
Cash and cash equivalent at End	2	**2,948,826,686**	1,921,271,578	**2,696,356,809**	1,850,386,963

The accompanying notes form an integral part of this statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. Corporate information

1.1 The Group

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiary - CHI Capital Ltd, CHI Micro-Insurance Ltd and Hallmark Health Services Ltd. CHI Capital Ltd also has two wholly owned subsidiaries, Grand Treasurers Limited and CHI Support Services Ltd.

1.2 The Company

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

1.3 Principal activities

During the year under review, the Group engaged in general insurance business and maintained offices in major cities in Nigeria with Corporate headquarters at 266 Moshood Abiola way (formerly Ikorodu Road), Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing and provision of Health management services.

	Group		Company	
	December 2018	December 2017	**December 2018**	December 2017
	N	N	**N**	N
2. Cash and cash equivalents				
Cash in hand	**2,203,250**	2,250,081	**2,203,250**	2,250,081
Balance with banks	**1,579,423,388**	214,653,174	**979,126,972**	174,369,464
Call deposits	**36,450,464**	19,667,744	**36,450,464**	19,667,744
Right issue proceeds (17.1)	**-**	500,456,779	**-**	500,456,779
Fixed deposits (Note 2.1)	**1,330,749,584**	1,184,243,800	**1,678,576,123**	1,153,642,895
	2,948,826,685	1,921,271,578	**2,696,356,809**	1,850,386,963

2.1 The Fixed deposits have a short term maturity of 30-90 days and the effect of discounting is immaterial.

	Group December 2018	Group December 2017	Company December 2018	Company December 2017
3. Financial assets				
At fair value through profit or loss (Note 3.1)	**301,916,504**	170,256,830	**291,091,429**	161,850,795
Loans and receivables measured at amortised cost (Note 3.2)	**1,187,669,655**	408,385,061	**479,876,252**	248,623,854
Available for sale (Note 3.3)	**60,950,000**	60,950,000	**60,950,000**	60,950,000
Held to maturity (Note 3.4)	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
	2,626,123,540	2,900,189,402	**1,907,505,062**	2,732,022,160
Movement in Financial Assets				
Opening	**2,900,189,402**	2,122,441,443	**2,732,022,160**	2,090,553,934
Addition	**2,355,921,315**	1,097,496,193	**970,601,355**	819,844,735
Disposal	**(2,925,553,362)**	(768,704,741)	**(2,090,684,638)**	(633,057,365)
Interest Capitalised	**163,700,149**	188,093,650	**204,695,210**	213,447,856
Fair value gains/(loss)	**131,866,035**	260,862,858	**90,870,975**	241,233,000
Closing	**2,626,123,540**	2,900,189,402	**1,907,505,062**	2,732,022,160
3.1 At fair value through profit or loss				
At 1 January	**321,984,709**	320,287,832	**313,578,674**	313,974,237
Additions	**85,393,418**	26,870,851	**82,344,057**	23,762,611
Disposals	**(104,095,768)**	(25,173,974)	**(103,465,447)**	(24,158,174)
	303,282,359	321,984,709	**292,457,284**	313,578,674
Fair value gains/(loss) (Note 30a)	**(1,365,855)**	(151,727,879)	**(1,365,855)**	(151,727,879)
At DECEMBER 2018	**301,916,504**	170,256,830	**291,091,429**	161,850,795
Current	**301,916,504**	170,256,830	**291,091,429**	161,850,795
Non Current	-	-	-	-

Financial assets at fair value through profit or loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired by management with the intent of short term trading.

		Group		Company	
		December 2018	December 2017	**December 2018**	December 2017
		N	N	**N**	N
3.2	**Loans and receivables**				
	Staff loans (Note 3.2.1a)	**207,800,136**	186,244,874	**207,800,136**	186,244,874
	Loan issued to corporate individuals (Note 3.2.1b)	**979,869,519**	222,140,187	**272,076,116**	62,378,980
		1,187,669,655	408,385,061	**479,876,252**	248,623,854
	Current	**997,219,614**	259,108,629	**314,261,417**	157,532,492
	Non Current	**190,450,041**	149,276,432	**165,614,835**	91,091,362
3.2.1a	**Staff loans**				
	At 1 January	**186,244,874**	203,485,300	**186,244,874**	203,485,300
	Addition	**56,850,000**	18,946,180	**56,850,000**	18,946,180
	Repayment	**(35,294,738)**	(36,186,606)	**(35,294,738)**	(36,186,606)
		207,800,136	186,244,874	**207,800,136**	186,244,874
3.2.1b	**Loan issued to corporate / individuals**				
	At 1 January	**321,460,237**	131,126,947	**151,884,101**	101,462,451
	Addition	**1,660,266,146**	335,158,052	**262,405,482**	60,614,835
	Repayment	**(886,946,749)**	(144,824,762)	**(52,708,345)**	-10,193,185
		1,094,779,635	321,460,237	**361,581,237**	151,884,101
	Impairment on loans issued to corporate and individuals (Note 3.2.4)	**(114,910,115)**	(99,320,050)	**(89,505,121)**	(89,505,121)
	At the end	**979,869,519**	222,140,187	**272,076,116**	62,378,980
3.2.2	**Analysis by performance:**				
	Performing (Note 3.2)	**1,187,669,655**	408,385,061	**479,876,252**	248,623,854
	Non-performing (Note 3.2.4)	**114,910,115**	99,320,050	**89,505,121**	89,505,121
		1,302,579,770	507,705,111	**569,381,373**	338,128,975
3.2.3	**Analysis by maturity:**				
	Due within one year	**997,219,614**	259,108,629	**314,261,417**	157,532,492
	Due within one - five years	**215,855,035**	158,596,482	**165,614,835**	90,596,483
	Due after five years	**89,505,121**	90,000,000	**89,505,121**	90,000,000
		1,302,579,770	507,705,111	**569,381,373**	338,128,975
3.2.4	**Movement in impairment - loans and receivables :**				
	At 1 January	**99,320,050**	97,276,457	**89,505,121**	93,185,875
	Addition (Note 29)	**15,590,065**	5,724,347	-	-
	Provision no longer required (Note 29)	**-**	(3,680,754)	**-**	(3,680,754)
	At the end	**114,910,115**	99,320,050	**89,505,121**	89,505,121
3.3	**Available for sale assets**				
	At 1 January	**60,950,000**	60,950,000	**60,950,000**	60,950,000
	Addition	**-**	-	**-**	-
	Exchange gains	**-**	-	**-**	-
	Impairment on available for sale	**-**	-	**-**	-
	At the end	**60,950,000**	60,950,000	**60,950,000**	60,950,000
	Current	-	-	-	-
	Non Current	**60,950,000**	60,950,000	**60,950,000**	60,950,000

Available for sale assets are the unquoted equity securities of the group and are measured at cost because their fair value could not be reliably measured. At period end there is no indication of impairment.

Available for sale equities is analysed as follows:

	No. of shares	**Cost per unit**	**Total Cost**
Planet Capital Limited (Formerly Strategy and Arbitrage Limited)	2,000,000	N1	2,000,000
Energy & Allied Insurance Pool Nigeria limited	-		58,950,000
	2,000,000		60,950,000

The Company is exposed to financial risk through its financial assets (investments and loans). The key focus of financial risk management for the Company is to ensure that the proceeds from financial assets are sufficient to fund its obligations arising from its insurance operations. The most important components of financial risk (market risk) arises from open positions in interest rate, fluctuations in stock prices, inflation, all of which are exposed to general and specific market movement and/or conditions.Investments above ninety-one (91) days are classified as part of financial assets of the Company. All financial instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are measured at fair values that are quoted in an active market. When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exist.

		Group		Company	
		December 2018	December 2017	**December 2018**	December 2017
		N	N	**N**	N
3.4	**Held to maturity assets**				
	At 1 January	**2,260,597,511**	1,654,142,565	**2,260,597,511**	1,654,142,565
	At initial recognition - additions	**569,001,816**	716,521,109	**569,001,816**	716,521,109
		2,829,599,328	2,370,663,674	**2,829,599,328**	2,370,663,674
	Disposal	**(1,899,216,108)**	(562,519,400)	**(1,899,216,108)**	(562,519,400)
	Amortised interest (Note 27)	**145,204,161**	452,453,237	**145,204,161**	452,453,237
	At the end	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
a)	**Held to maturity assets are analysed as follows:**				-
	Debts securities				
	Listed	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
	Unlisted	**-**	-	**-**	-
	At the end	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
	Current	**183,018,082**	2,114,016,284	**183,018,082**	2,114,016,284
	Non-current	**892,569,299**	146,581,227	**892,569,299**	146,581,227
		1,075,587,381	2,260,597,511	**1,075,587,381**	2,260,597,511
b)	**At the reporting date, no held to maturity assets were past due or impaired**				
	15.25% NAHCO Bond series 2 2013/2020	**5,444,765**	10,222,858	**5,444,765**	10,222,858
	FCMB NGN SERIES 2 BOND 2015/2020	**54,828,767**	54,869,863	**54,828,767**	54,869,863
	FCMB NGN SERIES 2 BOND 2016/2023	**50,496,233**	50,472,603	**50,496,233**	50,472,603
	C&I LEASING SERIES 1 BOND 2018/2023	**42,910,678**		**42,910,678**	
	13.5% Lagos State Government Bond series 2 2013/2020	**24,682,879**	31,015,903	**24,682,879**	31,015,903
	LAGOS STATE PROGRAMME 2 SERIES 2 FIXED RATE BOND ISSUANCE (2013/2020)	**-**	-	**-**	-
	C&I LEASING COMMERCIAL PAPER	**183,018,082**	-	**183,018,082**	-
	ACCESS BANK COMMERCIAL PAPER	**-**	413,349,209	**-**	413,349,209
	Omo 18.45% 10/08/2017 FG TREASURE BILL FCMB	**-**	-	**-**	-
	Omo 18.25% 27/07/2017 FG TREASURE BILL FCMB	**-**	-	**-**	-
	Omo 18.25% 27/07/2017 FG TREASURE BILL CAPITAL EXPRESS	**-**	-	**-**	-
	TREASURY BILLS 18.59% JAN. 18 2018 AIICO CAPITAL LTD	**-**	170,929,476	**-**	170,929,476
	TREASURY BILLS 18.50% FEB. 1 2018 AIICO CAPITAL LTD	**-**	416,139	**-**	416,139
	TREASURY BILLS 18.50% FEB. 1 2018 AIICO CAPITAL LTD	**-**	36,150,994	**-**	36,150,994
	TREASURY BILLS 18.4336% FEB. 1 2018 FSDH MERCHANT BANK LIMITED	**-**	229,283,687	**-**	229,283,687
	TREASURY BILLS 18.4336% FEB. 1 2018 FSDH MERCHANT BANK LIMITED	**-**	249,317,258	**-**	249,317,258
	TREASURY BILLS 18.05% FEB. 15 2018 CAPITAL EXPRESS	**-**	208,154,687	**-**	208,154,687
	TREASURY BILLS 18.4336% FEB. 1 2018 CAPITAL EXPRESS	**-**	74,456,181	**-**	74,456,181
	TREASURY BILLS 18.10% MARCH. 2 2018 AIICO Capital Limited- 364 Days	**-**	40,800,809	**-**	40,800,809
	TREASURY BILLS 18.40% MARCH. 2 2018 Planet Capital Limited	**-**	19,488,253	**-**	19,488,253
	TREASURY BILLS 18.25% AUG. 02 2018 FCMB- 364 days	**-**	178,600,000	**-**	178,600,000

TREASURY BILLS 18.5% JULY. 26 2018 FCMB-353 DAYS	-	39,680,784	-	39,680,784
TREASURY BILLS 18.3% JAN 11 2018 CAPITAL EXPRESS- 139 DAYS	-	192,342,336	-	192,342,336
TREASURY BILLS 16% JAN 04 2018 CAPITAL EXPRESS- 101 DAYS	-	261,046,471	-	261,046,471
TREASURY BILLS 13.30% OCT 08 2019 CAPITAL EXPRESS- 364 DAYS	**92,900,340**	-	**92,900,340**	
TREASURY BILLS 13.30% SEPT 27 2019 CAPITAL EXPRESS- 344 DAYS	**57,181,976**	-	**57,181,976**	
TREASURY BILLS 13.30% SEPT 17 2019 CAPITAL EXPRESS- 344 DAYS	**108,727,642**	-	**108,727,642**	
TREASURY BILLS 14% OCT 21 2019 CAPITAL EXPRESS- 350 DAYS	**178,724,847**		**178,724,847**	
TREASURY BILLS 14.05% NOV 02 2019 CAPITAL EXPRESS- 356 DAYS	**50,929,451**		**50,929,451**	
TREASURY BILLS 14.05% NOV 13 2019 CAPITAL EXPRESS- 364 DAYS	**35,555,631**		**35,555,631**	
TREASURY BILLS 13.90% NOV 3 2019 AIICO CAPITAL LTD- 346 DAYS	**174,733,925**	-	**174,733,925**	
TREASURY BILLS 14.05% OCT 28 2019 CAPITAL EXPRESS LTD- 316 DAYS.	**15,452,164**	-	**15,452,164**	
At the end	**1,075,587,381**	2,260,597,511	**1,075,587,381**	**2,260,597,511**

4. Deposit for shares

At 1 January	-	-	-	180,000,000
Increase	-	-	-	-
Allotment	-	-	-	(180,000,000)
At December	-	-	-	-

This represents fund deposited by the company for additional shares in Chi Capital Limited.

5. Finance lease receivables

At 1 January	**239,079,333**	178,954,617	-	-
Addition	**319,626,148**	337,946,486	-	-
Repayment	**(231,317,481)**	(222,803,425)	-	-
Gross investment	**327,388,000**	294,097,678	-	-
Unearned income	**(71,599,104)**	(55,018,345)	-	-
Net investment (Note 5.1)	**255,788,896**	239,079,333	-	-
Impairment on finance lease receivables (Note 5.2)	**(5,794,089)**	(9,639,027)	-	-
At the end	**249,994,807**	229,440,306	-	-

5.1 Current	**88,308,668**	115,143,061	-	-
Non-current	**167,480,229**	123,936,272	-	-
Analysis by performance				
Performing	**249,994,807**	229,440,306	-	-
Non-performing	**5,794,089**	9,639,027	-	-
	255,788,896	239,079,333	-	-
Analysis by maturity				
Due within one year	**88,308,668**	115,143,061		
Due between one - five years	**167,480,228**	123,936,272	-	-
	255,788,896	239,079,333	-	-

5.2 Movement in impairment - finance lease receivables:

At 1 January	**9,639,027**	16,664,352	-	-
Charge for the year (Note 29)	**(3,844,938)**	(7,025,325)	-	-
At the end	**5,794,089**	9,639,027	-	-

6. Trade receivables

Due from insurance companies	**31,477,939**	10,609,758	**31,477,939**	10,609,758
Due from insurance brokers and agents	**167,770,529**	139,746,524	**167,770,529**	139,746,524
	199,248,468	150,356,282	**199,248,468**	150,356,282
Hmo receivable	**35,603,856**	-	**-**	**-**
	234,852,324	150,356,282	**199,248,468**	150,356,282
Current	**234,852,324**	150,356,282	**199,248,468**	150,356,282
Non-current	**-**	-	**-**	-

6.1 Movement in Trade receivables

Opening	**129,075,074**	160,809,883	**150,356,282**	182,091,091
Gross Premium written	**6,864,879,525**	5,680,553,122	**6,775,797,496**	5,680,553,122
Premium received	**(6,780,383,482)**	(5,712,287,932)	**(6,726,905,310)**	(5,712,287,932)
Closing receivables	**213,571,116**	129,075,074	**199,248,468**	150,356,282

Age Analysis of Trade receivable

> =1Day <= 30 Days	**224,437,356**	150,356,282	**188,833,500**	150,356,282
> =31Days <= 90 Days	**775,620**	-	**775,620**	-
Above 90 Days	**9,639,349**	-	**9,639,349**	-
	234,852,324	150,356,282	**199,248,468**	150,356,282

	Group		Company	
	December 2018 N	December 2017 N	**December 2018 N**	December 2017 N
7. Reinsurance Assets				
Prepaid reinsurance (Note 7.1a & 7.1b)	**519,199,961**	342,971,971	**519,199,961**	342,971,971
Reinsurers share of claims (Note 7.2a)	**1,512,527,257**	1,312,918,114	**1,512,527,257**	1,312,918,114
At the end	**2,031,727,218**	1,655,890,085	**2,031,727,218**	1,655,890,085
Current	**2,031,727,218**	1,655,890,085	**2,031,727,218**	1,655,890,085
Non-current	**-**	-	**-**	-
Prepaid reinsurance	**506,899,911**	332,896,971	**506,899,911**	332,896,971
Prepaid minimum and deposit	**12,300,050**	10,075,000	**12,300,050**	10,075,000
Reinsurance share of outstanding claims	**814,231,399**	1,038,482,404	**814,231,399**	1,038,482,404
Reinsurance share of IBNR	**270,387,865**	274,435,709	**270,387,865**	274,435,709
Reinsurance share of claims paid but not yet receive	**427,907,993**	-	**427,907,993**	-
Total	**2,031,727,218**	1,655,890,084	**2,031,727,218**	1,655,890,084

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in the income statement. The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc. Based on the financial position and performance during the period under review, they are solvent and had never defaulted on their obligations. Consequently, there are no indications of impairment as at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	December 2018	December 2017	**December 2018**	December 2017
	N	**N**	**N**	**N**
7.1a Prepaid Reinsurance				
Fire	**47,809,668**	59,121,560	**47,809,668**	59,121,560
General accident	**67,492,514**	35,663,280	**67,492,514**	35,663,280
Motor	**25,195,241**	9,760,000	**25,195,241**	9,760,000
Marine	**39,776,886**	55,054,184	**39,776,886**	55,054,184
Bond	**5,109,205**	3,056,266	**5,109,205**	3,056,266
Engineering	**24,124,859**	10,948,336	**24,124,859**	10,948,336
Aviation	**28,353,533**	4,321,953	**28,353,533**	4,321,953
Oil & gas	**269,038,005**	154,971,392	**269,038,005**	154,971,392
	506,899,911	332,896,971	**506,899,911**	332,896,971
7.1b Prepaid Minimum Deposit				
Fire	**4,675,000**	4,425,000	**4,675,000**	4,425,000
General accident	**1,125,050**	850,000	**1,125,050**	850,000
Motor	**1,400,000**	1,200,000	**1,400,000**	1,200,000
Marine	**1,200,000**	1,200,000	**1,200,000**	1,200,000
Engineering	**3,900,000**	2,400,000	**3,900,000**	2,400,000
	12,300,050	10,075,000	**12,300,050**	10,075,000
Prepaid reinsurance	**519,199,961**	342,971,971	**519,199,961**	342,971,971
7.2 a Reinsurers Share of Claims				
Fire	**317,337,435**	802,220,511	**317,337,435**	802,220,511
General accident	**164,918,035**	153,907,743	**164,918,035**	153,907,743
Motor	**7,562,947**	55,414,766	**7,562,947**	55,414,766
Marine	**31,617,612**	30,584,773	**31,617,612**	30,584,773
Bond	**2,962,986**	1,861,463	**2,962,986**	1,861,463
Engineering	**22,988,230**	13,518,762	**22,988,230**	13,518,762
Aviation	**204,808,533**	82,955,448	**204,808,533**	82,955,448
Oil & gas	**332,423,486**	172,454,648	**332,423,486**	172,454,648
	1,084,619,264	1,312,918,114	**1,084,619,264**	1,312,918,114
7.3 Reinsurance Assets:				
Movement in prepaid reinsurance:				
At 1 January	**342,971,971**	298,005,373	**342,971,971**	308,080,373
Additions during the year (Note 24)	**2,415,649,330**	1,894,432,251	**2,415,649,330**	1,894,432,250
	2,758,621,301	2,192,437,624	**2,758,621,301**	2,202,512,624
Amortization during the year (Note 24)	**(2,239,421,340)**	(1,859,540,653)	**(2,239,421,340)**	(1,859,540,653)
At the end	**519,199,961**	332,896,971	**519,199,961**	342,971,971
At 1 January	1,312,918,114	248,318,604	1,312,918,114	248,318,604
Additions during the year (Note 24)	2,987,313,881	1,931,112,704	2,987,313,881	1,931,112,704
	4,300,231,995	2,179,431,309	**4,300,231,995**	2,179,431,309
Amortization during the year (Note 24)	(2,787,704,737)	(866,513,195)	**(2,787,704,737)**	(866,513,195)
At the end	**1,512,527,257**	1,312,918,114	**1,512,527,257**	1,312,918,114
8. Deferred Acquisition Cost				
At 1 January	**257,664,385**	229,579,067	**257,664,385**	229,579,067
Acquistion cost during the year	**1,150,125,440**	980,340,178	**1,145,746,698**	980,340,178
Less: Amortisation during the year (Note 26)	**(1,100,444,905)**	(952,254,860)	**(1,100,444,905)**	(952,254,860)
At the end	**307,344,920**	257,664,385	**302,966,178**	257,664,385
Current	**307,344,920**	257,664,385	**302,966,178**	257,664,385
Non-current	**-**	-	**-**	-

Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is as shown above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		December	December	**December**	December
			#		2017
		N	N	**N**	N
8.1	**Deferred Acquisition Cost Analysis**				
	Fire	**52,246,070**	46,718,572	**52,246,070**	46,718,572
	General accident	**39,350,930**	33,091,821	**39,350,930**	33,091,821
	Motor	**72,111,208**	56,625,770	**72,111,208**	56,625,770
	Marine	**14,126,722**	34,946,729	**14,126,722**	34,946,729
	Bond	**7,952,703**	3,703,083	**7,952,703**	3,703,083
	Engineering	**29,726,109**	9,451,388	**29,726,109**	9,451,388
	Aviation	**10,016,078**	12,360,072	**10,016,078**	12,360,072
	Oil & gas	**77,436,358**	60,766,950	**77,436,358**	60,766,950
		302,966,178	257,664,385	**302,966,178**	257,664,385
	HMO Deferred acquisition	**4,378,742**			
		307,344,920	257,664,385	**302,966,178**	257,664,385
9.	**Other Receivables and Prepayments**				
	Staff advances & prepayment	**41,403,806**	26,109,050	**41,403,806**	26,109,050
	Account receivables	**46,773,326**	39,434,326	**44,934,284**	36,004,307
	Intercompany Receivables	**-**	-	**35,027,414**	19,217,915
	Witholding tax credit	**43,296,312**	62,340,166	**43,296,312**	62,340,166
	Prepayments (Note 9.1)	**63,687,667**	46,895,316	**46,151,719**	22,685,316
		195,161,111	174,778,858	**210,813,534**	166,356,754
	Impairment allowance (Note 29)	**-**	(289,999)	**-**	(289,999)
		195,161,111	174,488,859	**210,813,534**	166,066,755
	Current	**195,161,111**	174,488,859	**210,813,534**	166,066,755
	Non-current	**-**	-	**-**	-
9.1	**Prepayments**				
	Prepaid rent	**57,874,074**	43,402,795	**40,338,127**	19,192,795
	Other prepayments	**5,813,592**	3,492,521	**5,813,592**	3,492,521
		63,687,667	46,895,316	**46,151,719**	22,685,316
	Current	**63,687,667**	46,895,316	**46,151,719**	22,685,316
	Non-current	**-**	-	**-**	-
10.	**Investment in Subsidiaries**				
	CHI Capital (Note 10.1a)	**-**	-	**430,000,000**	430,000,000
	Chi Microinsurance Limited (10.1b)			**200,000,000**	50,000,000
	Hallmark Health Services Limited (10.1c)			**400,000,000**	50,000,000
		-	**-**	**1,030,000,000**	530,000,000

Movement in Investment in subsidiaries	**CHI Capital Limited**	**Hallmark Health Services Limited**	**Chi Microinsurance Limited**
Opening	**430,000,000**	50,000,000	**50,000,000**
Addition	**-**	**350,000,000**	**150,000,000**
Disposal	**-**	-	**-**
Closing	**430,000,000**	**400,000,000**	**200,000,000**

In the year 2017, N180million worth of shares deposited by the company in the year 2016 (note 4) was alloted by the subsidiary 'CHI Capital limited' at N1/per share to the company. During the year 2018, the Board approved additional investment of N350million into Hallmark Health Services Ltd by increasing the paid up capital to N400million.

10.1a CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited, a CBN licensed finance company, in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited which is into the business of vehicle tracking.

10.1b CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated CHI Microinsurance Limited in the year 2016 and is still in the process of getting NAICOM licence to further deepen its market share on general insurance business.

10.1c

Hallmark Health Services Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated Hallmark Health Services Limited towards the end of the year 2017 and is in the process of obtaining National Health Insurance Scheme licence to operate in health Insurance sector.

		CHI PLC	CHI Capital Limited	CHI Microinsurance	Hallmark Health Ltd	Elimination	Total
		N	N	N	N	N	N
	Condensed result of consolidated entities - 2018						
10.2	**Condensed Financial Position**						
	Assets						
	Cash and cash equivalents	2,696,356,809	24,954,898	219,028,691	361,294,616	(352,808,330)	2,948,826,685
	Financial assets	1,907,505,062	718,618,478				2,626,123,540
	Deposit for shares	-	-			-	-
	Finance lease receivables	-	268,068,224		-	(18,073,417)	249,994,807
	Trade receivables	199,248,468	-		35,603,856	-	234,852,324
	Reinsurance assets	2,031,727,218	-			-	2,031,727,218
	Deferred acquisition cost	302,966,178	-		4,378,742	-	307,344,920
	Other receivables and prepayment	210,813,534	21,979,042	-	17,535,948	(55,167,413)	195,161,111
	Investment in subsidiaries	1,030,000,000	-			(1,030,000,000)	-
	Investment properties	805,550,000	93,661,000		-	-	899,211,000
	Inventories	-	-			-	-
	Intangible Assets	22,192,991	-		170,000		22,362,991
	Property and equipment	957,103,968	16,715,968		32,181,595	-	1,006,001,531
	Statutory deposits	300,000,000	-			-	300,000,000
	Total assets	10,463,464,230	1,143,997,610	219,028,691	451,164,757	(1,456,049,160)	10,821,606,127
	Liabilities						
	Insurance contract liabilities	3,741,068,043	-		62,508,934	-	3,803,576,977
	Trade payables	10,777,564	-			-	10,777,564
	Borrowing	-	420,338,393			(352,808,329)	67,530,064
	Provision and other payables	180,817,178	65,496,543	2,128,671	42,446,184	(73,240,831)	217,647,746
	Staff retirement benefit	5,833,280	570,348			-	6,403,628
	Tax liabilities	298,742,725	69,461,521			-	368,204,246
	Deffered tax	168,184,745	3,300,134				171,484,879
	Share capital	4,065,000,000	430,000,000	200,000,000	400,000,000	(1,030,000,000)	4,065,000,000
	Share Premium	155,264,167	-	-		-	155,264,167
	Statutory reserve	1,603,720,833	27,726,056			-	1,631,446,889
	Retained earnings	234,055,695	127,104,615	16,900,020	(53,790,361)		324,269,969
	Total liabilities and equity	10,463,464,231	1,143,997,610	219,028,691	451,164,757	(1,456,049,160)	10,821,606,129

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	CHI PLC	CHI Capital	CHI Microinsurance	Hallmark Health Services LTD	Elimination	Total
	N	N	N	N	N	N
10.2 Condensed result of consolidated entities - 2018						
Condensed profit and loss						
Underwriting profit	**1,194,857,153**	**-**		**12,579,739**		**1,207,436,892**
Investment income	**617,407,797**	**274,518,037**	**25,042,775**	**45,662,670**	**(34,422,575)**	**928,208,705**
Other operating income	**25,487,990**	**435,225**	**-**	**500**	**-**	**25,923,715**
Total operating income	**1,837,752,940**	**274,953,262**	**25,042,775**	**58,242,909**	**(34,422,575)**	**2,161,569,312**
Impairment charge	**-**	**-**			**-**	**-**
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**151,362,024**	**-**			**-**	**151,362,024**
Management expenses	**(1,529,426,707)**	**(157,325,012)**	**(17,500,000)**	**(108,664,487)**	**34,422,575**	**(1,778,493,631)**
Profit before taxation	**459,688,257**	**117,628,250**	**7,542,775**	**(50,421,578)**	**-**	**534,437,705**
Taxation	**(83,663,738)**	**(44,063,226)**		**-**	**-**	**(127,726,964)**
Profit after taxation	**376,024,519**	**73,565,024**	**7,542,775**	**(50,421,578)**	**-**	**406,710,741**

	CHI PLC	CHI Capital Limited	CHI Microinsurance	Hallmark Health Ltd	Elimination	Total
	N	N	N	N	N	N

Condensed result of consolidated entities - 2017

10.2 Condensed financial position						
Assets						
Cash and cash equivalents	1,850,386,963	47,462,452	9,357,244	14,064,920		1,921,271,578
Financial assets	2,732,022,160	168,167,242			-	2,900,189,402
Deposit for shares	-	-			-	-
Finance lease receivables	-	247,513,723			(18,073,417)	229,440,306
Trade receivables	150,356,282	-			-	150,356,282
Reinsurance assets	1,655,890,085	-			-	1,655,890,085
Deferred acquisition cost	257,664,385	-			-	257,664,385
Other receivables and prepayment	166,066,755	5,930,019	50,000,000	24,210,000	(71,717,915)	174,488,859
Investment in subsidiaries	530,000,000	-			(530,000,000)	-
Investment properties	806,000,000	93,661,000		-	-	899,661,000
Inventories	-	-			-	-
Intangible Assets	18,458,195	633,287		5,529,648		24,621,130
Property and equipment	926,483,015	19,690,857		30,417,495	-	976,591,367
Statutory deposits	300,000,000	-			-	300,000,000
Total assets	9,393,327,840	583,058,580	59,357,244	74,222,063	(619,791,332)	9,490,174,394
Liabilities						
Insurance contract liabilities	3,532,407,618	-			-	3,532,407,618
Trade payables	26,482,944	-			-	26,482,944
Provision and other payables	244,704,571	24,864,841		27,590,844	(89,791,332)	207,368,924
Staff retirement benefit	5,169,023	405,641			-	5,574,664
Tax liabilities	252,351,030	44,854,935			-	297,205,965
Deffered tax	230,003,867	1,667,518				231,671,385
Share capital	3,000,000,000	430,000,000	50,000,000	50,000,000	(530,000,000)	3,000,000,000
Deposit for shares	500,456,779	-	-	-	-	500,456,779
Statutory reserve	1,400,446,908	16,304,970			-	1,416,751,878
Retained earnings	201,305,100	64,960,674	9,357,244	(3,368,781)		272,254,237
Total liabilities and equity	9,393,327,840	583,058,580	59,357,244	74,222,063	(619,791,332)	9,490,174,394

10.2 Condensed result of consolidated entities - 2017						
Condensed profit and loss						
Underwriting profit	1,242,877,621	-			3,182,123	1,246,059,744
Investment income	672,917,451	115,329,354	7,972,324		-	796,219,129
Other operating income	68,681,215	9,362,129	-		(3,182,123)	74,861,221
Total operating income	1,984,476,287	124,691,483	7,972,324		-	2,117,140,094
Impairment charge	3,390,424	(2,619,908)			-	770,516
Net fair value gains/(losses) on financial assets at fair	(4,674,531)	-			-	(4,674,531)
Management expenses	(1,418,512,790)	(50,302,485)		(3,368,781)		(1,472,184,056)
Profit before taxation	564,679,389	71,769,090	7,972,324	(3,368,781)	-	641,052,022
Taxation	(209,928,186)	(24,918,430)			-	(234,846,616)
Profit after taxation	354,751,203	46,850,660	7,972,324	(3,368,781)	-	406,205,406

		Group		Company	
		31 December 2018 N	31 December 2017 N	**31 December 2018 N**	31 December 2017 N
12.0	**Intangible assets**				
	Cost				
	At 1 January	**38,236,390**	23,074,700	**30,969,541**	21,337,500
	Addition	**9,133,293**	15,161,690	**8,946,293**	9,632,041
	Reclassification	**(6,179,935)**			
	December	**41,189,748**	38,236,390	**39,915,834**	30,969,541
	Accumulated amortization				
	At 1 January	**13,615,260**	9,955,351	**12,511,346**	8,954,463
	Addition	**5,211,497**	3,659,909	**5,211,497**	3,556,883
	December	**18,826,757**	13,615,260	**17,722,843**	12,511,346
	Carrying amount				
	December	**22,362,991**	24,621,130	**22,192,991**	18,458,195
12.1	**Investment Properties**				
	At 1 January	**899,661,000**	893,882,395	**806,000,000**	809,221,395
	Addition	**3,550,000**	9,000,000	**3,550,000**	-
	Disposal/transfer (Note 12.1a)	**(5,000,000)**	-	**(5,000,000)**	-
	Fair value change	**1,000,000**	(3,221,395)	**1,000,000**	(3,221,395)
	December	**899,211,000**	899,661,000	**805,550,000**	806,000,000

Investment Properties

Investment properties are made up of buildings and properties held by the company to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. Some of these properties retained the title of one of the legacy companies making up Consolidated Hallmark Insurance Plc. There is no dispute as to the title of Consolidated Hallmark Insurance Plc to these properties. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc.

12.1a The company property at **Trade Fair** valued for =N=5 million as at November 2017 by Messer Adegboyega Sanusi & Co (FRC/2013/NIESV/00000001757) was now occuppied by Agency unit of the company and therefore removed from Investment Properties and transferred to Property Plant and Equipment.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
	Company				
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	103,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	140,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	56,550,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company had paid all required fees to the Federal Housing Authority since 2017 and is awaiting final approval from them.
			805,550,000		
	CHI Capital Limited				
	Land	Thomas estate Ajah Lagos	**93,661,000**	CHI Capital Limited	Already exist in the name of CHI Capital Limited
	Total		**899,211,000**		

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Movement on Investment Properties

12.1a	S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
		Company						
	1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	-	-	-	206,000,000
	2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo	230,000,000	-	-	(1,000,000)	229,000,000
	3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	106,000,000	-	-	(3,000,000)	103,000,000
	4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	140,000,000	-	-	-	140,000,000
	5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	48,000,000	3,550,000	-	5,000,000	56,550,000
	6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	-	-	-	48,000,000
	7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	-	-	-	23,000,000
	8	Shops	Trade Fair Shopping Complex	5,000,000	-	(5,000,000)	-	-
				806,000,000	**3,550,000**	**(5,000,000)**	**1,000,000**	**805,550,000**
		CHI Capital Limited						
				93,661,000				93,661,000
		Total		**899,661,000**	**3,550,000**	**(5,000,000)**	**1,000,000**	**899,211,000**

12.2 Property and Equipment
2018
12.2a The group

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	N	N	N	N	N	N	N
Costs							
At 1 January	286,099,948	536,339,722	104,132,698	126,996,514	482,355,636	225,378,145	1,761,302,663
Additions in the year	-	-	6,478,640	3,363,558	112,178,457	9,571,450	131,592,105
Transfer from Investment Property		5,000,000					5,000,000
Disposals in the year	-	-	(8,876,743)	(35,465)	(35,855,356)	-	(44,767,564)
December	**286,099,948**	**541,339,722**	**101,734,595**	**130,324,607**	**558,678,736**	**234,949,595**	**1,853,127,203**
Accumulated depreciation							
At 1 January 2018	-	118,053,515	79,957,283	104,353,012	282,018,451	200,329,035	784,711,296
Depreciation charge for the period	-	10,810,356	7,239,949	6,690,811	72,144,641	7,721,431	104,607,188
Disposals in the period	-	-	(7,886,938)	(35,465)	(34,270,408)	-	(42,192,811)
December	**-**	**128,863,871**	**79,310,294**	**111,008,358**	**319,892,684**	**208,050,466**	**847,125,673**
Accummulated impairment losses	-	-	-	-	-	-	**-**
Carrying value							
December	**286,099,948**	**412,475,851**	**22,424,301**	**19,316,249**	**238,786,052**	**26,899,129**	**1,006,001,530**
At 1 January 2018	286,099,948	418,286,207	24,175,415	22,643,502	200,337,185	25,049,110	976,591,367

Some fixed assets were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co.(FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as fixed assets revaluation reserve. However, in compliance with IFRS (i.e. IAS 16) the revalued amount was taken as deemed cost at transition date and the revaluation reserve was transferred to revenue reserve.

In the year ended 31 December 2011, the landed property of CHI Capital Limited were professionally re-valued at N84 million by Messrs Adegboyega Sanusi & Co. Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of N65,495,775 was then recognised as revaluation reserve in the financial statements.

Property and Equipment

12.2a The group

2017	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	286,099,948	536,339,722	101,370,202	118,714,084	419,230,497	213,960,444	1,675,714,897
Additions in the year	-	-	2,762,496	8,282,430	75,972,140	11,417,701	98,434,767
Disposals in the year	-	-	-	-	(12,847,001)	-	(12,847,001)
At 31 December 2017	286,099,948	536,339,722	104,132,698	126,996,514	482,355,636	225,378,145	1,761,302,663
Accumulated depreciation							
At 1 January	-	107,326,721	72,538,148	97,720,403	231,268,023	192,838,976	701,692,271
Depreciation charge for the year	-	10,726,794	7,419,135	6,632,609	58,602,181	7,490,059	90,870,778
Disposals in the year	-	-	-	-	(7,851,753)	-	(7,851,753)
At 31 December 2017	-	118,053,515	79,957,283	104,353,012	282,018,451	200,329,035	784,711,296
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
At 31 December 2017	286,099,948	418,286,207	24,175,415	22,643,502	200,337,185	25,049,110	976,591,367
At 31 December 2016	286,099,948	429,013,001	28,832,054	20,993,681	187,962,474	21,121,468	974,022,626

12.2b Property and Equipment
2018
The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs							
At 1 January	286,099,948	536,339,722	102,891,901	126,996,514	427,668,367	223,273,621	1,703,270,073
Additions			4,907,667	3,363,558	106,475,000	7,776,100	122,522,325
Transfer from Investment Property(12.1a)		5,000,000					5,000,000
Disposals			(8,876,743)	(35,465)	(35,855,356)		(44,767,564)
December	**286,099,948**	**541,339,722**	**98,922,825**	**130,324,607**	**498,288,011**	**231,049,721**	**1,786,024,834**
Accumulated depreciation							
At 1 January	-	118,053,515	79,820,266	104,353,013	273,830,641	200,729,623	776,787,058
Depreciation charge for the period	-	10,810,356	6,343,863	6,400,241	63,686,459	7,085,701	94,326,619
Disposals	-		(7,886,938)	(35,465)	(34,270,408)		(42,192,811)
December	**-**	**128,863,871**	**78,277,191**	**110,717,789**	**303,246,691**	**207,815,324**	**828,920,866**
Carrying value							
December	**286,099,948**	**412,475,851**	**20,645,634**	**19,606,819**	**195,041,320**	**23,234,397**	**957,103,968**
At 31 December 2017	286,099,948	418,286,207	23,071,635	22,643,501	153,837,726	22,543,998	926,483,014

Some items of property and equipment were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co..(FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as revaluation surplus. However, in compliance with IFRS (i.e IAS 16) the revalued amount was taken as deemed cost at transition date and the surplus on revaluation was transferred to retained earnings.

Property and Equipment (Cont'd)
2017
The company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	N	N	N	N	N	N	N
Costs							
At 1 January	286,099,948	536,339,722	101,200,378	118,714,084	382,284,189	213,129,620	1,637,767,941
Additions			1,691,523	8,282,430	56,014,178	10,144,001	76,132,132
Disposals					(10,630,000)		(10,630,000)
At 31 December 2017	286,099,948	536,339,722	102,891,901	126,996,514	427,668,367	223,273,621	1,703,270,073
Accumulated depreciation							
At 1 January	-	107,326,721	72,484,689	97,720,404	225,479,102	193,428,299	696,439,215
Depreciation charge for the year	-	10,726,794	7,335,577	6,632,609	55,580,279	7,301,324	87,576,583
Disposals	-				(7,228,740)		(7,228,740)
At 31 December 2017	-	118,053,515	79,820,266	104,353,013	273,830,641	200,729,623	776,787,058
Carrying value							
At 31 December 2017	286,099,948	418,286,207	23,071,635	22,643,501	153,837,726	22,543,998	926,483,015
At 31 December 2016	286,099,948	429,013,001	28,715,690	20,993,680	156,805,087	19,701,321	941,328,726

	Group 2018 N	Group 2017 N	Company 2018 N	Company 2017 N
13. Statutory deposits	**300,000,000**	300,000,000	**300,000,000**	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2018.

14. Insurance contract liabilities

	Group 2018 N	Group 2017 N	Company 2018 N	Company 2017 N
Reserve for outstanding claims (Note 14.1)	**1,871,419,565**	1,952,794,716	**1,867,293,863**	1,952,794,716
Unearned premium reserve (Note 14.2)	**1,932,157,412**	1,579,612,902	**1,873,774,180**	1,579,612,902
	3,803,576,977	3,532,407,618	**3,741,068,043**	3,532,407,618

14.1 Reserve for outstanding claims - 2018

	Group			Company		
	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	**284,432,903**	**96,479,767**	**380,912,670**	**284,432,903**	**96,479,767**	**380,912,670**
General accident	**223,415,662**	**165,855,304**	**389,270,966**	**223,415,662**	**165,855,304**	**389,270,966**
Motor	**91,453,368**	**92,252,410**	**183,705,778**	**91,453,368**	**92,252,410**	**183,705,778**
Marine	**14,502,311**	**30,979,227**	**45,481,538**	**14,502,311**	**30,979,227**	**45,481,538**
Bond	**719,662**	**14,084,006**	**14,803,668**	**719,662**	**14,084,006**	**14,803,668**
Engineering	**27,594,957**	**15,935,831**	**43,530,788**	**27,594,957**	**15,935,831**	**43,530,788**
Aviation	**221,929,675**	**55,960,693**	**277,890,368**	**221,929,675**	**55,960,693**	**277,890,368**
Oil & gas	**310,399,792**	**221,298,295**	**531,698,087**	**310,399,792**	**221,298,295**	**531,698,087**
	1,174,448,330	**692,845,533**	**1,867,293,863**	**1,174,448,330**	**692,845,533**	**1,867,293,863**
HMO - Outstanding claims	**4,125,702**		**4,125,702**			
	1,178,574,032	**692,845,533**	**1,871,419,565**	**1,174,448,330**	**692,845,533**	**1,867,293,863**

Reserve for outstanding claims - 2017

	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	758,420,483	152,489,777	910,910,260	758,420,483	152,489,777	910,910,260
General accident	142,843,096	154,624,829	297,467,925	142,843,096	154,624,829	297,467,925
Motor	109,579,825	97,745,913	207,325,738	109,579,825	97,745,913	207,325,738
Marine	21,979,522	106,253,908	128,233,430	21,979,522	106,253,908	128,233,430
Bond	4,715,994	11,634,041	16,350,035	4,715,994	11,634,041	16,350,035
Engineering	5,730,000	23,717,666	29,447,666	5,730,000	23,717,666	29,447,666
Aviation	78,951,000	39,815,166	118,766,166	78,951,000	39,815,166	118,766,166
Oil & gas	170,308,335	73,985,161	244,293,496	170,308,335	73,985,161	244,293,496
	1,292,528,255	660,266,461	1,952,794,716	1,292,528,255	660,266,461	1,952,794,716

14.2 Unearned premium reserve

	Group 2018 N	Group 2017 N	Company 2018 N	Company 2017 N
Fire	**278,429,663**	244,970,890	**278,429,663**	244,970,890
General accident	**208,231,176**	176,614,407	**208,231,176**	176,614,407
Motor	**660,133,276**	508,033,376	**660,133,276**	508,033,376
Marine	**92,785,477**	178,289,759	**92,785,477**	178,289,759
Oil & Gas	**381,499,225**	333,958,274	**381,499,225**	333,958,274
Engineering	**148,740,291**	53,414,236	**148,740,291**	53,414,236
Aviation	**54,612,152**	60,309,767	**54,612,152**	60,309,767
Bond	**49,342,920**	24,022,193	**49,342,920**	24,022,193
	1,873,774,180	1,579,612,902	**1,873,774,180**	1,579,612,902
HMO - Unearned premium reserve	**58,383,232**	-	**-**	-
	1,932,157,412	1,579,612,902	**1,873,774,180**	1,579,612,902

Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the Management of the Company with the use of a professional actuary (Ernst & Young), certified firm of actuaries with FRC registration number FRC/2012/NAS/00000000738

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

14.3 AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31ST DECEMBER, 2018

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	26,614,855	27,136,759	19,305,775	22,781,022	52,070,736	147,909,147
250,001-500,000	15,442,145	4,615,308	5,878,404	4,918,069	6,533,065	37,386,991
500,001-1,500,000	16,039,237	5,722,994	7,486,235	6,334,415	12,081,091	47,663,972
1,500,001-2,500,000	5,724,788	12,268,564	2,000,000	10,052,211	3,750,000	33,795,562
2,500,001-5,000,000	18,297,903	24,589,524	18,979,452	8,000,000	11,655,055	81,521,935
ABOVE 5,000,000	7,200,000	71,661,577	80,258,232	126,309,403	540,741,511	826,170,724
TOTAL	**89,318,929**	**145,994,726**	**133,908,098**	**178,395,120**	**626,831,458**	**1,174,448,332**

AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31ST DECEMBER, 2017

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,523,055	24,430,298	17,061,468	16,762,150	36,937,962	127,714,933
250,001-500,000	12,878,218	5,751,974	-	-	-	18,630,192
500,001-1,500,000	27,501,554	9,571,186	1,045,000	1,487,120	4,530,000	44,134,860
1,500,001-2,500,000	7,113,347	-	-	1,750,000	1,600,000	10,463,347
2,500,001-5,000,000	13,863,516	-	-	-	7,750,000	21,613,516
ABOVE 5,000,000	73,498,395	177,661,312	-	742,461,701	76,350,000	1,069,971,408
TOTAL	**167,378,085**	**217,414,770**	**18,106,468**	**762,460,971**	**127,167,962**	**1,292,528,256**

Number of claimants in each category

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
At December 2018	547	479	373	291	1,123	2,813
At December 2017	646	461	345	364	2,079	3,895

Further Analysis of Outstanding Claims

OUTSTANDING CLAIMS (AWAITING EDV)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	-	-		50,000		50,000
250,001-500,000	-					-
500,001-1,500,000	-					-
1,500,001-2,500,000	-					-
2,500,001-5,000,000	-					-
ABOVE 5,000,000	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**50,000**	**-**	**50,000**

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	149,500	25,500		2,000	456,343	633,343
250,001-500,000		500,000				500,000
500,001-1,500,000	1,218,368			2,120,104	1,480,000	4,818,472
1,500,001-2,500,000						-
2,500,001-5,000,000						-
ABOVE 5,000,000						-
TOTAL	**1,367,868**	**525,500**	**-**	**2,122,104**	**1,936,343**	**5,951,814**

OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	25,683,690	26,205,767	18,967,367	22,468,818	49,948,633	143,274,274
250,001-500,000	14,526,580	3,765,308	5,878,404	4,918,069	6,262,534	35,350,895
500,001-1,500,000	14,208,169	5,164,000	7,486,235	5,817,215	10,601,091	43,276,711
1,500,001-2,500,000	5,724,788	8,268,564	2,000,000	5,589,655	3,750,000	25,333,007
2,500,001-5,000,000	13,775,134	24,589,524	14,479,452	8,000,000	5,875,055	66,719,165
ABOVE 5,000,000	7,200,000	71,661,577	80,258,232	39,864,185	300,555,197	499,539,191
TOTAL	**81,118,361**	**139,654,740**	**129,069,690**	**86,657,942**	**376,992,509**	**813,493,243**

OUTSTANDING CLAIMS (BEING ADJUSTED)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	388,200	848,182	333,408	310,205	1,130,760	3,010,755
250,001-500,000	250,500	350,000			270,531	871,031
500,001-1,500,000	612,700	558,994		517,200		1,688,894
1,500,001-2,500,000		4,000,000				4,000,000
2,500,001-5,000,000	4,522,770					4,522,770
ABOVE 5,000,000					202,686,314	202,686,314
TOTAL	**5,774,170**	**5,757,176**	**333,408**	**827,405**	**204,087,606**	**216,779,764**

OUTSTANDING CLAIMS (SIGNED DISCHARGE VOUCHER UNPAID)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	940,775	-	-	-	-	940,775
250,001-500,000	665,065	-		-	-	665,065
500,001-1,500,000		-		-	-	-
1,500,001-2,500,000	-	-		-	-	-
2,500,001-5,000,000	4,500,000	-	-	-	-	4,500,000
ABOVE 5,000,000	-	-		-	-	-
TOTAL	**6,105,840**	**-**	**-**	**-**	**-**	**6,105,840**

Please note that, the group do not have any outstanding claim with executed discharge voucher that is more than 90 days in accordance with Section 70 (1a) of the Insurance Act 2003

		Group		Company	
		2018	2017	**2018**	2017
		N	N	**N**	**N**
14.4	**Funds representing insurance contract liabilities**				
	Balance with banks	**979,126,972**	-	**979,126,972**	-
	Fixed placement	**1,715,026,588**	1,153,642,895	**1,715,026,588**	1,153,642,895
	Treasury bill & Bonds	**849,658,621**	2,163,303,364	**849,658,621**	2,163,303,364
	Available for sale assets	**-**	60,950,000	**-**	60,950,000
	At fair value through profit or loss	**258,720,000**	161,850,795	**258,720,000**	161,850,795
		3,802,532,182	3,539,747,054	**3,802,532,182**	3,539,747,054
15.	**Trade payables**				
	Due to insurance companies	**95,582**	26,482,944	**95,582**	26,482,944
	Due to reinsurance companies - local	**10,681,982**	-	**10,681,982**	-
	Other trade payables	**-**	-	**-**	-
		10,777,564	26,482,944	**10,777,564**	26,482,944
	Current	**10,777,564**	26,482,944	**10,777,564**	26,482,944
	Non-current	**-**	-	**-**	-
	Movement in Trade payables				
	Opening	**26,482,944**	87,511,062	**26,482,944**	87,511,062
	Reinsurance during the year	**2,415,649,330**	1,894,432,250	**2,415,649,330**	1,894,432,250
	Payment	**(2,431,354,711)**	(1,955,460,368)	**(2,431,354,711)**	(1,955,460,368)
	Closing	**10,777,564**	26,482,944	**10,777,564**	26,482,944
15.1	**Borrowing**				
	At 1 January	**-**	-	-	-
	Addition	**99,000,000**	-	-	-
	Repayment	**(53,538,685)**	-	-	-
	Interest capitalised	**22,068,749**	-	-	-
	AS AT 31 DECEMBER	**67,530,064**	**-**	**-**	**-**

These are financial liabilities that mature within 12months of the balance sheet date. It is measure at fair value at initial recognition.

16.	**Other payables and provision**				
	Audit fees	**8,500,000**	7,500,000	**6,500,000**	5,500,000
	VAT payable	**-**	6,166,311	**-**	6,166,311
	Witholding tax payable	**1,184,347**	841,255	**1,184,347**	841,255
	Unclaimed dividend payable (Note 16.1)	**72,801,737**	81,511,521	**72,801,737**	81,511,521
	Due to CHI Capital	**-**	-	**-**	52,500,000
	Accrued expenses	**546,500**	16,106,929	**546,500**	16,106,929
	Unearned Commission received(Note 16.2)	**49,336,209**	36,099,725	**49,336,209**	36,099,725
	Staff Cooperative	**28,107,812**	33,919,511	**28,107,812**	33,919,511
	Sundry creditors	**57,171,140**	25,223,672	**22,340,573**	12,059,318
		217,647,746	207,368,924	**180,817,179**	244,704,571
	Current	**217,647,746**	207,368,924	**180,817,179**	244,704,571
	Non-current	**-**	-	**-**	-

16.1 Unclaimed dividend payable represents amount of dividend which shareholders are yet to collect from the company's registrars and which, in line with the relevant rules of the Securities and Exchange Commission, have been returned to the Company to be held in a separate investment trust account. The balance in the fund is N81,904,931 (made up of principal of N81,511,521. and accrued interest of N393,410).

16.2	**Unearned Commission Reserve**	Group		Company	
		2018	**2017**	**2018**	**2017**
		N	**N**	**N**	**N**
	Fire	**12,490,204**	11,937,265	**12,490,204**	11,937,265
	General accident	**15,148,290**	3,079,203	**15,148,290**	3,079,203
	Motor	**4,310,688**	1,420,281	**4,310,688**	1,420,281
	Marine	**8,012,717**	14,063,547	**8,012,717**	14,063,547
	Oil & Gas	**2,272,797**	1,943,900	**2,272,797**	1,943,900
	Engineering	**5,332,913**	2,357,765	**5,332,913**	2,357,765
	Aviation	**659,767**	610,104	**659,767**	610,104
	Bond	**1,108,833**	687,660	**1,108,833**	687,660
		49,336,209	36,099,725	**49,336,209**	36,099,725

			Group		Company	
			2018	2017	**2018**	2017
			N	N	**N**	**N**
17.	**Retirement benefit obligation**					
	Defined contribution pension plan					
	At 1 January		**5,574,664**	151,314	**5,169,023**	13,502
	Provision during the period (Note 33)		**36,294,220**	34,317,773	**36,294,220**	34,317,773
	Payment during the period		**(35,465,256)**	(28,894,423)	**(35,629,963)**	(29,162,252)
	December		**6,403,628**	5,574,664	**5,833,280**	5,169,023
17.a	Employer contribution	10%	**3,558,945**	3,097,036	**3,242,085**	2,871,679
	Employees contribution	8%	**2,844,682**	2,477,628	**2,591,194**	2,297,344
			6,403,628	5,574,664	**5,833,280**	5,169,023

		Group		Company	
		2018	2017	**2018**	2017
		N	N	**N**	N
17.1	**Deposit for shares:**	-	500,456,779	-	500,456,779
	Movement in Deposit for share				
	Opening	**500,456,779**	-	**500,456,779**	-
	Addition	**-**	500,456,779	**-**	500,456,779
	Alotments	**(500,000,000)**	-	**(500,000,000)**	-
	refund	**(456,779)**	-	**(456,779)**	-
	closing	-	500,456,779	-	500,456,779

This represent deposit made in respect of right issue invoiving 1 new ordinary share of 50kobo per value at 50kobo per share on the basis of 1new ordinary share for every 6ordinary shares of 50kobo per value held as at the close of business on August 25, 2017. The offer opened on October 16,2017 and closed November 17, 2017. The basis of allotmrent was subsequently filed with SEC for approval.

		Group		Company	
		2018	2017	**2018**	2017
		N	**N**	**N**	**N**
18.	**Taxation**				
18.1	**Income tax expense**				
	Income tax	**175,948,705**	163,931,411	**133,518,096**	140,202,557
	Education tax	**11,964,764**	9,346,837	**11,964,764**	9,346,837
	Under/(over)provision in previous year	**-**	-	**-**	-
		187,913,470	173,278,248	**145,482,860**	149,549,394
	Deferred tax (Note 18.3)	**(60,186,506)**	61,568,368	**(61,819,122)**	60,378,792
		127,726,964	234,846,616	**83,663,738**	209,928,186

18.1.1 The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

		Group		Company	
		2018	2017	**2018**	2017
		N	**N**	**N**	**N**
18.2	**Current income tax liabilities**				
	At 1 January	**297,205,965**	191,465,212	**252,351,030**	162,558,597
	Payments during the period	**(116,915,189)**	(67,537,495)	**(99,091,165)**	(59,756,961)
		180,290,776	123,927,717	**153,259,865**	102,801,636
	Charge for the period	**187,913,471**	173,278,248	**145,482,860**	149,549,394
	December	**368,204,246**	297,205,965	**298,742,725**	252,351,030
18.3	**Deferred tax liabilities**				
	At 1 January	**231,671,385**	170,103,017	**230,003,867**	169,625,075
	Charge for the period (Note 18.1)	**(60,186,506)**	61,568,368	**(61,819,122)**	60,378,792
	December	**171,484,879**	231,671,385	**168,184,745**	230,003,867

The Company has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.

		Group 2018	Group 2017	Company 2018	Company 2017
18.4	**Reconciliation of effective tax rate**				
	Profit after tax	**406,710,742**	406,205,406	**376,024,520**	354,751,203
	Total income tax expense				
	Income	**175,948,705**	163,931,411	**133,518,096**	140,202,557
	Education	**11,964,764**	9,346,837	**11,964,764**	9,346,837
	(Over)/under-provision	**-**	-	**-**	-
	Deferred tax (Note 18.3)	**(60,186,506)**	61,568,368	**(61,819,122)**	60,378,792
		127,726,964	234,846,616	**83,663,738**	209,928,186
	Profit for the period before income tax	**534,437,706**	641,052,022	**459,688,258**	564,679,389
	Effective tax rate	**24%**	37%	**18%**	37%

		Group		Company	
		2018	2017	**2018**	2017
		N	**N**	**N**	**N**
19.	**Share capital**				
	Authorised:				
	10 billion ordinary shares of 50k each	**5,000,000,000**	5,000,000,000	**5,000,000,000**	5,000,000,000
19.1	***Issued and fully paid:***				
	8.130 billion ordinary shares of 50k each				
	December	**4,065,000,000**	3,000,000,000	**4,065,000,000**	3,000,000,000
	Opening	**3,000,000,000**	3,000,000,000	**3,000,000,000**	3,000,000,000
	Addition: Right issue	**500,000,000**	-	**500,000,000**	-
	Private placement	**565,000,000**	-	**565,000,000**	-
	Closing	**4,065,000,000**	3,000,000,000	**4,065,000,000**	3,000,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.

		Group		Company	
19.2	**Share Premium**	**2018**	2017	**2018**	2017
	Number (units) of shares issued	**1,130,000,000**		**1,130,000,000**	
	Issue price	**=N=0.65**	-	=N=0.65	-
	Issue Proceeds (in Naira)	**734,500,000**		**734,500,000**	
	Nominal value	**(565,000,000)**		**(565,000,000)**	
	Issue expenses	**(14,234,833)**	-	**(14,234,833)**	-
	Share Premium	**155,265,167**	**-**	**155,265,167**	**-**

The share premium arises from the private placement of 1,130,000,000 shares @ the price of 65kobo which is above the nominal value of 50kobo.The excess amount after deducting all charges is stated as share premium

		Group 2018	Group 2017	Company 2018	Company 2017
20.	**Other reserves**				
20.1.	**Contingency reserve**				
	At 1 January	**1,400,446,908**	1,230,030,314	**1,400,446,908**	1,230,030,314
	Transfer from income statement (Note 21)	**203,273,925**	170,416,594	**203,273,925**	170,416,594
	December	**1,603,720,833**	1,400,446,908	**1,603,720,833**	1,400,446,908

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, Insurance companies in Nigeria are required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total premium. The current year transfer of =N=203,273,925 is based on 3% of total premium.

		Group 2018	Group 2017	Company 2018	Company 2017
20.2	**Statutory reserve**				
	At 1 January	**16,304,970**	9,279,386	**-**	-
	Transfer from income statement (Note 21)	**11,421,086**	7,025,584	**-**	-
	December	**27,726,056**	16,304,970	**-**	-

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited a sub-subsidiary within the group.

		Group 2018	Group 2017	Company 2018	Company 2017
21.	**Retained earnings**				
	At 1 January	**272,254,237**	163,491,009	**201,305,100**	136,970,491
	Dividend declared and paid in the year based on	**-**	-	**-**	-
	the previous year published accounts	**(140,000,000)**	(120,000,000)	**(140,000,000)**	(120,000,000)
	Transfer to contigency reserve (Note 20.1)	**(203,273,925)**	(170,416,594)	**(203,273,925)**	(170,416,594)
	Transfer from income statement	**406,710,742**	406,205,406	**376,024,520**	354,751,203
	Transfer to statutory reserve (Note 20.2)	**(11,421,086)**	(7,025,584)	**-**	-
	December	**324,269,968**	272,254,237	**234,055,695**	201,305,100

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareho lders.

		Group 2018	Group 2017	Company 2018	Company 2017
22.	**Profit before taxation**				
	Profit before taxation is stated after charging/crediting:				
	Depreciation of property and equipment	**109,818,684**	96,512,239	**99,538,115**	91,133,467
	Auditors' remuneration	**8,500,000**	7,500,000	**6,500,000**	5,500,000
	Directors' remuneration:				
	- Fees	**9,450,000**	5,712,500	**9,450,000**	5,712,500
	Profit on disposal of property and equipment	**-**	-	**-**	-
	Foreign exchange (gains)/loss	**(17,768,240)**	(65,091,769)	**(17,768,240)**	(65,091,769)

23. Gross premium earned analysed as follows:

	<------------------- 2018 --------------->			
	Direct premium N	**Inward reinsurance premium N**	**Increase/ decrease in unearned premium N**	**Gross premium earned N**
Fire	**981,346,234**	**26,772,222**	**(33,458,773)**	**974,659,683**
General accident	**846,767,522**	**13,113,551**	**(31,616,769)**	**828,264,303**
Motor	**1,756,831,579**	**25,484,550**	**(152,099,900)**	**1,630,216,229**
Aviation	**305,014,055**	**389,906**	**5,697,615**	**311,101,576**
Oil & Gas	**1,780,722,313**	**80,499,043**	**(47,540,951)**	**1,813,680,405**
Marine	**472,970,255**	**5,372,134**	**85,504,282**	**563,846,671**
Engineering	**320,919,268**	**27,906,998**	**(98,513,551)**	**250,312,716**
Bond	**131,584,920**	**102,947**	**(22,133,231)**	**109,554,635**
	6,596,156,146	**179,641,350**	**(294,161,278)**	**6,481,636,218**
Medical Premium	**89,082,029**	**-**	**(58,383,233)**	**30,698,796**
	6,685,238,175	**179,641,350**	**(352,544,511)**	**6,512,335,014**

Gross premium earned analysed as follows:

	<-------------------- 2017 ------------------->			
	Direct premium N	**Inward reinsurance premium N**	**Increase/ decrease in unearned premium N**	**Gross premium earned N**
Fire	825,955,965	21,946,808	(22,559,654)	825,343,119
General accident	775,455,152	12,334,220	109,939,104	897,728,476
Motor	1,379,195,359	10,700,307	(1,288,429)	1,388,607,237
Aviation	570,864,033	428,951	9,247,560	580,540,544
Oil & Gas	1,289,679,745	14,607,624	(153,966,736)	1,150,320,633
Marine	543,393,810	1,953,011	(71,676,088)	473,670,733
Engineering	158,920,021	4,743,654	4,849,358	168,513,033
Bond	70,374,462	-	(12,365,508)	58,008,954
	5,613,838,547	66,714,575	(137,820,393)	5,542,732,729

	Group		Company	
	2018 N	2017 N	**2018 N**	2017 N
24. Reinsurance expense				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost (Note 7.3)	**2,415,649,330**	1,894,432,250	**2,415,649,330**	1,894,432,250
(Increase)/decrease in prepaid reinsurance	**(176,227,990)**	(34,891,598)	**(176,227,990)**	(34,891,598)
Reinsurance expense (Note 7.3)	**2,239,421,340**	1,859,540,653	**2,239,421,340**	1,859,540,653
25. Fee and commission				
Fire	**113,708,633**	105,313,451	**113,708,633**	105,313,451
General accident	**93,449,842**	52,740,009	**93,449,842**	52,740,009
Motor	**7,752,409**	4,225,013	**7,752,409**	4,225,013
Aviation	**41,359,891**	120,923,884	**41,359,891**	120,923,884
Oil & Gas	**23,020,360**	51,856,689	**23,020,360**	51,856,689
Marine	**38,630,136**	4,921,625	**38,630,136**	4,921,625
Engineering	**36,616,348**	25,963,414	**36,616,348**	25,963,414
Bond	**1,847,433**	4,606,334	**1,847,433**	4,606,334
	356,385,052	**370,550,419**	**356,385,052**	**370,550,419**
Movement - Fee and commission				
Opening Unearned commission (Note 16.2)	**36,099,725**	16,064,060	**36,099,725**	16,064,060
Commission received	**369,621,536**	390,586,084	**369,621,536**	390,586,084
Commission earned	**(356,385,052)**	(370,550,419)	**(356,385,052)**	(370,550,419)
Closing Unearned commission (Note 16.2)	**49,336,209**	36,099,725	**49,336,209**	36,099,725

		Group		Company	
		Claims expenses December 2018	**Claims expenses** December 2017	**Claims expenses December 2018**	Claims expenses December 2017
		N	**N**	**N**	N
25a	**Claims expenses**				
	Claims paid during the year	**4,872,635,876**	2,370,171,567	**4,855,948,503**	2,370,171,567
	Opening IBNR and outstanding claims(Note 14.1)	**(1,952,794,716)**	(968,909,480)	**(1,952,794,716)**	(968,909,480)
	Closing IBNR and outstanding claims (Note 14.1)	**1,867,293,863**	1,952,794,716	**1,867,293,863**	1,952,794,716
	Gross claims expenses	**4,787,135,023**	3,354,056,803	**4,770,447,651**	3,354,056,803
25b.	**Claims & IBNR recoverable**				
	Claims recoverable				
	Claims recovered	**2,787,704,737**	866,513,195	**2,787,704,737**	866,513,195
	Opening claims recoverable (Note 7.3)	**(1,312,918,114)**	(248,318,604)	**(1,312,918,114)**	(248,318,604)
	Closing claims recoverable (Note 7.3)	**1,512,527,257**	1,312,918,114	**1,512,527,257**	1,312,918,114
	Net recoverable	**2,987,313,881**	1,931,112,704	**2,987,313,881**	1,931,112,704

26. Underwriting expenses

	Group		Company	
Underwriting expenses- 2018	**Acquisition expenses**	**Maintenance expenses**	**Acquisition expenses**	**Maintenance expenses**
	N	**N**	**N**	**N**
Fire	**190,253,371**	**63,616,740**	**190,253,371**	**63,616,740**
General accident	**157,358,377**	**69,141,460**	**157,358,377**	**69,141,460**
Motor	**183,083,799**	**214,289,427**	**183,083,799**	**214,289,427**
Aviation	**58,311,319**	**17,624,759**	**58,311,319**	**17,624,759**
Oil & Gas	**339,143,339**	**98,268,662**	**339,143,339**	**98,268,662**
Marine	**103,953,931**	**32,600,036**	**103,953,931**	**32,600,036**
Engineering	**51,359,967**	**17,276,621**	**51,359,967**	**17,276,621**
Bond	**16,980,802**	**7,346,398**	**16,980,802**	**7,346,398**
	1,100,444,905	**520,164,102**	**1,100,444,905**	**520,164,102**
HMO Acquisition expenses	**1,431,685**		**-**	**-**
	1,101,876,590	**520,164,103**	**1,100,444,905**	**520,164,102**

Underwriting expenses- 2017	**Acquisition expenses**	**Maintenance expenses**	**Acquisition expenses**	**Maintenance expenses**
	N	**N**	**N**	**N**
Fire	162,272,932	49,745,951	162,272,932	49,745,951
General accident	180,353,264	89,804,028	180,353,264	89,804,028
Motor	159,855,684	163,484,914	159,855,684	166,667,037
Aviation	105,698,118	21,640,550	105,698,118	21,640,550
Oil & Gas	205,803,726	61,779,268	205,803,726	61,779,268
Marine	95,013,407	31,066,999	95,013,407	31,066,999
Engineering	33,413,575	10,939,414	33,413,575	10,939,414
Bond	9,844,154	4,022,669	9,844,154	4,022,669
	952,254,860	432,483,793	952,254,860	435,665,916

	Group		Company	
Underwriting expenses	**December 2018**	**December** 2017	**December 2018**	**December** 2017
	N	**N**	**N**	**N**
Acquisition Expenses	**1,101,876,590**	952,254,860	**1,100,444,905**	952,254,860
Maintenance Expenses	**520,164,102**	432,483,793	**520,164,102**	435,665,916
	1,622,040,692	1,384,738,653	**1,620,609,008**	1,387,920,776
Movement in Underwriting expenses				
Opening	**257,664,385**	229,579,067	**257,664,385**	229,579,067
Acquistion cost during the year	**1,670,289,543**	1,416,006,094	**1,665,910,801**	1,416,006,094
Less: Amortisation during the year (Note 26)	**(1,620,609,008)**	(1,387,920,776)	**(1,620,609,008)**	(1,387,920,776)
Closing	**307,344,920**	257,664,385	**302,966,178**	257,664,385

		Group		Company	
		December 2018	December 2017	**December 2018**	December 2017
		N	N	**N**	N
27.	**Investment income**				
	Interest received	**418,913,900**	331,577,321	**97,367,866**	208,275,643
	Interest received on corporate loan	**58,981,771**	-	**58,981,771**	-
	Interest accrued	**304,092,403**	213,313,255	**303,092,403**	213,313,255
	Amortised gain(loss) on held to maturity (Note 3.4)	**145,204,161**	239,139,982	**145,204,161**	239,139,982
	Rent income on investment properties	**3,997,000**	3,689,257	**3,997,000**	3,689,257
	Dividend received	**8,764,597**	8,499,313	**8,764,597**	8,499,313
		939,953,832	796,219,129	**617,407,797**	672,917,451
27.1	**Investment income**				
	Investment income attributable to policyholders' fund	**145,204,161**	452,453,237	**145,204,161**	452,453,237
	Investment income attributable to shareholders' fund	**794,749,671**	343,765,892	**472,203,637**	220,464,214
		939,953,832	796,219,129	**617,407,797**	672,917,451
28.	**Other operating income**				
	Profit on disposal of property and equipment	**5,379,597**	1,279,197	**5,379,597**	1,279,197
	Interest on staff receivables	**2,263,835**	2,211,020	**2,263,835**	2,211,020
	Recoveries in the year	**-**	30,000	**-**	30,000
	Exchange gain (Note 28.1)	**17,768,240**	65,091,769	**17,768,240**	65,091,769
	Other income (Note 28.2)	**512,043**	6,249,235	**76,318**	69,229
		25,923,716	74,861,221	**25,487,990**	68,681,215
28.1	**Exchange gain**				
	Gain on disposal of foreign currency	**17,130,000**	**51,727,500**	**17,130,000**	**51,727,500**
	Gain/ (loss) from valuation of closing balance	**638,240**	**13,364,269**	**638,240**	**13,364,269**
		17,768,240	65,091,769	**17,768,240**	65,091,769

28.2 **Other Income:** Included in other income 2017 was the income from Sub-subsidiary (CHI Support Services Limited) of =N=8.9million that do not occurred in 2018.

		Group December 2018	Group December 2017	Company December 2018	Company December 2017
29.	**Impairment charged**				
	Cash and cash equivalent (Note 2.2)	**-**	(330)	**-**	(330)
	Loans and receivables (Note 3.2)	**(15,590,065)**	(5,724,347)	**-**	-
	Finance Lease receivable (Note 5.1)		-	**-**	-
	Trade receivables (Note 6.1)	**-**	-	**-**	-
	Other receivables (Note 9)	**-**	(289,999)	**-**	(289,999)
	Inventories (Note 11)	**-**	(3,920,887)	**-**	-
		(15,590,065)	(9,935,563)	**-**	(290,329)
	Impairment no longer required				
	Loans and receivables (Note 3.2.4)	**-**	3,680,754	**-**	3,680,754
	Trade receivables (Note 6.1)	**-**	-	**-**	-
	Other receivables (Note 9)	**-**	-	**-**	-
	Inventories (Note 11)	**-**	-	**-**	-
	Finance Lease receivable (Note 5.2)	**3,844,938**	7,025,325		
		3,844,938	10,706,079	**-**	3,680,754
	Impairment (charge)/write back	**(11,745,127)**	770,516	**-**	3,390,424

	Group		Company	
	December 2018 N	December 2017 N	**December 2018 N**	December 2017 N
30. Net fair value loss at fair value through profit or loss				
Financial assets at fair value through profit or los	**150,362,024**	(1,453,136)	**150,362,024**	(1,453,136)
Investment property (Note 12.1)	**1,000,000**	(3,221,395)	**1,000,000**	(3,221,395)
Others	**-**	-		-
Fair value gains/(loss)	**151,362,024**	(4,674,531)	**151,362,024**	(4,674,531)

This represents increase in the value of financial assets and investment properties at fair value through profit or loss during the year.

	Group 2018	Group 2017	Company 2018	Company 2017
30a Financial Assest at fair value through profit or loss (Note 3.1)				
Openning balance	**151,727,879**	(150,274,743)	**151,727,879**	(150,274,743)
Addition charged to profit or loss	**(150,362,024)**	(1,453,136)	**(150,362,024)**	(1,453,136)
Disposal	**-**	-	**-**	-
Closing balance	**1,365,855**	(151,727,879)	**1,365,855**	(151,727,879)

31. Operating & Administrative expenses

	Group 2018	Group 2017	Company 2018	Company 2017
Employee cost (Note 33)	**696,317,651**	566,188,159	**541,995,811**	543,297,321
Rent, insurance and maintenance	**110,024,993**	109,950,217	**108,252,492**	106,956,928
Depreciation of property and equipment	**109,818,684**	96,512,239	**99,538,115**	91,133,467
Auditors' remuneration	**8,500,000**	7,500,000	**6,500,000**	5,500,000
Directors' remuneration:				
- Fees (Note 45)	**9,450,000**	5,712,500	**9,450,000**	5,712,500
- Allowance & Expenses	**46,605,614**	49,975,632	**45,769,864**	49,139,882
Professional charges	**96,949,507**	44,105,374	**73,674,671**	44,105,374
Printing and telecommunication	**46,450,426**	40,309,049	**39,569,329**	35,627,953
Advertising	**191,096,386**	170,264,046	**180,583,753**	169,556,113
Travelling and motor vehicle expenses	**186,296,695**	116,744,095	**162,598,348**	104,891,426
Rates, Insurance levy and utilities	**43,380,071**	53,314,139	**37,880,071**	53,314,139
Office running and bank charges	**47,049,023**	47,640,752	**44,209,238**	46,700,967
Donation	**20,902,178**	19,691,609	**20,902,178**	19,691,609
Office security expenses	**21,706,997**	15,642,610	**20,489,414**	14,425,027
Brand management	**106,789,614**	97,503,221	**101,714,987**	97,329,671
Legal and Filing fees	**13,498,094**	23,450,113	**12,640,738**	23,450,113
Penalty	**23,657,698**	7,680,300	**23,657,698**	7,680,300
	1,778,493,631	1,472,184,057	**1,529,426,707**	1,418,512,790

Basic/diluted earnings per share

	Group 2018	Group 2017	Company 2018	Company 2017
32. Profit/(loss) after taxation	**406,710,742**	406,205,406	**376,024,520**	354,751,203
Number of shares	**8,130,000,000**	6,000,000,000	**8,130,000,000**	6,000,000,000
Movement in Numbers of Share Capital				
Opening	**6,000,000,000**	6,000,000,000	**6,000,000,000**	6,000,000,000
Right issue	**1,000,000,000**	-	**1,000,000,000**	-
Private placement	**1,130,000,000**	-	**1,130,000,000**	-
Closing	8,130,000,000	6,000,000,000	8,130,000,000	6,000,000,000
Weighted Average nos of share				
Opening	**6,000,000,000**	6,000,000,000	**6,000,000,000**	6,000,000,000
Right issue (full year)	**1,000,000,000**	-	**1,000,000,000**	-
Private placement	**21,671,233**	**-**	**21,671,233**	**-**
Weighted Average nos of share	**7,021,671,233**	6,000,000,000	**7,021,671,233**	6,000,000,000
Basic/diluted earnings per share (kobo)	**5.79**	6.77	**5.36**	5.91

Earnings/(loss) per share have been computed on profit/(loss) after taxation attributable to ordinary shareholders and divided by the number of shares at 50k ordinary shares in issue at year end.

32a Reconciliation of net cashflow from operating activities

	Group		Company	
	December 2018	December 2017	**December 2018**	December 2017
Profit before tax	**534,437,706**	641,052,022	**459,688,258**	564,679,389
Adjustment for the following;				
Add, Depreciation & amortisation	**109,818,684**	94,530,689	**99,538,115**	91,133,467
other non cash transaction				
Net fair value loss on financial assets at fair value through profit or loss	**150,362,024**	4,674,531	**150,362,024**	4,674,531
Less :				
Profit on disposal	**(5,379,597)**	(1,279,197)	**(5,379,597)**	(1,279,197)
Investment income	**(939,953,832)**	(796,219,129)	**(617,407,797)**	(672,917,451)
Dividend received	**-**	-	**-**	-
	(150,715,015)	(57,241,084)	**86,801,003**	(13,709,261)
Changes in working capital:				
Increase(deccrease) in trade receivable	**(84,496,043)**	31,734,809	**(48,892,187)**	31,734,809
Increase(deccrease) in reinsurance assets	**(375,837,134)**	(1,109,566,106)	**(375,837,134)**	(1,109,566,106)
Increase(deccrease) in deferred acquisition	**(49,680,535)**	(28,085,318)	**(45,301,793)**	(28,085,318)
Increase(deccrease) in other receivable	**(20,672,251)**	3,479,872	**(44,746,779)**	47,463,362
Increase(deccrease) in finance lease receivable	**(20,554,502)**	(67,150,041)	**-**	-
Increase(deccrease) in inventory	**-**	3,920,887	**-**	-
Increase(deccrease) in trade payable	**(15,705,380)**	(61,028,117)	**(15,705,380)**	(61,028,117)
Increase(deccrease) in Borrowing	**67,530,064**	-	**-**	-
Increase(deccrease) in insurance contract liabilit	**271,169,360**	1,121,705,630	**208,660,426**	1,121,705,630
Increase(deccrease) in provision & other payabl	**10,278,822**	27,637,856	**(63,887,392)**	49,602,969
Increase(deccrease) in retirement benefits	**828,963**	5,423,350	**664,257**	5,155,521
Tax paid	**(116,915,189)**	(67,537,495)	**(99,091,165)**	(59,756,961)
	(484,768,841)	(196,705,757)	**(397,336,144)**	(16,483,472)

		Group		Company	
		December 2018 N	December 2017 N	**December 2018 N**	December 2017 N
	Employee cost				
33.	Wages and salaries	**554,584,116**	453,054,091	**402,322,276**	430,163,391
	Medical	**26,365,838**	26,857,711	**24,865,838**	26,857,711
	Staff training	**79,073,478**	51,958,584	**78,513,478**	51,958,446
	Defined contribution pension plan (Note 17)	**36,294,220**	34,317,773	**36,294,220**	34,317,773
		696,317,651	566,188,159	**541,995,811**	543,297,321
34.	**Chairman's and Directors' emoluments, pensions and compensation for loss of office**				
	Emoluments:				
	Chairman	**750,000**	750,000	**750,000**	750,000
	Other Directors	**4,962,500**	4,962,500	**4,962,500**	4,962,500
	Other emolument of executives	**16,320,000**	16,320,000	**16,320,000**	16,320,000
	Emolument of highest paid Director	**12,000,000**	12,000,000	**12,000,000**	12,000,000

	Group		Company	
	2018 Number	2017 Number	**2018 Number**	2017 Number
35. Staff				
Average number of persons employed in the financial year were as follows:				
Managerial	**32**	26	**27**	24
Senior staff	**132**	111	**118**	105
Junior staff	**108**	108	**101**	104
	272	245	**246**	233

36. The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

N		N	Group 2018	Group 2017	Company 2018	Company 2017
Nil	-	100,000	**Nil**	Nil	**Nil**	Nil
100,001	-	200,000	**Nil**	Nil	**Nil**	Nil
200,001	-	300,000	**Nil**	Nil	**Nil**	Nil
Above	-	300,000	**10**	**10**	**10**	**10**

Emolument

	Group 2018	Group 2017	Company 2018	Company 2017
Number of Directors who have waived their rights to receive emoluments	**Nil**	Nil	**Nil**	Nil

37. Employees remunerated at higher rates

The number of employees in respect of emoluments within the following ranges were:

N		N	Group 2018	Group 2017	Company 2018	Company 2017
200,001	-	300,000	**7**	7	**6**	6
300,001	-	400,000	**30**	30	**30**	30
400,001		500,000	**29**	29	**29**	29
500,001	-	600,000	**14**	14	**14**	14
600,001	-	700,000	**2**	2	**2**	2
700,001	-	800,000	**11**	11	**11**	11
800,001	-	900,000	**15**	14	**13**	13
900,001	-	1,000,000	**7**	5	**5**	5
1,000,001	and above		**157**	133	**136**	123
			272	245	**246**	233

38. Capital commitments

There were no capital commitments as at 31 December 2018.

39. Contingent liabilities

There no contigent liability against Consolidated Hallmark Insurance as at 31st December 2018.

40. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).

41. Segment Information

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Management.

The Group is organized into two operating segments, these segments and their respective operations are as follows:

General Insurance Business & HMO: This segment provides cover for indemnifying customers' properties,and compensation for other parties that have suffered damage as a result of customers' accidents. Major sources of revenue in this segment are mainly from insurance premium, investment income, commission received,net fair value gains on financial assets at fair value through profit or loss.

CHI Capital Ltd: This is a subsidiary of Consolidated Hallmark Insurance Plc. The company is registered by CAC to offer consumer leasing and support services to Consolidated Hallmark Insurance Plc (the parent company). In addition, it owns Grand Treasurers Ltd, the company is registered by CBN to offer wide range financial services and products domestically to suit customer's long- and short-term financial needs. These products include L.P.O financing, Consumer Lease, Working Capital financing, Auto lease, Project financing and intermediation and Financial Management Consultancy Services. Revenue from this segment is derived primarily from interest income, fee income, investment income and net fair value gains on financial assets at fair value through profit and loss.

Segment information by company and subsidiaries:

	General Insurance & HMO N	Finance and support services N	Elimination N	Total N
At DECEMBER 2018				
Operating income	**2,014,157,240**	**333,196,672**	**(34,422,575)**	**2,312,931,337**
Operating expenses	**(1,529,426,707)**	**(249,066,924)**		**(1,778,493,631)**
Operating profit	**484,730,533**	**84,129,748**	**(34,422,575)**	**534,437,706**
Taxation	**(83,663,738)**	**(44,063,226)**	**-**	**(127,726,964)**
Profit for the period	**401,066,795**	**40,066,522**	**(34,422,575)**	**406,710,742**
Total assets	**10,914,628,987**	**1,363,026,301**	**(1,456,049,160)**	**10,821,606,128**
Total liabilities	**4,510,378,653**	**140,957,217**	**(73,240,831)**	**4,578,095,040**
Share capital and reserves	**6,404,250,334**	**1,222,069,083**	**(1,382,808,329)**	**6,243,511,088**
Depreciation	**99,538,115**	**10,280,569**	**-**	**109,818,684**
ROCE	**8%**	**7%**	**-**	**9%**
At 31 December 2017				
Operating income	1,991,164,503	124,691,483	-	2,115,855,986
Operating expenses	(1,418,512,790)	(56,291,174)	-	(1,474,803,964)
Operating profit	572,651,713	68,400,309	-	641,052,022
Taxation	(209,928,186)	(24,918,430)	-	(234,846,616)
Profit for the period	362,723,527	43,481,879	-	406,205,406
Total assets	9,393,327,840	716,637,887	(619,791,332)	9,490,174,395
Total liabilities	4,791,575,832	99,383,780	(89,791,332)	4,801,168,279
Share capital and reserves	4,601,752,008	617,254,107	(530,000,000)	4,689,006,115
Depreciation	91,133,467	5,378,772	-	96,512,239
ROCE	12%	10%	0%	13%

42. Contraventions

The Company paid total penalty of =N=23,649,941.30 (2017 =N=7,680,300). The total of =N=23,649,941.30 is made up of =N=23,199,941.30 to National Insurance Commission (NAICOM) for contravening NAICOM's rule of seeking for Approval in Principle (AIP) on Airpeace Limited transaction and =N= 450,000 to Securities and Exchange Commission (SEC) for Failure to render quarterly return on utilization of right issue proceed to SEC during the reporting period.

43. Reinsurance treaty

The Company has a reinsurance agreement with African Reinsurance Corporation, Continental Reinsurance Plc and WAICA Reinsurance Corporation Plc to reinsure the risks associated with fire and consequential loss, General accident, Marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement was last modified 31 December 2018.

44. Related party transactions

There are no significant business dealings with its related parties during the year under review. All transactions were at arms length.

Parent:

The Group is controlled by Consolidated Hallmark Insurance Plc. which is the parent company, whose shares are widely held. Consolidated Hallmark Insurance Plc, is a General Business Insurance Company licensed by the National Insurance Commission.

Subsidiaries:

Consolidated Hallmark Insurance Plc holds 99.99% interest in CHI Capital Limited, 100% in Micro Insurance Limited and 100% in HMO Service Limited. Transactions between Consolidated Hallmark Insurance Plc and all the subsidiaries are eliminated on consolidation and already

Key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group or Company, directly or indirectly, including any director (whether executive or otherwise). It includes close members of their families who may be expected to influence or be influenced by that individual in their dealings with the Group.

The significant related party transaction in the course of the reporting year with the subsidiaries are as stated below;

	Entity	2018 December	2017 December
Income from Auto-insurance support services	CHI Capital Limited	-	6,274,336
Auto-insurance support services expenses	Consolidated Hallmark Insurance PLC	-	6,274,336
Income from Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	34,422,575	
Income from Grand Treasurers Limited	Hallmark Health Services Limited	896,511	
Medical Expenses paid to Hallmark Health Services Limit	Consolidated Hallmark Insurance PLC	6,609,500	
Loan to Wakanow .com Limited (Director)	Wakanow.com Limited	147,313,181	
Fund placement with Grand Treasurers Limited	Consolidated Hallmark Insurance PLC	247,215,144	
Fund placement with Grand Treasurers Limited	Hallmark Health Services Limited	164,242,973	

	Group		Company	
	December 2018 N	**31 December** 2017 **N**	**December 2018 N**	**31 December** 2017 **N**
45. Compensation of key management personnel:				
Directors fees	**9,450,000**	5,250,000	**9,450,000**	5,250,000

46. Events after the reporting period:

No event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

47. Capital management

The Group’s objectives with respect to capital management are to maintain a capital base that adequately meets regulatory requirements and to utilize capital allocations efficiently and effectively. Capital levels are determined either based on internal assessment or regulatory requirements.

The Nigerian Insurance Act 2003 stipulates the minimum capital requirement for a non life insurance company as an amount not less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital whichever is greater. The Act defines what constitutes admissible assets liabilities. The regulators generally expect companies to comply with capital adequacy requirements and the Company has consistently exceeded this minimum over the years. The regulator has the authority to request more extensive reporting and can place restrictions on the Company’s operations if the Company falls below this requirement as deemed neccesary.

All of the Groups capital is Tier 1 (core capital) which consists of share capital and reserves created by appropriation of retained earnings. The following sources of funds are available to the group to meet its capital growth requirements:

1. Profits from operations: The group had regularly appropriated from its profit to grow its capital.
2. Issue of shares: The Group can successfully access the capital market to raise the desired funds for its operations and needs.
3. Loans (long term/short term): this remains a source of capital even though the group had never had cause to access this source for funding its operations.

Compliance with statutory solvency margin requirement:

The company at the end of financial year ended December 2018 maintained admisible assets of N9,661,064,834 which exceeded the total admissible liabilities of N4,237,238,791. The solvency margin was computed in line with the requirements of Section 24 of the insurance Act 2003, latest NAICOM guidelines. This showed a solvency margin of N2,423,826,043 in excess of the minimum requirement of N3billion for General Insurance Business by 80.79%. Thus, the solvency margin above satisfies the requirement of the regulatory requirement.

48. Asset & Liability Management

Asset & Liability Management (ALM) is the practice of managing an insurer's financial position so that actions taken with respect to assets and liabilities are designed to address the broad set of financial risks inherent in their joint behavior.

Asset & Liability Management (ALM) attempts to address financial risks the group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

ALM ensures that specific assets of the group is allocated to cover reinsurance and other liabilities of the group.
The following tables reconcile the consolidated balance sheet to the classes and portfolios used in the Group's ALM framework.

Group 2018

	Insurance fund	Shareholders funds	December 2018
	N	N	N
ASSETS			
Cash and cash equivalents	2,694,153,560	254,673,126	2,948,826,686
Financial assets	-		
- At fair value through profit or loss	258,720,000	43,196,504	301,916,504
- Loans and receivables	-	1,187,669,655	1,187,669,655
- Available for sale	-	60,950,000	60,950,000
-Held -to-maturity	849,658,621	225,928,760	1,075,587,381
Deposit for shares		-	-
Finance lease receivables		249,994,807	249,994,807
Trade receivables		234,852,324	234,852,324
Reinsurance assets	2,031,727,218	-	2,031,727,218
Deferred acquisition cost		307,344,920	307,344,920
Other receivables and prepayments		195,161,111	195,161,111
Investment in subsidiaries		-	-
Intangible Asset		22,362,991	22,362,991
Inventories		-	-
Investment properties		899,211,000	899,211,000
Property and equipment		1,006,001,531	1,006,001,531
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**5,834,259,399**	**4,987,346,729**	**10,821,606,128**
LIABILITIES			
Insurance contract liabilities	3,803,576,977	-	3,803,576,977
Trade payable		10,777,564	10,777,564
Other payables and Provision		217,647,746	217,647,746
Retirement benefit obligations		6,403,628	6,403,628
Income tax liabilities		368,204,246	368,204,246
Deferred income tax		171,484,879	171,484,879
TOTAL LIABILITIES	**3,803,576,977**	**774,518,062**	**4,578,095,040**
SURPLUS	**2,030,682,422**	**4,212,828,666**	**6,243,511,088**

Group 2017

	Insurance fund	Shareholders funds	December 2017
	N	N	N
ASSETS			
Cash and cash equivalents	1,153,642,895	767,628,684	1,921,271,578
Financial assets	-		
- At fair value through profit or loss	161,850,795	8,406,035	170,256,830
- Loans and receivables	-	408,385,061	408,385,061
- Available for sale	60,950,000	-	60,950,000
-Held -to-maturity	2,163,303,364	97,294,146	2,260,597,511
Deposit for shares		-	-
Finance lease receivables		229,440,306	229,440,306
Trade receivables		150,356,282	150,356,282
Reinsurance assets		1,655,890,085	1,655,890,085
Deferred acquisition cost		257,664,385	257,664,385
Other receivables and prepayments		174,488,859	174,488,859
Investment in subsidiaries		-	-
Intangible Asset		24,621,130	24,621,130
Inventories		-	-
Investment properties		899,661,000	899,661,000
Property and equipment		976,591,367	976,591,367
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**3,539,747,054**	**5,950,427,339**	**9,490,174,394**
LIABILITIES			
Insurance contract liabilities	3,532,407,618	-	3,532,407,618
Trade payable		26,482,944	26,482,944
Other payables and Provision		207,368,924	207,368,924
Retirement benefit obligations		5,574,664	5,574,664
Income tax liabilities		297,205,965	297,205,965
Deferred income tax		231,671,385	231,671,385
TOTAL LIABILITIES	**3,532,407,618**	**768,303,882**	**4,300,711,500**
SURPLUS	**7,339,436**	**5,182,123,457**	**5,189,462,894**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Company 2018

	Insurance fund	Shareholders funds	December 2018
ASSETS			
Cash and cash equivalents	2,694,153,560	2,203,249	2,696,356,809
Financial assets			
– At fair value through profit or loss	258,720,000	32,371,429	291,091,429
- Loans and receivables	-	479,876,252	479,876,252
– Available for sale	-	60,950,000	60,950,000
-Held-to-maturity	849,658,621	225,928,760	1,075,587,381
Deposit for shares		-	-
Trade receivables		199,248,468	199,248,468
Reinsurance assets	2,031,727,218		2,031,727,218
Deferred acquisition cost	-	302,966,178	302,966,178
Other receivables and prepayments		210,813,534	210,813,534
Intangible Asset		22,192,991	22,192,991
Investment in subsidiaries		1,030,000,000	1,030,000,000
Investment properties		805,550,000	805,550,000
Property, plant and equipment		957,103,968	957,103,968
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**5,834,259,399**	**4,629,204,830**	**10,463,464,230**
LIABILITIES			
Insurance contract liabilities	**3,741,068,043**	-	3,741,068,043
Trade payable		10,777,564	10,777,564
Provision and Other payables		180,817,178	180,817,178
Retirement benefit obligations		5,833,280	5,833,280
Income tax liabilities		298,742,725	298,742,725
Deferred income tax		168,184,745	168,184,745
TOTAL LIABILITIES	**3,741,068,043**	**664,355,492**	**4,405,423,535**
SURPLUS	**2,093,191,356**	**3,964,849,338**	**6,058,040,694**

Company 2017

	Insurance fund	Shareholders funds	December 2017
ASSETS			
Cash and cash equivalents	1,153,642,895	696,744,068	1,850,386,963
Financial assets			
– At fair value through profit or loss	161,850,795	-	161,850,795
- Loans and receivables	-	248,623,854	248,623,854
– Available for sale	60,950,000	-	60,950,000
-Held-to-maturity	2,163,303,364	97,294,147	2,260,597,511
Deposit for shares		-	-
Trade receivables		150,356,282	150,356,282
Reinsurance assets		1,655,890,085	1,655,890,085
Deferred acquisition cost		257,664,385	257,664,385
Other receivables and prepayments		166,066,755	166,066,755
Intangible Asset		18,458,195	18,458,195
Investment in subsidiaries		530,000,000	530,000,000
Investment properties		806,000,000	806,000,000
Property, plant and equipment		926,483,015	926,483,015
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**3,539,747,053**	**5,853,580,785**	**9,393,327,840**
LIABILITIES			
Insurance contract liabilities	3,532,407,618	-	3,532,407,618
Trade payable		26,482,944	26,482,944
Provision and Other payables		244,704,571	244,704,571
Retirement benefit obligations		5,169,023	5,169,023
Income tax liabilities		252,351,030	252,351,030
Deferred income tax		230,003,867	230,003,867
TOTAL LIABILITIES	**3,532,407,618**	**758,711,434**	**4,291,119,052**
SURPLUS	**7,339,435**	**5,094,869,351**	**5,102,208,788**

49. Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

The determination of fair value for each class of financial instruments was based on the particular characteristics of the instruments. Group’s accounting policy on fair value measurements is discussed under the statement of significant accounting policies.

Level 1: Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in active market for identical assets and liabilities.

Level 2: valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

Group 31 December 2018

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,948,826,686	2,948,826,686			
Financial assets at fair value through profit and loss	301,916,504	301,916,504	-	-	301,916,504
Held to maturity	1,187,669,655	-	1,075,587,381	-	1,075,587,381
Available for sale	60,950,000	-	-	60,950,000	60,950,000
Finance lease receivables	249,994,807			249,994,807	249,994,807
Trade receivables	234,852,324			234,852,324	234,852,324
Reinsurance assets	2,031,727,218			2,031,727,218	2,031,727,218

Group 31 December 2017

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	1,921,271,578				
Financial assets at fair value through profit and loss	170,256,830	170,256,830	-	-	170,256,830
Held to maturity	2,260,597,511	-	2,260,597,511	-	2,260,597,511
Available for sale	60,950,000	-	-	60,950,000	60,950,000
Finance lease receivables	229,440,306			229,440,306	229,440,306
Trade receivables	150,356,282			150,356,282	150,356,282
Reinsurance assets	1,655,890,085			1,655,890,085	1,655,890,085

Company 31 December 2018

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	2,696,356,809	2,696,356,809			2,696,356,809
Financial assets at fair value through profit and loss	291,091,429	291,091,429	-	-	291,091,429
Held to maturity	1,075,587,381	-	1,075,587,381	-	1,075,587,381
Available for sale	60,950,000	-	-	60,950,000	60,950,000
Trade receivables	199,248,468			199,248,468	199,248,468
Reinsurance assets	2,031,727,218			2,031,727,218	2,031,727,218

Company 31 December 2017

Asset Types	Carrying amount	Level 1	Level 2	Level 3	TOTAL
Cash and cash equivalents	1,850,386,963	1,850,386,963			1,850,386,963
Financial assets at fair value through profit and loss	161,850,795	161,850,795	-	-	161,850,795
Held to maturity	2,260,597,511	-	2,260,597,511	-	2,260,597,511
Available for sale	60,950,000	-	-	60,950,000	60,950,000
Trade receivables	150,356,282			150,356,282	150,356,282
Reinsurance assets	1,655,890,085			1,655,890,085	1,655,890,085

50. Management of Insurance and Financial risks

Risk Management Framework:

Consolidated Hallmark Insurance Plc has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Group. As an insurance company, the management of risk is at the core of the operating structure of Consolidated Hallmark Insurance Plc. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation.

The Company's Risk Management System is in line with the guidelines as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in the operations. The risk structure includes ourapproach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Company's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

The Company is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Company only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

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. The Board carries out these function by setting Finance and General purpose Committee (FGPC), Board Audit and Risk Management Committee (BARM), Establishment and Governance Committee and Investment Committee. The Board Audit and Risk Management Committee performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. Finance and General Purpose Committee of the Board functions on oversight of financial reporting and accounting. The Investment Committe reviews and approves the company's investment policy, and approves investment over and above managements' approval limit.

Management is responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and Also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees. Management also ensures that explanations are provided to the Board Committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control is established by the organization in the management of enterprise risks across the organization.The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, 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, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

The Chief Risk Officer (a member of the Management) is responsible for the risk policies, risk methodologies and risk infrastructure. The Chief Risk Office (CRO) informs the Board, as well as the Management 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 broad risk limits set by the Board throughout the year.

a) Insurance Risk Management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Group has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for paymentof some or all costs.

The above risk exposure is mitigated by diversification across a 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 Group also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

The Group purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.

The Group manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Company. Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer.

a(i) Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certains reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for uneared premium at the end of the reporting period.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These cohorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims.

Executive Summary
Recommendation

Following the completion of the reserving exercise, it is EY's recommendation that the following Gross Incurred But Not Reported ("IBNR") Reserve be held.This analysis relies on information and reasonability checks as provided by Consolidated Hallmark Insurance Plc.

We have calculated the IBNR reserve for each class of business and summarise our results below .The IBNR reserve is shown as a percentage of Gross Earned Premium ("GEP").

Class of Business	Premium ₦	Gross IBNR ₦	GEP ₦
31 December,2018	6,481,636,218	692,845,533	11%
31 December,2017	5,543,047,068	660,266,461	12%

The Gross IBNR decreased by 13% from last year to a total of N848.65million. This decrease is supported by a 3% decline in Gross Earned Premium from 2016 to 2017.

On a Net Basis it is recommended that the following Net IBNR reserve be held. The comparable figures as at the last valuation are included. The IBNR reserve is shown as the percentage of Net Earned Premium ("NEP") in the table below.

Class of Business	Net Earned Premium ₦	Net IBNR ₦	Percentage of NEP ₦
31 December,2018	4,242,214,878	392,326,836	11%
31 December,2017	3,683,192,076	392,326,836	11%

Results summary

We recommend a gross reserve of N3.74 billion with a corresponding reinsurance asset of N1.603 billion. Compared to our previous valuation as at 31st December, our gross reserve increased by 47%.The results, including a detailed breakdown by line of business are shown below:

Reserves	Gross (₦)	Reinsurance Assets (₦)	Net (₦)
Claims	1,867,293,863	(1,084,619,264)	782,674,599
UPR	1,873,774,180	(519,199,961)	692,845,533
Total	3,741,068,043	(1,603,819,225)	1,475,520,132
31 December,2017	3,532,407,617	(1,645,815,700)	**1,886,591,917**

Table 6.1: *Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	389,270,966	(164,918,035)	224,352,931
Engineering	43,530,788	(22,988,230)	20,542,558
Fire	380,912,670	(317,337,435)	63,575,235
Marine	45,481,539	(31,617,612)	13,863,926
Motor	183,705,778	(7,562,947)	176,142,831
Aviation*	277,890,367	(204,808,533)	73,081,834
Bond*	14,803,668	(2,962,986)	11,840,683
Oil & Gas*	531,698,087	(332,423,486)	199,274,601
TOTAL	**1,867,293,863**	**(1,084,619,264)**	**782,674,599**
Accounts (Outstanding Claims	**1,174,448,331**	**(814,231,399)**	**360,216,931**
Difference	692,845,533	(270,387,865)	422,457,668

**Estimated using Expected Loss Ratio method and discounted*

Incurred But Not Reported (IBNR) Table

Table 6.2: IBNR Table

Class of Business	Outstanding Claim Reserves ₦	Outstanding Reported Claim Reserves ₦	IBNR ₦
General Accident	389,270,966	223,415,662	165,855,304
Engineering	43,530,788	27,594,957	15,935,831
Fire	380,912,670	284,432,903	96,479,767
Marine	45,481,539	14,502,311	30,979,227
Motor	183,705,778	91,453,368	92,252,410
Aviation	277,890,367	221,929,675	55,960,693
Bond	14,803,668	719,662	14,084,006
Oil & Gas	531,698,087	310,399,792	221,298,295
TOTAL	**1,867,293,863**	**1,174,448,331**	**692,845,533**

Reinsurance IBNR Table

Table 6.3: Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries ₦	Outstanding Reported Reinsurance Recoveries ₦	Reinsurance IBNR ₦
General Accident	164,918,035	99,881,707	65,036,328
Engineering	22,988,230	11,971,173	11,017,057
Fire	317,337,435	246,724,676	70,612,759
Marine	31,617,612	7,453,811	24,163,802
Motor	7,562,947	1,101,500	6,461,447
Aviation	204,808,533	190,625,000	14,183,533
Bond	2,962,986	101,813	2,861,173
Oil & Gas	332,423,486	256,371,720	76,051,766
TOTAL	**1,084,619,264**	**814,231,399**	**270,387,865**

UPR (Gross and Reinsurance UPR) – Result Table

Table 6.4: *Estimated UPR (net of reinsurance)*

Class of Business	Gross UPR ₦	Reinsurance UPR ₦	NET UPR ₦
General Accident	208,231,176	(68,213,746)	140,017,430
Engineering	148,740,291	(24,804,248)	123,936,043
Fire	278,429,663	(57,377,757)	221,051,906
Marine	92,785,477	(40,026,419)	52,759,057
Motor	660,133,276	(26,030,628)	634,102,648
Aviation	54,612,152	(28,781,011)	25,831,141
Bond	49,342,920	(4,928,146)	44,414,774
Oil & Gas	381,499,225	(269,038,005)	112,461,220
Total	**1,873,774,180**	**(519,199,961)**	**1,354,574,219**

DAC – Result Table

We summarise our DAC and DAR calculated using the 365th method in

Table 6.5: *Estimated DAC*

Class of Business	DAC ₦	DAR ₦
General Accident	39,350,930	15,148,290
Engineering	29,726,109	5,332,913
Fire	52,246,070	12,490,204
Marine	14,126,722	8,012,717
Motor	72,111,208	4,310,688
Aviation	10,016,078	659,767
Bond	7,952,703	1,108,833
Oil & Gas	77,436,358	2,272,797
Total	**302,966,177**	**49,336,210**

Additional Unexpired Risk Reserve (AURR)

We derived our expense ratio as the management expense ratio for the current year using the information provided by Consolidated Hallmark Insurance Plc.The current expense ratio was calculated to be about 40%. We do not have breakdown of management expenses by line of business and hence expense ratio has been estimated on a pooled basis and not per line of business.

The Claims Ratio was estimated as the average of the projected ultimate loss ratio in the last three years.

We have illustrated the combined ratio for each line of business with a maximum combined ratio of 97% for Fire in the table below. The resulting AURR as at the valuation date is Nil due to lower than 100% combined ratio for all the lines of business.

Table 6.6: *Loss Ratio Table*

Class of Business	Claims Ratio	Combined Ratio	AURR N
General Accident	39%	79%	-
Engineering	21%	61%	-
Fire	56%	97%	-
Marine	6%	46%	-
Motor	39%	80%	-
Aviation	39%	79%	-
Bond	26%	66%	-
Oil & Gas	33%	73%	-
Total			
Class of Business	**Gross Outstanding Claims ₦**	**Estimated Reinsurance Recoveries ₦**	**Net Outstanding Claims ₦**
General Accident	297,467,925	(153,907,743)	143,560,182
Engineering	29,447,666	(13,518,762)	15,928,904
Fire	910,910,260	(802,220,511)	108,689,749
Marine Hull	83,115,456	(20,776,773)	62,338,684
Marine Cargo	45,117,973	(9,808,000)	35,309,973
Motor	207,325,738	(55,414,766)	151,910,972
Aviation	118,766,166	(82,955,448)	35,810,718
Bond	16,350,035	(1,861,463)	14,488,572
Oil & Gas	244,293,496	(172,454,648)	71,838,848
TOTAL	1,952,794,715	(1,312,918,113)	**639,876,602**
31 December,2016	968,909,482	(199,249,612)	769,659,870

<u>Valuation Methodology</u>

We describe in this section the methods used for calculating Premium and Claim Reserves.

The Premium Reserves

Our reserves consist of Unearned Premium Reserve ("UPR"), Unexpired Risk Reserve ("URR") and Additional Unexpired Risk Reserve ("AURR"), which are all described in section 3.

We adopted the 365th (time apportionment) method.Each policy's unexpired insurance period **(UP)** was calculated as the exact number of days of insurance cover available after the valuation date.The UPR is calculated as the premium *(UP)/ full policy duration.

Each policy's URR =UP*Assumed loss Ratio.

Typically, the Unearned Risk Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additiional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 3.

The Claims Reserves
The claim reserves is the sum of:

Reserving method

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods were considered ;

Chain Ladder Method (BCL)
Loss Ratio Method
Bornhuetter-Ferguson Method
Frequency and Severity Method
Stochastic Reserving Method (Bootstrap)

In estimating the Gross Claim Reserves under the Chainladder method, we used four(4) approaches namely:

The following section describes each of these approches under the chainladder method in turn;

The Basic Chain Ladder Method (BCL)

The Basic Chain Ladder method forms the basis to the deterministic reserving methods explained below. For each class of business, historical paid claims were grouped into accident year cohorts–representing when they were paid after their accident year. These cohorts form the development triangles.

Each accident years, paid claims were accumulated to the valuation date and projected into the future to attain the expected ultimate claim arising in the year.This assumes the trends observed in the historical data will continue. The gross claim reserve is calculated as the difference between the cumulated paid claims and the estimated ultimate claims.

For the later years where the cohorts are underdeveloped or has less than expected claims, the Bornheutter Ferguson (BF) method was used to estimate the ultimate claims. The appropriate loss ratio used in estimating the BF ultimate claim was the average of fully developed historical years.

The Inflation Adjusted Basic Chain Ladder Method (IABCL):

Under this method, the historical paid losses were adjusted to allow for inflation to the valuation date using the corresponding inflation index in each of the accident years.

The inflation adjusted claims were then treated similarly to the Basic Chain Ladder described above. The projected incremental paid claims are then inflated based on our future inflation assumption to the expected future payment date.

Discounted BCL and IABCL

This is the discounted form of the BCL and IABCL. In determining the value, the future expected cash flow for claim payments is discounted to present day terms using our assumed discount rate.

Loss Ratio Method
In 2017, reserves derived using ELR method were discounted assuming a development pattern. The available information is not sufficient to justify the assumed development pattern, hence we did not allow for discounting in 2018.

Bornhuetter-Ferguson Method

This method essentially combines the estimates attained from the above two methods.The BF method takes a weighted average of the two estimates, where the weights are related to the number of claims already reported. Therefore, the more past information there is available, the higher the weighting given to the chain ladder estimate.

Frequency and Severity Method
This method investigates the trend of the claim frequency and average cost per claim for each accident year. An Average of the fully run off accident years was used as a guide on the ultimate claim frequency and ultimate average cost which was then adopted for the accident years that are not fully run off.

Large Losses
Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method. This is illustrated in Appendix 1.

We have adopted the official inflation indices below in our calculations:

Class of Business	Large Loss	Comment on Derivation
General Accident	10,000,000	Mean + 3SD
Engineering	19,476,305	Mean + 3SD
Fire	7,735,527	Mean + 3SD
Marine Hull	12,013,435	Mean + 3SD
Marine Cargo	15,742,698	Mean + 3SD
Motor	10,000,000	10m adopted
Aviation	N/A	Not Applicable
Bond	N/A	Not Applicable
Oil & Gas	N/A	Not Applicable

Stochastic Reserving Method (Bootstrap)

This method is a further extension of the chain ladder method.It provides a distribution of possible result rather than producing a single deterministic estimate. The approach starts with calculating the age-to-age ratios of loss development table. Unlike the chain ladder, the method takes randomly from the age-to-age ratios with replacement to produce a reserve estimate. Simulating this step 10,000 times results in a selection of 10,000 loss development factors and each time it makes a selection, it computes our estimated gross claim reserve. Running this 10,000 times therefore results in 10,000 possible estimated claim estimates. The final results is then a statistics (a mean or percentile) of the distribution. We at least recommend the mean of the gross claim reserve as our best estimate and the difference between 90, 95 or 99.5 percentile and our mean will serve as the capital required to cover any reserving risk.

Net of Reinsurance Claim reserves
Reinsurance recoveries were calculated using the same methodology as the gross reserves. However, the reinsurance recoveries for Aviation line of business was based on recovery rate approach due to significant changes to Aviation treaty programme in 2016. About 1% of the portfolio was based on excess of loss arrangement and the remaining 99% was based on 99.94% quota share. For the excess of loss component, we derived our recovery rate assumption as average of reinsurance share to gross outstanding reported claims for 2016 and 2017. This ratio was applied to 2017 gross claims reserve to determine the reinsurance recovery.

Valuation Results
We summarise 4 sets of results in this section under the following methods:
§ Basic Chain Ladder**– with claims discounted and undiscounted**

Basic Chain Ladder – Result Table

We present Gross claims technical reserves under Basic Chain Ladder,

***Table 5.1a**: Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims N	Estimated Reinsurance Recoveries N	Net Outstanding Claims N
General Accident	389,270,966	(164,918,035)	224,352,931
Engineering	43,530,788	(22,988,230)	20,542,558
Fire	380,912,670	(317,337,435)	63,575,235
Marine	45,481,539	(31,617,612)	13,863,926
Motor	183,705,778	(7,562,947)	176,142,831
Aviation*	277,890,367	(204,808,533)	73,081,834
Bond*	14,803,668	(2,962,986)	11,840,683
Oil & Gas*	531,698,087	(332,423,486)	199,274,601
			-
			-
TOTAL	**1,867,293,863**	**(1,084,619,264)**	**782,674,599**
Accounts (Outstanding Claims)	**1,174,448,331**	**(814,231,399)**	**360,216,931**
Difference	692,845,533	(270,387,865)	422,457,668

**Estimated using Expected loss ratio method*

***Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery*

***Table 5.1b**: Discounted Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	250,221,755	(138,042,172)	112,179,583
Engineering	25,138,502	(11,988,733)	13,149,769
Fire	822,502,826	(726,104,061)	96,398,764
Marine Hull	75,939,684	(18,842,875)	57,096,809
Motor	189,091,027	(51,042,433)	138,048,593
Aviation	118,766,166	(82,955,448)	35,810,718
Oil & Gas**	189,791,552	(133,979,970)	55,811,582
			-
			-
			-
TOTAL	**1,671,451,511**	**(1,162,955,693)**	**508,495,818**
Accounts (Outstanding Claims)	**1,286,032,170**	**(1,038,482,404)**	**247,549,766**
Difference	385,419,341	(124,473,289)	260,946,051

**Estimated using Expected loss ratio method and discounted*

***Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery*

Basic Chain Ladder Method – Result Table

***Table 5.2a**: Inflation Adjusted Basic Chain Ladder Method*

Class of Business	Gross Outstanding Claims ₦	Estimated Reinsurance Recoveries ₦	Net Outstanding Claims ₦
General Accident	332,884,619	(106,187,837)	226,696,782
Engineering	33,406,860	(14,954,292)	18,452,568
Fire	925,363,984	(869,979,706)	55,384,279
Marine Hull	80,026,350	(22,599,805)	57,426,546
Motor	224,067,451	(58,209,459)	165,857,992
Aviation	118,766,166	(82,955,448)	35,810,718
Oil & Gas**	244,293,496	(172,454,648)	71,838,848
			-
			-
			-
TOTAL	**1,958,808,926**	**(1,327,341,195)**	**631,467,732**
Accounts (Outstanding Claims)	**1,286,032,170**	**(1,038,482,404)**	**247,549,766**
Difference	672,776,756	(288,858,791)	383,917,965

**Estimated using Expected loss ratio method*

***Estimated using Expected loss ratio method and Outstanding Reported Recovery was held as Total Reinsurance Recovery* a(vi) **Expected Loss Ratio Method:** This model was adopted because the volume of data available is too small to be relied upon when using a statistical approach. The reserve for oil & Gas, Bond, Aviation and Engineering was estimated based on this method. Under this method, we obtained the ultimate claims by assuming loss ratio. Paid claims already emerged is then allowed for from the estimated Ultimate claim.

b) **Sensitivity analysis:- Claims**

Sensitivity analysis attempts to estimate likely amount of reserves at rare/worst case scenarios. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary could provide valuable information for business planning and risk appetite considerations. Results of sensitivity testing based on expected loss ratios are as follows, shown gross and net of reinsurance as impact on pre-tax income:

Sensitivity Analysis - Claims:		
	2018(M)	**2017(M)**
Gross Premium Earned	6,482	5,543
Reinsurance cost	2,239	1,860
Gross Claim incurred	4,770	3,354
Claims ratio	**74%**	**61%**
5% increase in claims	5,009	3,522
Claims ratio	**77%**	**64%**
5% reduction in claims	4,532	3,186
Claims ratio	**70%**	**57%**
PBT	**460**	**565**
5% increase in claims	**(239)**	**(168)**
PBT	**221**	**397**
SHF	**6,058**	**4,602**
5% increase in claims	**(239)**	**(168)**
SHF	**5,820**	**4,434**

A 5% increase or decrease in general Gross Claim experience translates to less than 10% impact on the operating performance of the group. The possibility of a 5% decline in claims experience is considered a rare occurence.

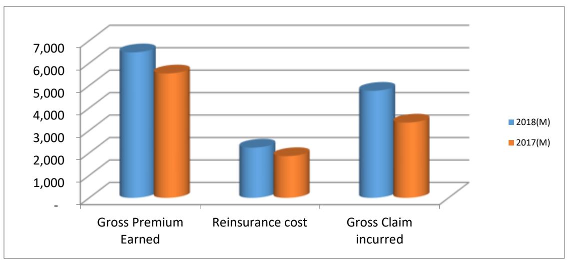


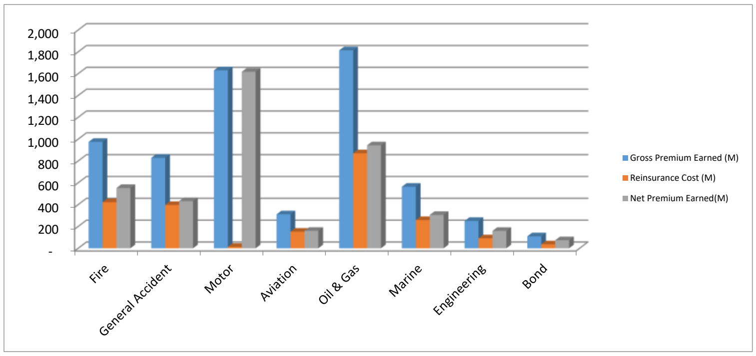
Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2018 & 2017)

c) ***Risk Concentration***

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the amount of gross and net premium earned before and after reinsurance respectively:

Year ended 31st December, 2018

Product	**Gross Premium Earned (M)**	**Reinsurance Cost (M)**	**Net Premium Earned(M)**
Fire	975	422	552
General Accident	828	396	432
Motor	1,630	13	1,617
Aviation	311	151	160
Oil & Gas	1,814	870	943
Marine	564	258	305
Engineering	250	91	159
Bond	110	36	73
	6,482	2,239	**4,242**



. Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2018)

Year ended 31st December, 2017

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
Fire	825	358	467
General Accident	898	223	675
Motor	1,389	24	1,365
Aviation	581	414	166
Oil & Gas	1,150	558	592
Marine	474	200	274
Engineering	169	65	103
Bond	58	17	41
	5,543	**1,860**	**3,683**

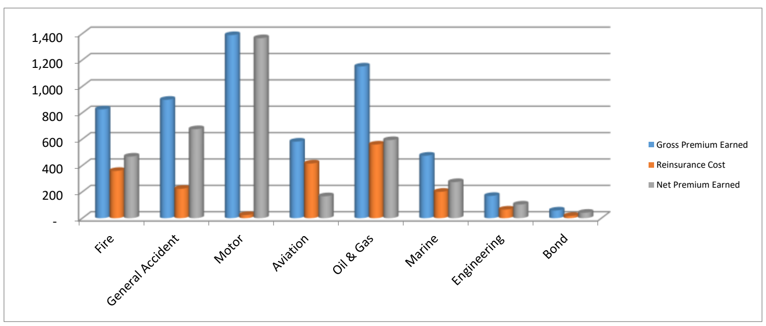
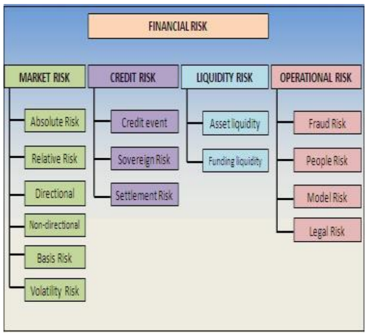


Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2017)

d. Financial Risks Management (FRM)

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. **Systematic risk** affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. **Non-systematic risks** are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with "tying up" your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a company in which you're invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Consolidated Hallmark Insurance Plc is exposed to an array of risks through its operations. the Company has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputaional Risk, Foreign Currency Risk, Equity risk.

d(i) ***Financial risk*** is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The Group has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:



d(ii) Operational risks

Operational risks are the risks of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:
- requirements for appropriate segregation of duties, including independent authorisation of
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

d(iii) Credit risks

Credit risk is the risk of financial loss to the Group if a debtor fails to make payments of interest and principal when due. The Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Groups exposure to them.

On insurance receivables, the Group has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
Overall credit risk	**2018**	2017	**2018**	2017
Reinsurance contracts	**2,031,727,218**	1,655,890,085	**2,031,727,218**	1,655,890,085
Loans and advances	**1,187,669,655**	408,385,061	**479,876,252**	248,623,854
Trade receivables	**234,852,324**	150,356,282	**199,248,468**	150,356,282
Short-term funds treated as investment	**1,330,749,584**	1,184,243,800	**1,678,576,123**	1,153,642,895
Treasury bills	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
Equity investment	**301,916,504**	170,256,830	**291,091,429**	161,850,795
Cash and bank	**1,618,077,102**	236,571,000	**1,017,780,686**	196,287,289

The table below analyses end of the year values of the above exposures:

	Fair value as at 2018	Fair value as at 2017	**Fair value as at 2018**	Fair value as at 2017
Reinsurance contracts	**2,031,727,218**	1,655,890,085	**2,031,727,218**	1,655,890,085
Loans and advances	**1,187,669,655**	408,385,061	**479,876,252**	248,623,854
Trade receivables	**234,852,324**	150,356,282	**199,248,468**	150,356,282
Short-term funds treated as investment	**1,330,749,584**	1,184,243,800	**1,678,576,123**	1,153,642,895
Treasury bills	**1,075,587,381**	2,260,597,511	**1,075,587,381**	2,260,597,511
Equity investment	**301,916,504**	170,256,830	**291,091,429**	161,850,795
Cash and bank	**1,618,077,102**	236,571,000	**1,017,780,686**	196,287,289
	7,780,579,769	6,066,300,569	**6,773,887,558**	5,827,248,711

For credit risk purpose, the trade debtors are grouped into three categories:
Group A – the maximum trade credits allowed per participant under this group is N10m.
Group B – the maximum trade credits allowed per participant under this group is N7m.
Group C – the maximum trade credits allowed per participant under this group is N5m.
Past experience is used in grouping the debtors since most of the clients are not rated.
The profit before tax of the Group will be reduced by N389m if the overall credit is impaired by 5%

Loan issued to corporate / individuals				
Balance as at 31st December	**1,094,779,635**	321,460,237	**361,581,237**	151,884,101
Impairment on loans issued to corporate and individuals (Note 3.2.4)	**(114,910,115)**	(99,320,050)	**(89,505,121)**	(89,505,121)
	979,869,519	222,140,187	**272,076,117**	62,378,980

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		**Company**	
31-Dec-18	**2018**	**2017**	**2018**	**2017**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Neither past due nor impaired	2,819,165	3,273,718	1,896,476	2,798,085
Past due but not impaired	185050	10,500	130,000	88,509
Impaired	114910	99,320	89,505	89,505
Gross	3,119,125	3,383,538	2,115,981	2,976,100
Impairment allowance - collective	(155,956)	(169,177)	(105,799)	(148,805)
Net	2,963,169	3,214,361	2,010,182	2,827,295

Credit quality of financial assets per asset class-Group

31-Dec-18	**Cash and cash equivalents**	**Trade receivables**	**Loans and other receivables**	**Debt securities**
Neither past due nor impaired	**2,948,826,686**	**234,852,324**	**1,402,825,073**	**1,075,587,381**
Past due but not impaired		**-**	**230,000,500**	**-**
Impaired		**-**	**114,910,115**	**-**
Gross	**2,948,826,686**	**234,852,324**	**1,747,735,689**	**1,075,587,381**
Impairment allowance - collective	**-**	**(11,742,616)**	**(87,386,784)**	**-**
Net	**2,948,826,686**	**223,109,708**	**1,660,348,904**	**1,075,587,381**

Credit quality of financial assets per asset class-Group

31-Dec-17	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	1,921,271,578	150,356,282	712,313,726	2,260,597,511
Past due but not impaired		-	100,000,500	-
Impaired		-	99,320,050	-
Gross	1,921,271,578	150,356,282	911,634,277	2,260,597,511
Impairment allowance - collective	-	(7,517,814)	(45,581,714)	-
Net	1,921,271,578	142,838,468	866,052,563	2,260,597,511

Credit quality of financial assets per asset class-Company

31-Dec-18	**Cash and cash equivalents**	**Trade receivables**	**Loans and other receivables**	**Debt securities**
Neither past due nor impaired	**2,696,356,809**	**199,248,468**	**540,689,286**	**1,075,587,381**
Past due but not impaired		**-**	**150,000,500**	**-**
Impaired		**-**	**89,505,121**	**-**
Gross	**2,696,356,809**	**199,248,468**	**780,194,907**	**1,075,587,381**
Impairment allowance - collective	**-**	**(9,962,423)**	**(39,009,745)**	**-**
Net	**2,696,356,809**	**189,286,045**	**741,185,162**	**1,075,587,381**

Credit quality of financial assets per asset class-Company

31-Dec-17	Cash and cash equivalents	Trade receivables	Loans and other receivables	Debt securities
Neither past due nor impaired	1,850,386,963	150,356,282	339,690,609	2,260,597,511
Past due but not impaired		-	75,000,000	-
Impaired		-	89,505,121	-
Gross	1,850,386,963	150,356,282	504,195,730	2,260,597,511
Impairment allowance - collective	-	(7,517,814)	(25,209,786)	-
Net	1,850,386,963	142,838,468	478,985,943	2,260,597,511

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of insurance receivables and other loans and receivables, debt securities and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses. The Group does not rate any of its financial assets measured at amortised cost.

The assets above are analysed in the table below either using Standard & Poors or GCR rating agencies. Government securities are rated using soveregn rate.

Group	**A+**	**AA-**	**BBB-**	**Below BBB**	**Not rated**
31-Dec-18					
Cash and cash equivalents	**233,298,552**	**878,255,154**	**431,929,162**	**881,869,459**	**523,474,359**
Trade receivables					**234,852,324**
Loans and other receivables					**1,187,669,655**
Other assets		**-**			**195,161,111**
Reinsurance assets				**2,031,727,218**	**-**
Debt securities				**1,075,587,381**	
	233,298,552	**878,255,154**	**431,929,162**	**2,913,596,677**	**2,141,157,449**

Group	A+	A	BBB-	Below BBB	Not rated
31-Dec-17					
Cash and cash equivalents	210,450,050	496,700,340	254,770,065	268,430,043	345,460,540
Trade receivables					150,356,282
Loans and other receivables					408,385,061
Other assets		-			174,488,859
Reinsurance assets				1,655,890,085	-
Debt securities				2,260,597,511	
	210,450,050	496,700,340	254,770,065	1,924,320,128	1,078,690,742

Company	**A+**	**A**	**BBB-**	**Below BBB**	**Not rated**
31-Dec-18					
Cash and cash equivalents	**233,298,552**	**878,255,154**	**431,929,162**	**629,399,583**	**523,474,359**
Trade receivables					**199,248,468**
Loans and other receivables					**479,876,252**
Other assets		**-**			**210,813,534**
Reinsurance assets				**2,031,727,218**	**-**
Debt securities				**1,075,587,381**	
	233,298,552	**878,255,154**	**431,929,162**	**2,661,126,801**	**1,413,412,614**

Company	A+	A	BBB-	Below BBB	Not rated
31-Dec-17					
Cash and cash equivalents	205,460,050	485,700,340	252,770,065	560,995,968	345,460,540
Trade receivables					150,356,282
Loans and other receivables					248,623,854
Other assets		-			166,066,755
Reinsurance assets				1,655,890,085	-
Debt securities				2,260,597,511	
	205,460,050	485,700,340	252,770,065	2,216,886,052	910,507,431

(b) Age Analysis financial assets past due but not impaired

Group **31-Dec-18**	**< 90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**Above 365days**
Trade receivables	**225,212,975**	**9,639,349**			
Total	**225,212,975**	**9,639,349**	**-**	**-**	**-**
Profile	**96%**	**4%**	**0%**	**0%**	**0%**

Group 31-Dec-17	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
Trade receivables	150,356,282	-	-	-	-
Total	150,356,282	-	-	-	-
Profile	100%	0%	0%	0%	0%

Company 31-Dec-18	**< 90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**Above 365days**
Trade receivables	**189,609,120**	**9,639,349**			
Total	**189,609,120**	**9,639,349**	**-**	**-**	**-**
Profile	**95%**	**5%**	**0%**	**0%**	**0%**

Company 31-Dec-17	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr
Trade receivables	150,356,282	-	-	-	-
Total	150,356,282	-	-	-	-
Profile	100%	0%	0%	0%	0%

Concentration of credit risk

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Consolidated Hallmark Insurance Plc utilize data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk are consistent with the overall risk appetite as established by the Group.

Consolidated Hallmark Insurance Plc monitors concentration of credit risk by geographical and nature of business. An analysis of concentrations of credit risk for trade receivables are set out below:

(a) Geographical sectors

At 31 December	**Group**		**Company**	
	2018	**2017**	**2018**	**2017**
Lagos & Western region (Nigeria)	178,487,767	105,249,397	149,436,351	105,249,397
Eastern region (Nigeria)	30,530,802	25,560,568	27,894,786	25,560,568
Northern region (Nigeria)	25,833,756	19,546,317	21,917,332	19,546,317
Total	234,852,324	150,356,282	199,248,468	150,356,282

d(iv) Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

FINANCIAL ASSETS MATURITY PROFILE

The maturity profile Group's financial assets is as listed below:

Loans And Receivables	**Group**		**Company**	
	2018	2017	**2018**	2017
Analysis by Performance:				
Performing	**1,187,669,655**	408,385,061	**479,876,252**	248,623,854
Non - Performing	**114,910,115**	99,320,050	**89,505,121**	89,505,121
Total	**1,302,579,770**	507,705,111	**569,381,373**	338,128,975
Analysis by Maturity:				
0 - 30 days	**110,258,181**	101,502,884	**163,313,181**	101,502,884
1 - 3 months	**162,877,169**	9,376,669	**27,376,669**	9,376,669
3 - 6 months	**159,333,246**	10,805,935	**22,492,409**	10,141,859
6 - 12 months	**408,063,023**	6,977,154	**63,063,023**	6,977,154
Beyond 12 Months	**462,048,152**	379,042,469	**293,136,092**	210,130,409
Total	**1,302,579,770**	507,705,111	**569,381,373**	338,128,975

Fixed deposits with banks	**Group**		**Company**	
Analysis by maturity	**2018**	2017	**2018**	2017
0 - 30 days	**1,615,873,852**	605,415,625	**1,015,577,436**	947,644,846
30 - 90 days	**1,330,749,584**	1,516,868,720	**1,678,576,123**	1,163,491,419
Above 90 days	-	-	-	-
Grand Total	**2,946,623,436**	2,122,284,345	**2,694,153,560**	2,111,136,265

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

The following tables indicate the contractual timing of cash flows arising from financial instruments:

Group 2018	**Carrying amount**	**0 - 90 days**	**91 - 180 days**	**180 - 365 days**	**over one year**
Cash and cash equivalents	**2,948,826,686**	**2,948,826,686**	**-**	**-**	**-**
-At fair value through profit or loss	**301,916,504**	**-**	**-**	**-**	**301,916,504**
-Loans and receivables	**1,187,669,655**	**273,135,349**	**159,333,246**	**408,063,023**	**347,138,036**
-Available for sale assets	**60,950,000**	**-**			**60,950,000**
-Held to maturity	**1,075,587,381**	**-**	**741,205,977**	**261,381,404**	**73,000,000**
Finance lease receivables	**249,994,807**	**45,139,322**	**54,020,005**	**53,330,980**	**97,504,500**
Trade receivables	**234,852,324**	**234,852,324**			
Reinsurance receivables	**427,907,993**	**427,907,993**			
Other receivables & prepayments	**131,473,444**	**131,473,444**			
Statutory deposits	**300,000,000**	**-**			**300,000,000**
Total assets	**6,919,178,794**	**4,061,335,119**	**954,559,228**	**722,775,407**	**1,180,509,040**
Liabilities					
Trade payables	**10,777,564**	**10,777,564**			
Borrowing	**67,530,064**	**67,530,064**			
Other payables and provision	**217,647,746**	**217,647,746**			
Retirement benefit obligations	**6,403,628**	**6,403,628**			
Income tax liabilities	**368,204,246**	**-**	**160,500,500**	**150,000,000**	**57,703,746**
	670,563,247	**302,359,001**	**160,500,500**	**150,000,000**	**57,703,746**
	6,248,615,547	**3,758,976,117**	**794,058,728**	**572,775,407**	**1,122,805,294**

Group 2017	Carrying amount	0 - 90 days	91 - 180 days	180 - 365 days	over one year
Cash and cash equivalents	1,921,271,578	1,921,271,578			
-At fair value through profit or loss	170,256,830				170,256,830
-Loans and receivables	408,385,061	110,879,553	10,805,935	6,977,154	279,722,420
-Available for sale assets	60,950,000				60,950,000
-Held to maturity	2,260,597,511	1,028,997,485	239,680,784	431,988,807	559,930,436
Finance lease receivables	229,440,306	43,584,679	34,020,568	43,330,559	108,504,500
Trade receivables	150,356,282	150,356,282			
Reinsurance assets	1,655,890,085				
Other receivables & prepayments	127,593,543	127,593,543			
Statutory deposits	300,000,000				300,000,000
Total assets	7,284,741,196	3,382,683,119	284,507,286	482,296,520	1,479,364,186
Liabilities					
Trade payables	26,482,944	26,482,944			
Other payables and provision	151,532,715	151,532,715			
Retirement benefit obligations	5,574,664	5,574,664			
Deposit for Shares	500,456,779	500,456,779			
Income tax liabilities	297,205,965	-	150,500,500	85,000,500	61,704,965
Total liabilities	981,253,067	684,047,103	150,500,500	85,000,500	61,704,965
	6,303,488,129	2,698,636,016	134,006,786	397,296,020	1,417,659,221

Company 2018	**Carrying amount**	**0 - 90 days**	**91 - 180 days**	**180 - 365 days**	**over one year**
Cash and cash equivalents	**2,696,356,809**	**2,696,356,809**			
-At fair value through profit or loss	**291,091,429**				**291,091,429**
-Loans and receivables	**479,876,252**	**190,689,849**	**22,492,409**	**63,063,023**	**203,630,971**
-Available for sale assets	**60,950,000**				**60,950,000**
-Held to maturity	**1,075,587,381**		**741,205,977**	**261,381,404**	**73,000,000**
Trade receivables	**199,248,468**	**199,248,468**			
Reinsurance receivables	**427,907,993**	**427,907,993**			
Other receivables & prepayments	**210,813,534**	**210,813,534**			
Statutory deposits	**300,000,000**				**300,000,000**
	5,741,831,867	**3,725,016,655**	**763,698,386**	**324,444,427**	**928,672,400**

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Liabilities					
Trade payables	**10,777,564**	**10,777,564**			
Other payables and provision	**180,817,178**	**180,817,178**			
Retirement benefit obligations	**5,833,280**	**5,833,280**			
Income tax liabilities	**298,742,725**	**-**	**125,500,500**	**150,000,000**	**23,242,225**
	496,170,747	**197,428,022**	**125,500,500**	**150,000,000**	**23,242,225**
	5,245,661,120	**3,527,588,633**	**638,197,886**	**174,444,427**	**905,430,174**

Company 2017	Carrying amount	0 - 90 days	91 - 180 days	180 - 365 days	over one year
Cash and cash equivalents	1,850,386,963	1,850,386,963			
-At fair value through profit or loss	161,850,795				161,850,795
-Loans and receivables	248,623,854	110,879,553	10,141,859	6,977,154	210,130,409
-Available for sale assets	60,950,000				60,950,000
-Held to maturity	2,260,597,511	1,028,997,485	239,680,784	431,988,807	559,930,436
Trade receivables	150,356,282	150,356,282			
Reinsurance assets	1,655,890,085				
Other receivables & prepayments	143,381,439	143,381,439			
Statutory deposits	300,000,000				300,000,000
Total assets	6,832,036,928	3,284,001,720	249,822,642	438,965,961	1,292,861,640
Liabilities	-				
Insurance contract liabilities	3,532,407,618				
Trade payables	26,482,944	26,482,944			
Other payables and provision	244,704,571	244,704,571			
Retirement benefit obligations	5,169,023	5,169,023			
Deposit for Shares	500,456,779	500,456,779			
Income tax liabilities	252,351,030	-	150,500,500	60,000,500	41,850,030
	4,561,571,964	776,813,317	150,500,500	60,000,500	41,850,030
	2,270,464,964	2,507,188,404	99,322,142	378,965,461	1,251,011,611

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent

Maturity analysis on expected maturity basis

Group	**Carrying Amount**	**Current**	**Non Current**	**Total**
At 31 December 2018				
Cash and cash equivalents	**2,948,826,686**	**2,948,826,686**		**2,948,826,686**
-At fair value through profit or loss	**301,916,504**	**301,916,504**		**301,916,504**
-Loans and receivables	**1,187,669,655**	**840,531,619**	**347,138,036**	**1,187,669,655**
-Available for sale assets	**60,950,000**		**60,950,000**	**60,950,000**
-Held to maturity	**1,075,587,381**	**1,002,587,381**		**1,002,587,381**
Finance lease receivables	**249,994,807**	**249,994,807**		**249,994,807**
Trade receivables	**234,852,324**	**234,852,324**		**234,852,324**
Reinsurance assets	**2,031,727,218**	**2,031,727,218**		**2,031,727,218**
Deferred acquisition cost	**307,344,920**	**307,344,920**		**307,344,920**
Other receivables & prepayments	**195,161,111**	**195,161,111**		**195,161,111**
Intangible Assets	**22,362,991**		**22,362,991**	**22,362,991**
Investment properties	**899,211,000**		**899,211,000**	**899,211,000**
Property and equipment	**1,006,001,531**		**1,006,001,531**	**1,006,001,531**
Statutory deposits	**300,000,000**		**300,000,000**	**300,000,000**
Total assets	**10,821,606,128**	**8,112,942,570**	**2,635,663,558**	**10,748,606,128**
Liabilities				
Insurance contract liabilities	**3,803,576,977**	**3,803,576,977**		**3,803,576,977**
Trade payables	**10,777,564**	**10,777,564**		**10,777,564**
Borrowing	**67,530,064**	**67,530,064**		**67,530,064**
Other payables and provision	**217,647,746**	**217,647,746**		**217,647,746**
Retirement benefit obligations	**6,403,628**	**6,403,628**		**6,403,628**
Income tax liabilities	**368,204,246**	**368,204,246**		**368,204,246**
Deferred tax liabilities	**171,484,879**		**171,484,879**	**171,484,879**
	4,645,625,104	**4,474,140,225**	**171,484,879**	**4,645,625,104**
Net maturity mismatch	**6,175,981,025**	**3,638,802,345**	**2,464,178,679**	**6,102,981,025**

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Carrying Amount	Current	Non Current	Total
At 31 December 2017				
Cash and cash equivalents	1,921,271,578	1,921,271,578		1,921,271,578
-At fair value through profit or loss	170,256,830	170,256,830		170,256,830
-Loans and receivables	408,385,061	128,662,641	279,722,420	408,385,061
-Available for sale assets	60,950,000		60,950,000	60,950,000
-Held to maturity	2,260,597,511	1,700,667,075	559,930,436	2,260,597,511
Finance lease receivables	229,440,306	229,440,306		229,440,306
Trade receivables	150,356,282	150,356,282		150,356,282
Reinsurance assets	1,655,890,085	1,655,890,085		1,655,890,085
Deferred acquisition cost	257,664,385	257,664,385		257,664,385
Other receivables & prepayments	174,488,859	174,488,859		174,488,859
Intangible Assets	24,621,130		24,621,130	24,621,130
Investment properties	899,661,000		899,661,000	899,661,000
Property and equipment	976,591,367		976,591,367	976,591,367
Statutory deposits	300,000,000		300,000,000	300,000,000
Total assets	9,490,174,394	6,388,698,041	3,101,476,353	9,490,174,394
Liabilities				
Insurance contract liabilities	3,532,407,618	3,532,407,618		3,532,407,618
Trade payables	26,482,944	26,482,944		26,482,944
Borrowing	-	-		-
Other payables and provision	207,368,924	207,368,924		207,368,924
Retirement benefit obligations	5,574,664	5,574,664		5,574,664
Deposit for Shares	500,456,779	500,456,779		500,456,779
Income tax liabilities	297,205,965	297,205,965		297,205,965
Deferred tax liabilities	231,671,385		231,671,385	231,671,385
Total liabilities	4,801,168,279	4,569,496,894	231,671,385	4,801,168,279
Net maturity mismatch	4,689,006,116	1,819,201,147	2,869,804,968	4,689,006,116

Company	**Carrying Amount**	**Current**	**Non Current**	**Total**
At 31 December 2018				
Cash and cash equivalents	**2,696,356,809**	**2,696,356,809**	**-**	**2,696,356,809**
-At fair value through profit or loss	**291,091,429**	**291,091,429**	**-**	**291,091,429**
-Loans and receivables	**479,876,252**	**276,245,281**	**203,630,971**	**479,876,252**
-Available for sale assets	**60,950,000**	**60,950,000**	**-**	**60,950,000**
-Held to maturity	**1,075,587,381**	**1,002,587,381**	**73,000,000**	**1,075,587,381**
Trade receivables	**199,248,468**	**199,248,468**	**-**	**199,248,468**
Reinsurance assets	**2,031,727,218**	**2,031,727,218**	**-**	**2,031,727,218**
Deferred acquisition cost	**302,966,178**	**302,966,178**	**-**	**302,966,178**
Other receivables & prepayments	**210,813,534**	**210,813,534**	**-**	**210,813,534**
Investment in subsidiaries	**1,030,000,000**	**-**	**1,030,000,000**	**1,030,000,000**
Intangible Assets	**22,192,991**	**-**	**22,192,991**	**22,192,991**
Investment properties	**805,550,000**	**-**	**805,550,000**	**805,550,000**
Property and equipment	**957,103,968**	**-**	**957,103,968**	**957,103,968**
Statutory deposits	**300,000,000**		**300,000,000**	**300,000,000**
Total assets	**10,463,464,230**	**7,071,986,300**	**3,391,477,930**	**10,463,464,230**
Liabilities				
Insurance contract liabilities	**3,741,068,043**	**3,741,068,043**	**-**	**3,741,068,043**
Trade payables	**10,777,564**	**10,777,564**	**-**	**10,777,564**
Other payables and provision	**180,817,178**	**180,817,178**	**-**	**180,817,178**
Retirement benefit obligations	**5,833,280**	**5,833,280**	**-**	**5,833,280**
Income tax liabilities	**298,742,725**	**298,742,725**	**-**	**298,742,725**
Deferred tax liabilities	**168,184,745**	**-**	**168,184,745**	**168,184,745**
Total liabilities	**4,405,423,535**	**4,237,238,791**	**168,184,745**	**4,405,423,535**
Net maturity mismatch	**6,058,040,695**	**2,834,747,509**	**3,223,293,186**	**6,058,040,695**

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Company	Carrying Amount	Current	Non Current	Total
At 31 December 2017				
Cash and cash equivalents	1,850,386,963	1,850,386,963	-	1,850,386,963
-At fair value through profit or loss	161,850,795	161,850,795	-	161,850,795
-Loans and receivables	248,623,854	127,998,565	120,625,289	248,623,854
-Available for sale assets	60,950,000	-	60,950,000	60,950,000
-Held to maturity	2,260,597,511	1,700,667,075	559,930,436	2,260,597,511
Trade receivables	150,356,282	150,356,282	-	150,356,282
Reinsurance assets	1,655,890,085	1,655,890,085	-	1,655,890,085
Deferred acquisition cost	257,664,385	257,664,385	-	257,664,385
Other receivables & prepayments	166,066,755	166,066,755	-	166,066,755
Investment in subsidiaries	530,000,000	-	530,000,000	530,000,000
Intangible Assets	18,458,195	-	18,458,195	18,458,195
Investment properties	806,000,000	-	806,000,000	806,000,000
Property and equipment	926,483,015	-	926,483,015	926,483,015
Statutory deposits	300,000,000	-	300,000,000	300,000,000
Total assets	9,393,327,839	6,070,880,905	3,322,446,934	9,393,327,839
Liabilities				
Insurance contract liabilities	3,532,407,618	3,532,407,618	-	3,532,407,618
Trade payables	26,482,944	26,482,944	-	26,482,944
Other payables and provision	244,704,571	244,704,571	-	244,704,571
Retirement benefit obligations	5,169,023	5,169,023	-	5,169,023
Deposit for Shares	500,456,779	500,456,779	-	500,456,779
Income tax liabilities	252,351,030	252,351,030	-	252,351,030
Deferred tax liabilities	230,003,867	-	230,003,867	230,003,867
Total liabilities	4,791,575,831	4,561,571,964	230,003,867	4,791,575,831
Net maturity mismatch	4,601,752,009	1,509,308,941	3,092,443,068	4,601,752,009

d(v) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Group is exposed to this risk through its equity holdings within its investment portfolio. The Group's management of equity price risk is guided by Investment Quality and Limit Analysis, Stop Loss Limit Analysis and Stock to Total Loss Limit Analysis.

d(vi) Currency risks

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately.

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

d(vii) Business Risks

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. The corporate governacnce structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

The Group holds regular strategic sessions both at the Board, Management and Operational Unit basis to review the corporate and the unit strategies and ensure the group market share is effectively defended against competition.

d(viii) Reputational Risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy.

The composition of the Board and leadership of the group are made up of reputable and experienced practitioners. The group also holds it core values of Professionalism, Relationship, Integrity, Zeal and Excellence (PRIZE) which is regularly communicated to every member and compliance monitored on an ongoing basis.

CONSOLIDATED HALLMARK INSURANCE PLC

STATEMENT OF VALUE ADDED - GROUP
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 N	%	2017 N	%
Gross premium income	**6,512,335,014**		5,542,732,729	
Reinsurance, claims and Commissions & Others - local	**(5,191,760,973)**		(4,238,980,309)	
Reinsurance, claims and Commissions & Others - foreign	**-**		-	
Value added	**1,320,574,041**	**100**	1,303,752,420	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	**696,317,651**	**53**	566,188,159	43
To pay government				
Company income taxation	**127,726,964**	**10**	234,846,616	18
To pay providers of capital				
Shareholders as dividend	**120,000,000**	**9**	120,000,000	9
Retained for future maintenance of assets and future expansion of business:				
- Contingency & Statutory reserve	**214,695,011**	**16**	177,442,178	14
- Depreciation of fixed assets	**109,818,684**	**8**	96,512,239	7
'- Retained earnings for the year	**52,015,731**	**4**	108,763,228	8
Value added	**1,320,574,041**	**100**	1,303,752,420	100

Value added represents the wealth created by the Group during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

CONSOLIDATED HALLMARK INSURANCE PLC

STATEMENT OF VALUE ADDED - COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018		2017	
	N	%	N	%
Gross premium income	**6,481,636,218**		5,542,732,729	
Reinsurance, claims and Commissions & Others - local	**(5,380,414,033)**		(4,343,622,552)	
Reinsurance, claims and Commissions & Others - foreign	**-**		-	
Value added	**1,101,222,185**	**100**	1,199,110,177	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	**541,995,811**	**49**	543,297,321	45
To pay government				
Company income taxation	**83,663,738**	**8**	209,928,186	18
To pay providers of capital				
Shareholders as dividend	**120,000,000**	**11**	120,000,000	10
Retained for future maintenance of assets and future expansion of business				
Contingency reserve	**203,273,925**	**18**	170,416,594	14
Depreciation of property and equipment	**99,538,115**	**9**	91,133,467	8
Retained earnings for the year	**52,750,595**	**5**	64,334,609	5
Value added	**1,101,222,184**	**100**	1,199,110,176	100

Value added represents the wealth created by the Company during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

CONSOLIDATED HALLMARK INSURANCE PLC

FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF FINANCIAL POSITION

	December 2018 N	31 December 2017 N	31 December 2016 N	31 December 2015 N	31 December 2014 N
Assets					
Cash and cash equivalent	**2,948,826,686**	1,921,271,578	1,836,824,537	2,822,735,766	2,299,949,368
Financial assets:					
- At fair value through profit or loss	**301,916,504**	170,256,830	170,013,089	183,200,238	343,086,193
- Loans and receivables	**1,187,669,655**	408,385,061	237,335,789	61,029,203	34,221,228
- Available for sale	**60,950,000**	60,950,000	60,950,000	60,950,000	2,000,000
- Held-to-maturity	**1,075,587,381**	2,260,597,511	1,654,142,565	497,905,166	133,173,401
Deposit for shares	**-**	-	-	-	50,250,000
Finance lease receivables	**249,994,807**	229,440,306	162,290,265	172,095,986	128,423,469
Trade receivables	**234,852,324**	150,356,282	182,091,091	81,030,026	69,245,808
Reinsurance assets	**2,031,727,218**	1,655,890,085	546,323,978	691,913,416	651,767,868
Deferred acquisition cost	**307,344,920**	257,664,385	229,579,067	190,525,298	194,835,265
Other receivables and prepayments	**195,161,111**	174,488,859	177,968,732	135,246,867	141,675,841
Investment in subsidiaries	**-**	-	-	-	-
Inventories	**-**	-	3,920,887	5,146,854	2,888,332
Intangible Assets	**22,362,991**	24,621,130	13,119,349	16,467,871	
Investment properties	**899,211,000**	899,661,000	893,882,395	888,020,000	877,960,682
Property and equipment	**1,006,001,531**	976,591,367	974,022,626	917,049,344	909,148,547
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**10,821,606,128**	9,490,174,394	7,442,464,370	7,023,316,035	6,138,626,002
Liabilities					
Insurance contract liabilities	**3,803,576,977**	3,532,407,618	2,410,701,988	2,218,670,079	1,974,439,083
Trade payables	**10,777,564**	26,482,944	87,511,062	112,060,913	7,829,896
Other payables and provision	**217,647,746**	207,368,924	179,731,068	163,568,360	146,105,612
Deposit for shares	**-**	500,456,779			
Retirement benefit obligations	**6,403,628**	5,574,664	151,314	184,444	137,815
Current income tax liabilities	**368,204,246**	297,205,965	191,465,212	120,730,104	72,341,424
Deferred tax liabilities	**171,484,879**	231,671,385	170,103,017	140,289,268	95,460,524
Total liabilities	**4,578,095,040**	4,801,168,279	3,039,663,660	2,755,503,168	2,296,314,354
Equity & reserves					
Issued and paid up share capital	**4,065,000,000**	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Share Premium	**155,264,167**	-	-	-	-
Contingency reserves	**1,603,720,833**	1,400,446,908	1,230,030,314	1,058,782,003	882,516,340
Statutory reserves	**27,726,056**	16,304,970	9,279,386	5,826,986	8,477,548
Retained earnings	**324,269,968**	272,254,237	163,491,009	203,203,878	(48,682,240)
Total equity	**6,175,981,025**	4,689,006,115	4,402,800,709	4,267,812,867	3,842,311,648
Total liabilities and equity & reserves	**10,821,606,128**	9,490,174,395	7,442,464,370	7,023,316,035	6,138,626,002

CONSOLIDATED HALLMARK INSURANCE PLC

FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF COMPREHENSIVE INCOME

	December 2018 N	31 December 2017 N	31 December 2016 N	31 December 2015 N	31 December 2014 N
Gross premium written	**6,864,879,525**	5,680,553,122	5,826,950,292	6,039,451,539	4,614,438,484
Gross premium income	**6,512,335,014**	5,542,732,729	5,708,277,060	5,875,522,094	4,678,556,495
Reinsurance premium expenses	**(2,239,421,340)**	(1,859,540,653)	(2,199,995,287)	(2,685,733,043)	(2,148,244,817)
Net premium income	**4,272,913,674**	3,683,192,076	3,508,281,773	3,189,789,051	2,530,311,668
Fee and commission income	**356,385,052**	370,550,419	203,707,669	145,879,333	253,197,455
Net underwriting income	**4,629,298,727**	4,053,742,495	3,711,989,442	3,335,668,384	2,783,509,123
Claims expenses	**(4,787,135,023)**	(3,354,056,803)	(1,730,652,330)	(1,341,181,328)	(1,234,297,773)
Claims recoveries from reinsurers	**2,987,313,881**	1,931,112,704	343,508,618	383,167,702	267,243,023
Claims incurred	**(1,799,821,142)**	(1,422,944,099)	(1,387,143,712)	(958,013,626)	(967,054,765)
Underwriting expenses	**(1,622,040,692)**	(1,384,738,653)	(1,256,318,222)	(1,007,902,155)	(953,210,372)
Underwriting profit	**1,207,436,893**	1,246,059,744	1,068,527,508	1,369,752,603	863,244,006
Investment income	**939,953,832**	796,219,129	473,662,943	447,362,355	329,369,607
Other operating income	**25,923,716**	74,861,221	183,860,805	177,053,841	36,973,619
Impairment charge	**(11,745,127)**	770,516	(10,683,607)	16,935,040	(20,767,457)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**151,362,024**	(4,674,531)	(6,783,170)	(138,190,791)	32,307,258
Management expenses	**(1,778,493,631)**	(1,472,184,057)	(1,340,451,352)	(1,168,001,089)	(1,035,505,853)
Profit/(loss) before taxation	**534,437,706**	641,052,022	368,133,127	704,911,959	205,621,179
Income tax (expense)/credit	**(127,726,964)**	(234,846,616)	(173,145,284)	(159,100,881)	(12,544,394)
Profit/(loss) after taxation	**406,710,743**	406,205,405	194,987,843	545,811,078	193,076,785
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive income/(loss) for the year	**406,710,743**	406,205,405	194,987,843	545,811,078	193,076,785
Profit/(loss) attributable to:					
Equity holders of the parent	**406,710,743**	406,205,405	194,987,843	545,811,078	193,076,785
Non-controlling interest	**(203,273,925)**	(170,416,594)			-
	203,436,818	235,788,812	194,987,843	545,811,078	193,076,785
Basic and diluted earnings/(loss) per share (kobo)	**-**	3.93	9.10	3.22	(3.34)
	-	-	-	-	

CONSOLIDATED HALLMARK INSURANCE PLC

FINANCIAL SUMMARY - COMPANY

December	2018	2017	2016	2015	2014
	N	N	**N**	**N**	**N**
Assets					
Cash and cash equivalent	**2,696,356,809**	1,850,386,963	1,587,501,284	2,780,220,924	2,268,572,191
Financial assets:					
- At fair value through profit or loss	**291,091,429**	161,850,795	163,699,494	177,671,643	331,557,775
- Loans and receivables	**479,876,252**	248,623,854	211,761,875	70,851,262	19,379,021
- Available for sale	**60,950,000**	60,950,000	60,950,000	60,950,000	2,000,000
- Held-to-maturity	**1,075,587,381**	2,260,597,511	1,654,142,565	497,905,166	133,173,401
Deposit for shares	**-**	-	180,000,000	-	50,250,000
Trade receivables	**199,248,468**	150,356,282	182,091,091	81,030,026	69,245,808
Reinsurance assets	**2,031,727,218**	1,655,890,085	546,323,978	691,913,416	651,767,868
Deferred acquisition cost	**302,966,178**	257,664,385	229,579,067	190,525,298	194,835,265
Other receivables and prepayments	**210,813,534**	166,066,755	213,530,118	135,266,048	141,704,560
Investment in subsidiaries	**1,030,000,000**	530,000,000	300,000,000	250,000,000	250,000,000
Intangible Assets	**22,192,991**	18,458,195	12,383,037	15,592,433	-
Investment properties	**805,550,000**	806,000,000	809,221,395	803,359,000	793,460,682
Property and equipment	**957,103,968**	926,483,015	941,328,726	908,924,352	905,899,680
Statutory deposits	**300,000,000**	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**10,463,464,230**	9,393,327,839	7,392,512,630	**6,964,209,568**	**6,111,846,251**
Liabilities					
Insurance contract liabilities	**3,741,068,043**	3,532,407,618	2,410,701,988	2,218,670,079	1,974,439,083
Trade payables	**10,777,564**	26,482,944	87,511,062	112,060,913	7,829,896
Other payables and provision	**180,817,178**	244,704,571	195,101,601	171,540,123	171,622,017
Deposit for share	**-**	500,456,779			
Retirement benefit obligations	**5,833,280**	5,169,023	13,502	4,430	-
Current income tax liabilities	**298,742,725**	252,351,030	162,558,597	93,162,912	47,695,854
Deferred tax liabilities	**168,184,745**	230,003,867	169,625,075	139,693,165	95,460,524
Total liabilities	**4,405,423,536**	4,791,575,832	3,025,511,825	2,735,131,622	**2,297,047,374**
Equity & reserves					
Issued and paid share capital	**4,065,000,000**	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
	155,264,167	-	-	-	-
Contingency reserves	**1,603,720,833**	1,400,446,908	1,230,030,314	1,058,782,003	882,516,340
Statutory reserves	**-**	-	-	-	-
Retained earnings	**234,055,695**	201,305,100	136,970,491	170,295,943	(67,717,462)
Shareholders' fund	**6,058,040,696**	4,601,752,008	4,367,000,805	**4,229,077,946**	**3,814,798,877**
Total liabilities and equity & reserves	**10,463,464,230**	9,393,327,840	7,392,512,630	**6,964,209,568**	**6,111,846,251**

CONSOLIDATED HALLMARK INSURANCE PLC

FINANCIAL SUMMARY - COMPANY

December	2018	2017	2016	2015	2014
	N	N	N	N	N
Gross premium written	**6,775,797,496**	5,680,553,122	5,826,950,292	6,039,451,539	4,614,438,482
	-	-	-	-	-
Gross premium income	**6,481,636,218**	5,542,732,729	5,708,277,060	5,875,522,094	4,678,556,495
Reinsurance premium expenses	**(2,239,421,340)**	(1,859,540,653)	(2,199,995,287)	2,685,733,043	(2,148,244,818)
Net premium income	**4,242,214,878**	3,683,192,076	3,508,281,773	3,189,789,051	**2,530,311,677**
Fee and commission income	**356,385,052**	370,550,419	203,707,669	145,879,333	207,872,455
Net underwriting income	**4,598,599,931**	4,053,742,495	3,711,989,442	3,335,668,384	2,738,184,132
Claims expenses	**(4,770,447,651)**	(3,354,056,803)	(1,730,652,330)	(1,341,181,328)	(1,234,297,773)
Claims recoveries from reinsurers	**2,987,313,881**	1,931,112,704	343,508,617	383,167,702	**267,243,023**
Claims incurred	**(1,783,133,770)**	(1,422,944,099)	(1,387,143,713)	(958,013,626)	**(967,054,749)**
Underwriting expenses	**(1,620,609,007)**	(1,387,920,776)	(1,271,473,425)	(1,016,074,857)	(946,945,133)
Underwriting profit	**1,194,857,154**	1,242,877,621	1,053,372,304	1,361,579,901	824,184,249
Investment income	**617,407,797**	672,917,451	472,289,663	402,048,193	299,595,699
Other operating income	**25,487,990**	68,681,215	122,768,443	170,537,974	32,848,146
Impairment charge	**-**	3,390,424	693,030	17,402,910	(17,402,910)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	**151,362,024**	(4,674,531)	(6,783,170)	(138,191,291)	32,912,258
Management expenses	**(1,529,426,707)**	(1,418,512,790)	(1,281,059,193)	(1,126,380,571)	(984,089,677)
Profit/(loss) before taxation	**459,688,258**	564,679,389	361,281,077	686,997,116	188,047,766
Income tax (expenses)/credit	**(83,663,738)**	(209,928,186)	(163,358,219)	(152,718,047)	(2,995,231)
Profit/(loss) after taxation	**376,024,520**	354,751,203	197,922,857	534,279,069	185,052,535
Other comprehensive income net of tax	**-**	-	-	-	-
Total comprehensive (loss)/income for the year	**376,024,520**	354,751,203	197,922,857	185,052,535	185,052,535
Profit/(loss) attributable to:					
Equity holders of the parent	**376,024,520**	354,751,203	197,922,857	185,052,535	185,052,535
Contingency reserve	**(203,273,925)**	(170,416,594)	(171,248,311)	-	-
	172,750,595	184,334,609	26,674,546	185,052,535	185,052,535
Basic and diluted earnings/(loss) per share (	**4.63**	**5.91**	**3.30**	**8.90**	**3.08**

CONSOLIDATED HALLMARK INSURANCE PLC

APPENDIX 1
REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Motor	Fire	Bond	Gen. Accident	Marine	Aviation	Oil & Gas	Engineering	2018 Total	2017 Total
	N	N	N	N	N	N	N	N	N	N
Income										
Direct premium	1,756,831,579	981,346,234	131,584,920	846,767,522	472,970,255	305,014,055	1,780,722,313	320,919,268	6,596,156,146	5,613,838,547
Inward reinsurance premium	25,484,550	26,772,222	102,947	13,113,551	5,372,134	389,906	80,499,043	27,906,998	179,641,350	66,714,575
										-
Gross written premium	1,782,316,129	1,008,118,456	131,687,867	859,881,073	478,342,389	305,403,960	1,861,221,356	348,826,267	6,775,797,496	5,680,553,122
(Increase)/decrease in unexpired premium reserve	(152,099,900)	(33,458,773)	(22,133,231)	(31,616,769)	85,504,282	5,697,615	(47,540,951)	(98,513,551)	(294,161,278)	(137,820,393)
Gross premium earned	1,630,216,229	974,659,683	109,554,635	828,264,304	563,846,671	311,101,576	1,813,680,405	250,312,716	6,481,636,218	5,542,732,729
Deduct:										-
Outward reinsurance premiums	(28,683,346)	(411,396,535)	(38,154,365)	(428,412,561)	(243,101,386)	(175,503,721)	(984,501,261)	(105,896,155)	(2,415,649,330)	(1,894,432,250)
(Increase)/decrease in prepaid reinsurance	15,635,241	(11,061,892)	2,052,939	32,104,284	(15,277,298)	24,031,579	114,066,613	14,676,523	176,227,990	34,891,598
Reinsurance cost	(13,048,105)	(422,458,427)	(36,101,426)	(396,308,276)	(258,378,685)	(151,472,142)	(870,434,648)	(91,219,631)	(2,239,421,340)	(1,859,540,652)
										-
Net premium earned	1,617,168,124	552,201,256	73,453,209	431,956,027	305,467,986	159,629,434	943,245,757	159,093,085	4,242,214,878	3,683,192,076
Commission received	10,642,816	114,261,572	2,268,606	105,518,930	32,579,306	41,409,554	23,349,257	39,591,497	369,621,536	390,586,084
(Increase)/decrease in unearned commission	(2,890,407)	(552,939)	(421,173)	(12,069,087)	6,050,830	(49,663)	(328,897)	(2,975,148)	(13,236,484)	(20,035,665)
Total Income	1,624,920,533	665,909,889	75,300,642	525,405,869	344,098,123	200,989,325	966,266,117	195,709,433	4,598,599,930	4,053,742,496
										-
Gross Claims Paid	(627,469,255)	(1,017,890,659)	(6,476,466)	(395,673,188)	(2,277,345,498)	(403,201,585)	(82,666,126)	(45,225,726)	(4,855,948,504)	(2,370,171,567)
(Increase)/decrease in outstanding claims provision	23,619,960	529,997,590	1,546,367	(91,803,041)	82,751,891	(159,124,202)	(287,404,591)	(14,083,122)	85,500,852	(983,885,235)
Gross claims incurred	(603,849,295)	(487,893,069)	(4,930,099)	(487,476,229)	(2,194,593,607)	(562,325,786)	(370,070,717)	(59,308,848)	(4,770,447,651)	(3,354,056,802)
Reinsurance claims recovery	92,994,433	672,154,710	1,285,447	161,428,975	1,766,654,812	76,842,149	-	16,344,211	2,787,704,737	866,513,195
(Increase)/decrease in reinsurance recoveries	(81,384,704)	(248,818,758)	1,101,523	234,088,554	(6,843,883)	121,853,085	159,968,838	19,644,489	199,609,144	1,064,599,509
										-
Net claims incurred	(592,239,566)	(64,557,117)	(2,543,128)	(91,958,701)	(434,782,678)	(363,630,552)	(210,101,879)	(23,320,147)	(1,783,133,769)	(1,422,944,098)
										-
Acquisition expenses	(198,569,237)	(195,780,869)	(21,230,421)	(163,617,486)	(83,133,924)	(55,967,325)	(355,812,747)	(71,634,688)	(1,145,746,698)	(980,340,178)
(Increase)/decrease in commission expenses	15,485,438	5,527,498	4,249,619	6,259,109	(20,820,007)	(2,343,994)	16,669,408	20,274,721	45,301,793	28,085,317
Maintenance/operating expenses	(214,289,427)	(63,616,740)	(7,346,398)	(69,141,460)	(32,600,036)	(17,624,759)	(98,268,662)	(17,276,621)	(520,164,102)	(435,665,916)
										-
Total expenses	(989,612,791)	(318,427,228)	(26,870,328)	(318,458,537)	(571,336,645)	(439,566,631)	(647,513,880)	(91,956,735)	(3,403,742,776)	(2,810,864,874)
										-
Underwriting profit/(loss)	635,307,741	347,482,661	48,430,313	206,947,332	(227,238,522)	(238,577,306)	318,752,237	103,752,698	1,194,857,153	1,242,877,621