HEIRS GENERAL INSURANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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CORPORATE INFORMATION

Company Registration Number
RC 12411317

Directors

Tony Elumelu	Chairman
Adaobi Nwakuche*	Managing Director / Chief Executive Officer
Japhet Duru	Executive Director - Technical
Niyi Onifade	Non-Executive Director
Dan Okeke	Non-Executive Director
Salma Yusuf Mohammed	Independent Non-Executive Director
Henry Egbiki	Independent Non-Executive Director
Peter Ashade	Non-Executive Director
Misbahu Yola	Non-Executive Director
Idris Mohammed	Non-Executive Director

Adaobi Nwakche resigned as Managing Director/Chief Executive Office effective 31 March 2023
Wole Fyemi resumed as Managing Director/Chief Executive Officer on 27 April 2023

Registered office	107B Ajose Adeogun Street Victoria Island Lagos , Nigeria
Independent Auditor	PricewaterhouseCoopers Landmark Towers 5B Water Corporation road, Victoria Island Lagos Tel: +234 1 271 1700 www.pwc.com/ng
Actuaries	Zamara Ltd 4th Floor, Ibukun House, 70 Adetokunbo Ademola Street Victoria Island Lagos, Nigeria
Company secretary	Blessing Ezemelue 107B Ajose Adeogun Street Victoria Island Lagos, Nigeria
Bankers	United Bank for Africa Plc Providus Bank Ltd Fidelity Bank Union Bank Nova Bank Ecobank FCMB
Tax Consultant	Ijewere and Co.

DIRECTORS' REPORT

The Directors present their report on the affairs of Heirs General Insurance Limited ("the Company or HIL"), together with the audited financial statements and Auditors report for the year ended 31 December 2022.

Incorporation and address

The Company was incorporated on 10 February, 2015 with registration number - RC 12411317 while operational licence with registration number 094 was issued by NAICOM on 25 November, 2020. The company commenced operation on 1 December 2020.

The address of its registered/operational office is:
107B Ajose Adeogun Street
Victoria Island
Lagos, Nigeria

Principal Activities

The company is a general insurer that was incorporated to provide non-life insurance services to individuals and businesses. HIL underwrites all classes of general insurance business including vehicles, buildings, oil & gas, power, among others.

Results and dividend

The company's results for the year ended 31 December 2022 are set out in statement of comprehensive income. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	Year ended 31 Dec 2022 N'000	13 Months ended 31 December 2021 N'000
Gross Written Premium	8,487,787	3,495,947
Profit/(loss) before tax for the year	499,429	(862,102)

Board of Directors

Tony Elumelu CON	Chairman
Adaobi Nwakuche*	Managing Director/CEO
Japhet Duru	ED, Technical
Henry Egbiki	Independent Non-Executive Director
Salma Yusuf Mohammed	Independent Non-Executive Director
Dan Okeke	Non-Executive Director
Peter Ashade	Non- Exexcutive Director
Misbahu Yola	Non- Exexcutive Director
Idris Mohammed	Non- Exexcutive Director

Adaobi Nwakche resigned as Managing Director/Chief Executive Office effective March 31 2023
Wole Fayemi resumed as Managing Director/Chief Executive Officer on April 27 2023

The Company carried out insurance activities in accordance with its Memorandum and Articles of Association.

DIRECTORS' REPORT

Directors' interest in contracts

None of the directors have notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020, of interest contracts or proposed contracts with the Company during the year.

Analysis of company's shares

According to the register of members at 31 December 2022, the shareholding in the Company was as follows:

	31 Dec 2022 No. of Shares '000		13 Months to 31 Dec 2021 No. of Shares '000	
Shareholder	**5,000,000**	50%	5,000,000	50%
Heirs Holdings Limited	**2,500,000**	25%	2,500,000	25%
United Capital Plc	**1,500,000**	15%	1,500,000	15%
Africa Prudential Plc	**1,000,000**	10%	1,000,000	10%
AVON HMO Ltd	**10,000,000**	**100%**	**10,000,000**	**100%**

Equity Range Analysis

The range of shareholding as at 31 December, 2022 is as follows:

RANGE	%	HOLDERS	%	HOLDINGS
1 - 1,000,000,000	25	1	50%	5,000,000,000
1000000001 - 2,000,000,000	50	2	25%	2,500,000,000
4000000000 - 8,000,000,000	25	1	15%	1,500,000,000
			10%	1,000,000,000
GRAND-TOTAL	**100**	**4**	**100**	**10,000,000,000**

The range of shareholding for the year ended 31 December, 2021 is as follows:

RANGE	%	HOLDERS	%	HOLDINGS
1 - 1,000,000,000	25	1	50%	5,000,000,000
1000000001 - 2,000,000,000	50	2	25%	2,500,000,000
4000000000 - 8,000,000,000	25	1	15%	1,500,000,000
			10%	1,000,000,000
GRAND-TOTAL	**100**	**4**	**100**	**10,000,000,000**

Directors Interests and shareholdings

The interest of directors in the issued share capital of the company as recorded in the register of directors' shareholding and/or as notified by the directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act.

Name	Direct Holding '000	Indirect Holding '000
Tony Elumelu CON	-	5,000,000
Adaobi Nwakuche*	-	-
Japhet Duru	-	-
Henry Egbiki	-	-
Salma Yusuf Mohammed	-	-
Dan Okeke	-	-
Peter Ashade	-	-
Misbahu Yola	-	-
Idris Mohammed	-	-

DIRECTORS' REPORT

Details of indirect holdings

Name of Director	Company	Indirect holding '000
Tony Elumelu CON	Heirs Holdings Limited	5,000,000

Post Balance Sheet Events

There were no events after the reporting date which could have a material effect on the state of affairs of the Company as at 31 December, 2022 or the financial performance for the year ended on that date that have not been adequately provided for or disclosed.

Acquisition of Own Shares

The Company did not purchase any of its own shares during the year.

Diversity in Employment

The Company operates a non-discriminatory policy in the consideration of applications for employment. We believe diversity and inclusiveness are powerful drivers of competitive advantage in understanding the needs of our customers and creatively developing solutions to address them.

During the year under review, our staff diversity analysis are as follows:

	Male	**Female**	**Total HC**
Executive Management	1	1	2
Senior Management	6	3	9
Middle Management	21	12	33
Officer	11	12	23
Sub Total	**39**	**28**	**67**

Statement of commitment to maintain positive work environment

The Company shall strive to maintain a positive and equal opportunity work environment underpinned by professionalism, performance and ethical conduct.

Employment of physically challenged persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. There were no physically challenged persons in the employment of the Company as at 31 December 2022.

Employee health, safety and welfare

Health and safety regulations are enforced within the premises of the entities of the Company. The Company provides medical facilities to all levels of employees. Medical facilities are provided to employees and their immediate families at the Company's expense.

DIRECTORS' REPORT

Employee training and involvement

The Company is open to constructive and meaningful suggestions from its staff towards ensuring effective involvement of staff-members in matters affecting them as employees as well as those pertaining to the Company's affairs. These views are sourced through formal and informal channels. Training is critical to the Company and staff members are exposed to well structured courses and seminars.

Research and Development

As a part of its daily business, the Company carries out research into new general insurance products and services to anticipate and meet customers' need and to ensure excellent service is delivered at all time.

The Board was evaluated in respect of the Financial Year 2022 by the firm of Angela Aneke & Company Limited. The performance of the Board, Board Committees and individual directors were adjudged satisfactory and necessary feedback were communicated to individual directors.

Corporate Governance Evaluation

Corporate Governance Evaluation was undertaken in respect of the Financial Year 2022 by the firm of Angela Aneke & Company Limited. Based on its work, the firm adjudged the Company's corporate governance practices to be 'Established' and in line with global best practice. It concluded that the corporate governance framework of the Company has considerably applied the 28 principles of the FRC Code.

Property, plant and equipment

Movement in property, plant and equipment during the year is shown in Note 15 to the financial statements. The Directors are of the opinion that the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements as at 31 December 2022.

Donations and gifts

The Company made the following donations during the year.

	N'000
PILA investiture cereony	500
NCRIB investiture event in Port harcourt	1,000
CIIN Insurance Forum Sponsorship	500
Sponsorship for Insurance Industry Award	500
Miss Nigeria Pageant	5,000
TEF Entepreneurship Programme	25,930
NCRIB Sponsorship Payment	7,000
Cost of sponsorship for Insurance Industry Awards & Consumers Night	500
Sponsorship of the NIA Investiture Ceremony	1,500
NAIPCO Sponsorship	375
Sponsorship of the NIA Investiture Ceremony	1,500
Sponsorship for Institute of Capital Market Registrars Annual Conference (The Institute of Capital Market Registrars)	200
	44,505

DIRECTORS' REPORT

Audit Committee

Pursuant to Section 14.4 of the Nigerian Code of Corporate Governance 2018, the Company had in place an Audit Committee comprising as follows:

Director	Role
Henry Egbiki	Independent Director (Chairman)
Salma Yusuf Mohammed	Independent Director
Dan Okeke	Non Executtive Director
Peter Ashade	Non Executtive Director
Misbahu Yola	Non Executtive Director
Idris Mohammed	Non Executtive Director

The functions of the Audit Committee are as laid down in Section 11.4.6 and 11.4.7 of the Nigerian Code of Corporate Governance 2018.

Auditors:
PricewaterhouseCoopers were appointed as auditors during the year and having satisfied the relevant corporate governance rules have indicated their willingness to continue in office as auditors to the Company in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004, therefore,the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By order of the Board
Blessing Ezemelue
Company Secretary
FRC/2021/002/00000024914

CORPORATE GOVERNANCE REPORT

Introduction

Heirs General Insurance limited (the Company) has in place an effective governance structure that enables the Board of Directors to provide proper and adequate oversight over its businesses and management.

During the year under review, the Company complied with the provisions of the Companies and Allied Matter Act, the NAICOM Code of Corporate, the FRCN Code of Corporate Governance, the Board Charter, and all applicable rules and regulations.

GOVERNANCE STRUCTURE

The Board consists of 10 members, eight (8) of whom act in Non-Executive capacity.

Appointment to the Board of Heirs General Insurance Limited is done in accordance with the provisions of the Company's Governance Charter, Articles of Association, the Companies and Allied Matters Act 2020 as well as the National Code of Corporate Governance, and other regulatory guidelines and directives issued from time to time. All appointees to the Board undergo a formal induction session and training for proper and seamless on-boarding.

BOARD COMMITTEES

The Board is responsible for developing the Company's strategy and ensuring that its assets are deployed towards the achievement of set targets and satisfaction of stakeholders' expectations. Quarterly, the Board reviews management financial and performance indicators to confirm continuous alignment with the Company's strategic goals and objectives.

The Board discharges its duties through a number of standing committees whose terms of reference are subject to regular reviews. The terms of reference define the purpose of each of the Committees, their composition, frequency of meetings, responsibilities and duties, as well as expected reports to the Board. As at 31 December 2022, the Board oversaw the affairs of the Company through three (3) standing Committees. The Committees are as follows:

Chairman and CEO Positions.

The offices of Chairman and MD/CEO are separated, and their respective roles and responsibilities are well defined in the Board Charter. The Chairman is not involved in the day-to-day activities of the Company. He is responsible for the assessment, improvement, development, and effective functioning of the Board and provides leadership in every aspect of its work. The MD/CEO provides leadership to executive management and is charged with the execution of the Company's strategic objectives and reports to the Board on the Company's performance.

b. Finance, Investment & General Purpose Committee – The Committee has oversight responsibility to consider and advise the Board of Directors on all aspects of the Company's finances. This includes, among others, annual estimates of income and expenditure and the financial forecasts for the Company; reviewing the periodic management accounts of the Company as well as advising the Board of Directors on the year-end accounts; periodically reviewing and advising the Board on the solvency of Company and the safeguarding of its assets; advising the Board on relevant taxation issues, general borrowings. The Committee also has an oversight for the Company's investment. It presents the Investment Policies and Investment Plans to the Board annually for approval and ensures that investments are made in accordance with the policy. The Committee reviews and approves as appropriate strategic investment. The Committee met on 4 occasions during 2022 and also presented quarterly reports of their activities for the review of the Board.

CORPORATE GOVERNANCE REPORT

c. Audit, Governance & Compliance Committee - The Committee comprises of only Non-Executive Directors, and is responsible for reviewing quarterly Internal Audit reports as well as the Company's Compliance Report, Governance and Human Resources Report. The Committee also has oversight responsibility to review and report to the Board on matters of corporate governance, Board composition and remuneration; to provide oversight in respect of the company's internal systems for achieving compliance with legal and regulatory requirements, particularly as it pertains to good corporate governance. It establishes the criteria for Board and Board Committee memberships, reviews candidates' qualifications and potential conflict of interest, assesses the contribution of current Directors in connection with their re-nomination and makes recommendations to the Board amongst others. The Committee met 4 times during 2022 and also presented reports of their activities for the review of the Board.

S/N.	Director	Date of Appointment	Director Status	Committee Chairmen	Committee Membership
1	Tony O. Elumelu	December 1, 2020	Chairman	NIL	NIL
2	Adaobi Nwakuche*	December 1, 2020	Managing Director/CEO	NIL	ERMC & FIGPC
3	Japhet Duru	December 1, 2020	Executive Director	NIL	ERMC & FIGPC
4	Henry Egbiki	December 1, 2020	Non-Executive Director	AGCC	AGCC & FIGPC
5	Salma Mohammed	December 1, 2020	Non-Executive Director	NIL	AGCC & ERMC
6	Dan Okeke	December 1, 2020	Non-Executive Director	FIGPC	AGCC & FIGPC
7	Peter Ashade	December 1, 2020	Non-Executive Director	NIL	AGCC & ERMC
8	Niyi Onifade	December 1, 2020	Non-Executive Director	NIL	ERMC & FIGPC
9	Misbahu Yola	May 11, 2021	Non-Executive Director	ERMC	AGCC & ERMC
10	Idris Mohammed	May 11, 2021	Non-Executive Director	NIL	AGCC & FIGPC

A. Board Meetings

		DATE OF MEETINGS				
S/N.	**Director**	**June 1, 2022**	**Jun 01, 2022**	**Aug 01, 2022**	**Oct 01, 2022**	**% Attendance**
1	Tony O. Elumelu	●	●	●	●	100%
2	Adaobi Nwakuche*	●	●	●	●	100%
3	Japhet Duru	●	●	●	●	100%
4	Henry Egbiki	●	●	●	●	100%
5	Salma Mohammed	●	●	●	●	100%
6	Dan Okeke	●	●	●	●	100%
7	Peter Ashade	●	●	●	●	100%
8	Niyi Onifade	●	●	●	●	100%
9	Misbahu Yola	●	●	●	●	100%
10	Idris Mohammed	●	●	●	●	100%

CORPORATE GOVERNANCE REPORT

B. Committee Meetings

Audit, Governance and Compliance Committee

The Audit, Governance, and Compliance Committee (AGCC) responsible for ensuring an effective system of financial and internal control are in place, evaluating the independence and performance of external auditors, reviewing the audited financial statements with Management and the External Auditors before presentation to the Board, approving human resources policies and procedures and ensuring proper composition, training and evaluation of board members.

DATE OF MEETINGS

S/N.	Director	May 11, 2022	May 11, 2022	July 20, 2022	October 6, 2022	% Attendance
1	Henry Egbiki	●	●	●	●	100%
2	Salma Mohammed	●	●	●	●	100%
3	Dan Okeke	●	●	●	●	100%
4	Peter Ashade	●	●	●	●	100%
5	Misbahu Yola	●	●		●	75%
6	Idris Mohammed	●	●	●	●	100%

Finance, Investment and General-Purpose Committee

The Finance, Investment & General-Purpose Committee (FIPC) is responsible for strategic planning, periodic budgeting and performance monitoring, supervision of assets, investment and financial matters and any matter not falling within the mandate of any other committee.

DATE OF MEETINGS

S/N.	Director	February 17, 2022	April 20, 2022	July 20, 2022	October 5, 2022	% Attendance
1	Dan Okeke	●	●	●	●	100%
2	Henry Egbiki	●	●	●	●	100%
3	Niyi Onifade	●	●	●	●	100%
4	Adaobi Nwakuche*	●	●	●	●	100%
5	Japhet Duru	●	●	●	●	100%
6	Idris Mohammed		●	●	●	75%

Enterprise Risk Management Committee-

The Enterprise Risk Management Committee (ERMC) is responsible for providing oversight over the process for the identification, assessment of risks and the adequacy of prevention, detection and reporting mechanisms across various business operations (Underwriting, claims, product development) and Information Technology (IT) governance.

DATE OF MEETINGS

S/N.	Director	February 17, 2022	April 20, 2022	July 21, 2022	October 5, 2022	% Attendance
1	Misbahu Yola	●	●		●	75%
2	Salma Mohammed	●	●	●	●	100%
3	Peter Ashade	●	●	●	●	100%
4	Niyi Onifade	●	●	●	●	100%
5	Adaobi Nwakuche*	●	●	●	●	100%
6	Japhet Duru	●	●	●	●	100%

CORPORATE GOVERNANCE REPORT

BOARD SELECTION AND APPOINTMENT PROCESS

The Board ensures that the process of appointing a Director is done in accordance with the Board Governance Charter, Companies and Allied Matters Act 2020 and other Codes of Corporate Governance which the Company is subject to. The process includes the following:

The Board ensures that the procedure for selection and appointment of new directors on the Board of the Company is clearly defined, formal and transparent.

The selection process reflects the Board's strengths and weaknesses, the required skill and experience.

The Board conducts a thorough analysis of the existing Board composition and confirms whether there is a need to appoint a new Director, especially in events of causal vacancies.

Nominations are forwarded to the Board through the Company Secretary. The Audit, Governance and Compliance Committee reviews the nomination as well as the profile of the candidate and makes its recommendation to the Board on the suitability of the proposed candidate

The Board considers the Committee's recommendation and conducts relevant checks to ensure that the proposed candidate is fit and proper to sit on the Board of an insurance company also is not disqualified from being a Director in accordance with legislations and Codes of Corporate Governance to which the Company is subject.

Sequel to the Board's approval of the appointment of the proposed candidate on the Board, the appointment is formally communicated to the successful candidate. The successful candidate will be required to formally accept or reject the appointment.

Also following the approval of the Board, the Company Secretary notifies the National Insurance Commission in writing, seeking the Commission's approval of the appointment.

TRAINING AND INDUCTION

The Company believes that a robust induction as well as regular training and education of Board members on issues pertaining to their oversight functions will improve Director's performance. Regarding new Directors, there is a personalized induction program which includes one-on-one meetings with Executive Directors and Senior Management responsible for the Company's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction program covers an overview of the Strategic Business Units as well as the Board processes and policies. A new Director receives an induction pack which includes charters of the various Board Committees, significant reports, important legislation and policies, minutes of previous Board Meetings and a Calendar of Board Activities. Directors are also required to participate in periodic, relevant continuing professional development programs to update their knowledge.

During the year under review, Directors attended the following trainings:

1. Transforming the Insurance Industry,through ESG Principles: Directors Roles
2. Embedding Effective Corporate Governance in the Company
3. Risks & Opportunities in Aviation & Other Special Risks in the Insurance Industry
4. AML/ CFT
5. Insurance Products & Services
6. DSCL Training for the Audit Committee: (1. Stepping up Audit Committee Oversight - Evolving Roles & Responsibilities 2. Accounting Disclosures -Trends & Financial Reporting Requirements. 3. Governance of Risk: Identification, Assessment, Management & Emerging Risk. 4. Business Continuity & Crisis Management. 5. Auditing IT Governance: Process & Methodology. 6. Performance Management: Measuring the effectiveness of the Internal & External Audit functions).

DIRECTORS STANDING FOR RE-ELECTION

The following Directors stood and were re-elected in 2022

1. Tony Elumelu
2. Peter Ashade
3. Niyi Onifade

CORPORATE GOVERNANCE REPORT

GENDER DIVERSITY

The Company is aware of the need for fair representation of people of different genders as members of the Board, Executive Management as well as other employees. Both men and women are provided with a level playing field and no gender is seen as being more pivotal to the business of the organization than another.

Corporate Governance and Board Evaluation

The Board of Directors of the Company is cognisant of its responsibilities under the NAICOM Code of Corporate Governance and the

BOARD AND GOVERNANCE EVALUATION

In accordance with the National Code of Corporate Governance, the governance practices and activities of the Board were evaluated by the firm of Angela Aneke & Co.

Directors Report.

The Directors present their report on the affairs of Heirs General Insurance Limited (the Company), together with the Audited Financial Statements and Independent Auditor's Report for the period ended December 31, 2022.

Legal Form and Principal Activities

Heirs General Insurance limited was originally incorporated on the 10th day of February 2015 with registration Number-RC 1241317 as a composite insurer. However, in March 2019, the Memorandum and Article of Association was amended to enable the company operate solely as a general insurance company.

The National Insurance Commission issued the operational license with registration number 093 in November 2020. The Company commenced operations as a general insurance company on December 1, 2020.

RENUMERATION STATEMENT

The Report on Directors' and Management and Staff remuneration is as set out in the Audited Financial Statements. The Group has established clear policy guidelines for the determination and administration of compensation. In line with the policy guidelines, the Company seeks to attract and retain the best talent in countries that it operates. To achieve this, the Company seeks to position itself among the best performing and best employee rewarding companies in its industry. This principle will act as a general guide for the determination of compensation. The objective of the policy is to ensure that salary structure including short and long term incentives motivate sustained high performance and are linked to corporate performance. It is also designed to ensure that stakeholders are able to make reasonable assessment of the Company's reward practices. It is the Company's policy to comply in full with all local tax laws. The Company also complies with the Pension Reform Act on the provision of retirement benefit to employees at all levels.

CLAWBACK POLICY

The Company has in place a clawback policy in respect of performance bonus payments to executive management and employees.

SUMMARY OF RISK MANAGEMENT FRAMEWORK

This is contained in the risk management disclosures on Note 5 of the financial statement

STATEMENT OF COMPLIANCE

The Company carried out its Corporate Governance practices in line with the National Code of Corporate Governance and the Corporate Governance Guidelines 2022 issued by the National Insurance Commission.

WHISTLE BLOWING POLICY

The Company has instituted a robust whistle blowing policy which encourages anonymous reporting of unethical and illegal actions and activities

CORPORATE GOVERNANCE REPORT

ENVIRONMENT, SUSTAINABILITY AND GOVERNANCE

As a major player in the insurance industry, Heirs General Insurance Limited is fully conscious of its status and responsibilities in the Nigerian society as a corporate citizen. As such, the Company deliberately integrates the society in its plans and maintains a very robust relationship with all stakeholders including its employees, host community, consumers and the general public.

RELATIONSHIP WITH SHAREHOLDERS

The Company is fully conscious of the importance of effective and constant interaction with shareholders. The Company benefits tremendously from the interactions and would welcome further contributions of shareholders at the Annual General Meeting. The Company will continue to take all necessary steps to uphold shareholder rights.

COMPLAINTS MANAGEMENT POLICY

The Company has in place a Complaints Policy to handle and resolve complaints which is available on the Company's website.

CODE OF CONDUCT & BUSINESS ETHICS

The Code of Conduct & Business Ethics provides general guidance and complements other policies and procedures of the Company regarding ethics and acceptable conduct in the organization. The Code clearly defines parameters of acceptable principles and standards in which Directors and employees are expected to conduct themselves in undertaking the business of the Company.

COMMUNICATIONS POLICY

The Communications Policy governs how information is communicated within Heirs General Insurance Limited and how the Company's representatives may communicate with outside parties. The Policy defines who "outside parties" are and applies to all Heirs General Insurance Limited employees, directors, officers, consultants and contractors.

Fines & Penalties

The company paid the underlisted fines.

		N'000
1	Penalty for violation of paragraph 6.11 and 5.1.0 of the market conduct and business practice guideline	1.50
2	Excess placement in one bank	0.50
		2.00

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

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 internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Tony Elumelu
Chairman
FRC/2013/CIBN/00000002590
June 2023

Wole Fayemi
Managing Director
FRC/2014/CIIN/00000006540
June 2023

STATEMENT OF DIRECTORS' CORPORATE RESPONSIBILITIES

In line with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Company for the thirteen months period ended 31 December 2022 and based on our knowledge confirm as follows:

(I) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading,

(II) The audited financial statements and all other financial Information Included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended 31 December 2022.

(iii) the Company's internal controls has been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.

(Iv) the Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2022.

(v) That we have disclosed to the Company's Auditors and Audit committee the following information:

(a) There are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with auditors any weaknesses in the internal controls observed in the cause of the audit.

(b) There is no fraud involving management or other employees which could have any significant role in the Company's internal control.

(vi) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Wole Fayemi
Managing Director
FRC/2014/CIIN/00000006540

Vera Isiuwe
Financial Controller
FRC/2023/PRO/ICAN/001/948604

AUDIT COMMITTEE REPORT

In accordance with the provision of Section 404 (4) of the Companies and Allied Matters Act, the members of the Audit Committee of Heirs General Insurance Limited hereby report as follows:

We have exercised our statutory functions under Section 404(1) of the Companies and Allied Matters Act and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements, and agreed ethical practices and the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and reinforce the Company's internal control systems.

We have deliberated with the external auditor, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the external auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

Mr. Henry Egbiki
Chairman, Audit, Governance & Compliance Committee
FRC/2012/ICAN/00000000158

MEMBERS OF THE BOARD, AUDIT AND COMPLIANCE COMMITTEE

Henry Egbiki	Chairman
Salma Mohammed	Member
Dan Okeke	Member
Peter Ashade	Member
Misbahu Yola	Member
Idris Mohammed	Member

CERTIFICATION BY COMPANY SECRETARY

In my opinion as the Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act 2020, that for the year ended 31 December 2022, the Company lodged all such returns as required of a company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Blessing Ezemelue
Company Secretary
FRC/2021/002/00000024914

AA&Co

Angela Aneke & Co. Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria, boardevaluations@angelaanekeco.com

March 9, 2023

Statement by the External Consultants on the Board Evaluation of Heirs General Insurance Limited for the year ended December 31, 2022

The Board of Directors of Heirs General Insurance Limited (the "Company") engaged Angela Aneke & Co. Limited to perform an evaluation of the Board for the year ended December 31, 2022, in line with the requirements of Principle 14 of the Financial Reporting Council's Nigerian Code of Corporate Governance (NCCG). The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report were benchmarked against the principles in the NCCG, National Insurance Commission's (NAICOM) Corporate Governance Guidelines, the Company's corporate governance framework, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews, and questionnaires, including an online self and peer assessment by members of the Board. Our detailed report has been submitted to the Board of Directors for their adoption and further action.

The Chairman of the Board provides effective leadership to the Board to ensure the Company's strategic objectives are met and plays a lead role in the assessment, improvement, and development of the Board. He also provides guidance to the MD/CEO in the discharge of her duties.

Heirs General Insurance Limited has a formalized Board Governance Charter. The mandates and terms of reference of the Board Committees are clearly defined in the Board Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management, internal audit and controls, regulatory compliance, and information technology governance. Furthermore, Directors largely achieved 100% attendance at the Board and Board Committee meetings held in 2022.

The Board and its Committees are composed of seasoned professionals with a wealth of experience committed to the long-term success of the Company. It is a forward-thinking and cohesive Board, with an appropriate balance of skills and diversity including experience, age, and gender. The Board executed its functions of Strategic Direction, Policy Formulation, Decision Making and Oversight within the year objectively and effectively.

On the basis of our work, we conclude that the Board of Heirs General Insurance Limited is effective and continues to demonstrate a commitment to developing and maintaining strong corporate governance systems in line with global best practice. Its corporate governance framework is normalized, and the Company has adequately applied the 28 principles of the NCCG.

Yours faithfully,
FOR: Angela Aneke & Co. Limited

AngelaAneke

Angela Aneke
Managing Director

AA&Co

Angela Aneke & Co. Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria, boardevaluations@angelaanekeco.com

March 9, 2023

Statement by the External Consultants on the Corporate Governance Evaluation of Heirs General Insurance Limited for the year ended December 31, 2022.

The Board of Directors of Heirs General Insurance Limited (the "Company"), engaged Angela Aneke & Co. Limited to perform a Corporate Governance Evaluation for the year ended December 31, 2022, in line with the requirements of Principle 15 of the Financial Reporting Council's Nigerian Code of Corporate Governance (NCCG). The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report were benchmarked against each of the 28 principles of the NCCG, National Insurance Commission (NAICOM) Corporate Governance Guidelines, the Company's Corporate Governance framework, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews, and questionnaires, including an online self and peer assessment by members of the Board. Our detailed report has been submitted to the Board of Directors for their adoption and further action.

Heirs General Insurance Limited has a formal system of governance underpinned by a Board Governance Charter as well as various policies and charters that guide the governance culture of the Company. The mandates and terms of reference of the Board Committees are clearly defined in the Board Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management, internal audit and controls, regulatory compliance, and information technology governance. Policies that address internal control, code of conduct, business ethics, shareholder engagement and disclosures are in place at Heirs General Insurance Limited.

The framework for managing risk and internal control system are effective at Heirs General Insurance Limited. The risks the company faces and risk mitigating strategies are effectively monitored and reported to the Board at its quarterly meetings. The internal control function also provides assurance to the Board and its Committees on its effectiveness at its quarterly meetings. A whistle blowing framework for reporting illegal and unethical behaviour is in place. The Company remained committed to sustainability and acted as a responsible citizen by embarking on several corporate social responsibility activities in 2022.

On the basis of our work, we conclude that corporate governance practices at Heirs General Insurance Limited are effective and are in line with global best practice. The corporate governance framework of the Company has adequately applied the 28 principles of the NCCG.

Yours faithfully,
FOR: Angela Aneke & Co. Limited

Angela Aneke
Managing Director

Independent auditor's report

To the Members of Heirs Insurance Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Heirs Insurance Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Heirs Insurance Limited's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements; and
- the statement of significant accounting policies.

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 financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities – N4.2 billion (refer to notes 2.11, 3, 5i, 19) The valuation of insurance contract liabilities involves subjective judgements about future events made by the independent external actuary. The Company's insurance contract liabilities comprise: Outstanding Claims reported, Incurred but not reported claims reserves (IBNR) and Unearned Premium Reserve. The key area of significant judgement in the valuation of insurance contract liabilities includes estimation of claims incurred but not reported (IBNR). The independent external actuary applied loss ratio methods using industry/ benchmark ratios in estimating the IBNR.	We assessed the competence, independence and objectivity of the company's actuarial experts. We tested the completeness and appropriateness of the underlying data used in the actuarial valuations by checking the actuarial inputs applied by management's experts to supporting policy and claims documents. With the support of our actuarial experts, we assessed the reasonableness of the valuation method used in estimating the IBNR and checked that it is in line with generally accepted actuarial practice. We checked that the ultimate ratio applied in estimating the IBNR is based on industry/benchmark ratios; We checked the adequacy of the presentation and disclosure in the financial statements against the requirements of IFRS 4.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Corporate governance report, Statement of directors' responsibilities, Statement of directors' corporate responsibilities, Audit committee report, Certification by company secretary and Value added statement, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and the Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

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

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

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

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

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

30 June 2023

Engagement Partner: Chioma Obaro
FRC/2017/ICAN/00000017333

STATEMENT OF ACCOUNTING POLICY

1. General information

These financial statements are the financial statements of Heirs General Insurance Limited ("the Company"). The Company was incorporated on 10th day of February, 2015 with Registration number - RC 12411317. Operational licence with registration number 093 was issued by NAICOM on 25th day of November, 2020 and operations commenced thereafter on 1 December 2020.

The financial statements of the company for the year ended 31 December 2022 were authorised for issue by the directors of the Heirs General Insurance Limited on 28 May 2023.

1.1 Summary of significant accounting policies

Introduction to summary of significant accounting policies

The following are the significant accounting policies adopted by the company in the preparation of the financial statement.

a. Functional and presentation currency

This financial statements is presented in Nigerian Naira, which is the company's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

b. Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars to the extent that they do not conflict with the requirement of IFRS.

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

(c) New standards that were effective during the year as at 1 January 2022

A number of standards, interpretations and amendments are effective for annual period beginning on or after 1 January 2022 and earlier application is permitted; however, the company has not early adopted the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates:

STATEMENT OF ACCOUNTING POLICY

Title	Key requirements	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.	1 January 2022
	Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
	The following improvements were finalised in May 2020:	
	· IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.	
Annual Improvements to IFRS Standards 2018–2020	· IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. · IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022
The adoption of the amendements stated above does not have any material impact on the company.		

STATEMENT OF ACCOUNTING POLICY

(d) New standards that have been issued but are yet to become effective during the year as at 1 January 2022

Title	Key requirements	Effective date
IFRS 17 *Insurance Contracts*	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. Ifrs 17 provides a comprehensive model (the general , model) for insurance contracts supplemented by the variable fee approach for contracts with direct participation features that are substantially investment- related service contracts and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.	1 January 2023 (deferred from 1 January 2021)
	IFRS 17 supersedse IFRS 4 Insurance contracts and aims to incresae comparability and transparency about profitability. The new standard introduces a new comprehensive model (general model) for the recognition and measurement of liabilites arising from insurance contracts. In addition, it includes a simplified approach and modification to the general measurement model that can be applied in certain circumstances and to specific contracts such as:	
	• Reinsurance contracts held;	
	• Direct participating contracts; and	
	• Investment contracts with discrepancy participation features	
	Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effect of insurances contracts on the entity's financial statements.	

The main features of the new accounting model for insurance contracts are as follows:

The mearsurement of the present value of future cash, incorporation an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows);
A contractural Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit and loss over the service period or loss over the service period (i.e. coverage period);
Certain changes in expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual services period;
The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choices;
The recognition of insurance revenue and insurance service service expense in the statement of comprehensive income based on the concept of services provided during the period;
Amount that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the sheet;
Insurance services results (earned revenue less incured claims) are presented separately from the insurance finance income or expense;
Extention disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of extent of risks arising from these contracts
IFRS 17 is effective for annual reportinf periods beginning on or after 1January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS17. Retrospective application is required. Howvever, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.
The company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The impact assessment revealed that the application of this standard will have significant change in accounting policies for insurance contract liabilities of the company and on its profit and total equity together with the presentation and disclosures.

STATEMENT OF ACCOUNTING POLICY

Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2023 (deferred from 1 January 2021)
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.	1 January 2023
	To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	

IFRS 17 Qualitatative Impacts

Scope

Similar to IFRS 4, IFRS 17 focuses on types of contracts, rather than types of entities. Therefore, it applies to all entities, whether they are regulated as insurance entities or not. An entity generally applies IFRS 17 to contracts that meet the definition of an insurance contract, as follows:

– insurance or reinsurance contracts that it issues; and
– reinsurance contracts that it holds.
– Investment contracts with Direct participatory features (DPFs) if the entity also issues insurance contracts.

A contract will not be deemed to be an insurance contract if it exposes the company only to financial risk but not to "Significant insurance risk". Insurance risk is significant "if and only if", an insured event could cause the company to pay additional amounts (determined on a present value basis) that are significant in any single scenario (excluding scenarios that have no commercial substance (i.e., no discernable effect on the economics of the transaction). We have assessed for "significant insurance risk" on all contracts and have observed that the company does not issue contracts that have only financial risk but the company issues contracts that exposes the company to both financial risk and significant insurance risk are insurance contracts.

STATEMENT OF ACCOUNTING POLICY

Separating components from insurance and reinsurance contracts
Some insurance contracts issued by the company have several components in addition to the provision of the insurance coverage service, such as an investment component, an investment management service, an embedded derivative and a provision of some other distinct goods or non-insurance services. The company assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other Standards. When these non-insurance components are non-distinct they will be accounted for together with the insurance component as part of the accounting for an insurance contract.

Unlike IFRS 4, unbundling is not an accounting choice under IFRS 17. Heirs General Insurance Limited applies the rules of unbundling for each contract and conduct test for any embedded derivative, investment component, and good or services components that must be unbundled and separately accounted for using other accounting standards. For operational simplicity, Heirs General Insurance Limited considers performing such unbundling assessment at a product level assuming contracts under the same product group share similar product features

Level of aggregation
IFRS 17 introduces new unit of account requirements referred to in the Standard as the level of aggregation. This is the level of granularity at which the recognition and measurement requirement of IFRS 17 must be applied. IFRS 4 does not prescribe any grouping requirements, hence an entity may recognise and measure insurance contracts at the level it considers appropriate. Therefore, IFRS 17 level of aggregation requirements are expected to have significant operational and financial implications.

Heirs General Insurance identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, Heirs General Insurance Limited considers the similarity of risks rather than the specific labelling of the product lines. The company determines that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, Heirs General Insurance segregates contracts based on when they were issued. A portfolio contains all contracts that were issued within a 12-month period. Each portfolio is then further disaggregated into three groups of contracts:
a) contracts that are onerous on initial recognition;
b) contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
c) any remaining contracts in the portfolio.

In determining the appropriate group, Heirs General Insurance Limited measures a set of contracts together using reasonable and supportable information. Heirs General Insurance Limited applies significant judgement in determining at what level of granularity the company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information the company assesses each contract individually. The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability weighted basis. The company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently.
All groups include only contracts issued within a 12-month period. The composition of groups established at initial recognition will not subsequently be reassessed.

For contract that falls under the premium allocation approach (PAA), Heirs General Insurance determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The company assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

Reinsurance contracts held are assessed separately from underlying insurance contracts issued. The company disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:
a) those that on initial recognition have a net gain;
b) those that on initial recognition have a net cost that is not immediately recognised in profit or loss; and
c) those that on initial recognition have a net cost that is immediately recognised in profit or loss.
For reinsurance contracts held accounted for applying the PAA, the company assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

STATEMENT OF ACCOUNTING POLICY

Recognition

The company recognises groups of insurance contracts issued from the earliest of the following dates:
· the beginning of the coverage period of the company of contracts;
· the date when the first payment from a policyholder in the company becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); and
· when the company determines that a group of contracts becomes onerous.

The Company recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period and new contracts are included to the Company when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the Company have been recognised.

Contract boundaries

In general, there is limited judgement required in determining the point of initial recognition of a group of contracts and it largely follows existing practice under IFRS 4. However, for certain products significant judgement is required in assessing the contract boundary. The contract boundary marks the point in time when the entity's right to compel the policyholder to pay a premium or the entity's substantive obligations under an insurance contract end. This key principle in IFRS 17 is effectively designed to establish the logical time parameters that would need to be applied at initial recognition. The company includes in the measurement of a group of insurance contacts all the future cash flows expected to arise within the boundary of each of the contracts in the company.

In determining which cash flows fall within a contract boundary, the company considers its substantive rights and obligations arising from the terms of the contract, and also from applicable laws and regulations. The company determine that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the company can compel the policyholder to pay the premiums or the company has a substantive obligation to provide the policyholder with services.
A substantive obligation to provide services ends when:
· the company has the practical ability to reassess the risks of a particular policyholder and as a result change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
· the boundary assessment is performed at a portfolio rather than individual contract level, there are two criteria that both need to be satisfied: The company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders' and the company's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all the risks have been reflected either in the premium or in the level of benefits, the company considers all risks that policyholders would transfer had it issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks that it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the company practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the company disregards restrictions that have no commercial substance. The company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. Judgement is required to decide whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

In estimating expected future cash flows of contracts the company apply judgement in assessing future policyholder behaviour surrounding the exercise of options available to them such as surrenders options, and other options falling within the contract boundary.

Measurement of insurance contracts issued

Measurement on initial recognition for contracts other than PAA

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that provided under the contracts.

STATEMENT OF ACCOUNTING POLICY

Fulfilment cash flows (FCF) within contract boundary

The FCF are the current unbiased and probability-weighed estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Company consided a range of scenarios to establish a full range of possible outcomes incorporating all the reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future. The Company estimates expected future cash flows for a group of contracts at a portfolio level and then allocated them to the group in that portfolio in a systematic and rational way.

Discount Rate

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Company has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting
The Company measures the time value of money using discount rates that reflect the liquidity charactericties of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices and exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk). Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability.

In determining discount rates for cash flows that do not vary based on the returns of underlying items, the Company elect to use the 'Bottom-up approach' to estimate discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts

Risk adjustment for non-financial risk

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk separately as an adjustment for non-financial risk. The Company plan to use either the VaR or cost of capital method in estimating the risk adjustment. The level of capital and the cost of capital rate that feed this estimation technique are calibrated from the Company economic capital's approach within which the Company estimates the impact of non-financial risks. The economic capital approach includes a quantitiative measure of the Company's risk appetite which allows the measure of a specific measure of the Company's non-financial risk and the degree of its risk aversion for financial reporting purposes.

Contractual service margin (CSM)

The carrying amount of insurance liabilities / assets consist of present value of cash flows, risk adjustment and the Contractual Service Margin (CSM). CSM is the unearned profit margin arising from a group of insurance contracts for the future service to be provided. It is released to Profit or Loss (P&L) in each period to reflect the services provided in that period. The CSM is a new concept under IFRS 17 when compared to the existing IFRS 4. The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit the Company will recognise as it provides insurance contract services over the coverage period.

At initial recognition, the Company measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:
· the expected fulfilment cash flows of the group;
· the amount of any derecognised asset for acquisition cash flows allocated to the group; and and any other asset or liability previously recognised for cash flows related to the group and
· any cash flows that have already arisen on the contracts as of that date.

If a group of contracts is onerous, the Company recognises a loss on initial recognition, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

STATEMENT OF ACCOUNTING POLICY

Insurance acquisition cash flows

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, or to the Company itself, or the portfolio of insurance contracts to which the group belongs. The Company estimates insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio at a portfolio level and then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Company recognises an asset in respect of costs in securing a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are already paid before the recognition of the group of insurance contracts to which these costs relate to. the Company recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. Such assets are derognised when the insurance acquisition cash flows allocated to the group of insurance contracts are included in the measurement of the group. The related portion of the asset for insurance acquisition cash flows is derecognised when the associated group of contracts is recognised, and its balance is included in the group's fulfilment cash flows. When only some of the insurance contracts expected to be included within the group is recognised as at the end of the reporting period, the Company determines the related portion of the asset that is derecognised and included in the group's fulfilment cash flows on the basis of a systematic and rational allocation method taking into consideration the timing of recognition of the contracts into the group.

Insurance contracts under the premium allocation approach (PAA)

The Company will apply the PAA to the measurement of insurance contracts with a coverage period of each contract in the group of one year or less. In addition, the company would apply PAA contract for other groups that meet the PAA eligibility requirement i.e where the Liability for remaining coverage when measured under PAA is not materially different when measured under GMM

The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the following:
(i) the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period; and
(ii) any adjustment to a financing component and any investment component paid or transferred to the liability for incurred claims.

The Company has determined that there is no significant financing component in group of insurance contracts with a coverage period of one year or less. The Company elected not to discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

The carrying amount of the LIC is measured similar to GMM, however for those claims that the Company expects to be paid within one year or less from the date of incurring, the Company elect not to adjust future cash flows for the time value of money and the effect of financial risk. However, claims expected to take more than one year to settle are discounted.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time unless the expected pattern of release from risk differs significantly from the passage of time, in which case it is recognised on the expected timing of incurred claims and benefits. the Company applies judgement in determining the basis of allocation. If facts and circumstances lead the Company to believe that a group under PAA has become onerous, the Company tests it for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognise a loss in profit or loss and increases the LRC for the corresponding amount.

STATEMENT OF ACCOUNTING POLICY

Onerous Contracts

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract plus any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow. The onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.
On initial recognition, the CSM of the group of onerous contracts is nil and the Company's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Company allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between 'loss component' and 'LRC excluding the loss component'

Reinsurance contracts held

Recognition

The Company uses facultative and treaty reinsurance to mitigate some of its risks exposures. Reinsurance contracts held are accounted under IFRS 17 when they meet the definition of an insurance contract, which includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss. The effect of non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Company applies the general approach and disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:
a) contracts that on initial recognition have a net gain;
b) contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently; and
c) any remaining reinsurance contracts held in the portfolio.

In determining the timing of initial recognition of a reinsurance contract, the Company assess whether the reinsurance contract's terms provide protection on losses on a proportionate basis. the Company recognises a group of reinsurance contracts held that provides proportionate coverage:
(i) at the same time as the onerous group of underlying contracts is recognised, or
(ii) for all the other reinsurance contracts held that provide proportionate coverage, at the start of the coverage period of that group of reinsurance contracts; or at the initial recognition of any of the underlying insurance contracts, whichever is later.

The Company recognise a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

Reinsurance contracts held measured under the PAA

The Company measures insurance contracts applying the PAA. Under the PAA, the initial measurement of the asset equals the reinsurance premium paid. the Company measures the amount relating to remaining service by allocating the premium paid over the coverage period of the Company. For all reinsurance contracts held the allocation is based on the passage of time or expected incidence of claims.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Company will adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on additional loss from an already onerous group of underlying insurance contracts. The recognition of this gain results in the accouting for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held. This component is subsequently adjusted for any applicable changes.

STATEMENT OF ACCOUNTING POLICY

Presentation

The Company presents separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, portfolio of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the insurance finance income or expenses.

The Company includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts are recognised in the carrying amount of the related portfolios of insurance contracts issued.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

Insurance revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the GM, insurance revenue consists of the following:
→ The sum of the changes in the LRC due to:
a) the insurance service expense incurred in the period measured at the amounts expected at the beginning of the period, excluding:
- amounts allocated to the loss component;
- amounts relating to risk adjustment for non-financial risk
- repayments of investment components;
- insurance acquisition expenses;
b) amounts related to income tax that are specifically chargeable to the policyholder
c) the change in the risk adjustment for non-financial risk, excluding:
- changes that relate to future service that adjust the CSM; and
- amounts allocated to the loss component;
d) the amount of CSM for the services provided in the period;
e) experience adjustments for premium receipts (and any related cash flows such as insurance acquisition cash flows) that relate to current or past services, if any.

The portion of premiums that can be seen as recovering those acquisition cash flows will be included in the insurance service expenses in each period. Both amounts are measured on the same basis used for the allocation of the CSM to profit or loss under d) above.

When applying the PAA, the Company recognises insurance revenue for the period based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, then premium receipts are allocated based on the expected pattern of incurred insurance service expense.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence for new and existing groups.

Insurance service expense

Insurance service expense arising from group insurance contracts issued comprises of:
· changes in the LIC related to claims and expenses incurred in the period;
· changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
· other directly attributable expenses incurred in the period;
· amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expense and insurance contract revenue; and
· changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

STATEMENT OF ACCOUNTING POLICY

Income or expenses from reinsurance contacts held

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:
· amount recovered from reinsurers; and
· an allocation of the reinsurance premiums paid, provided that together they equal total income or expenses from reinsurance contracts held.
The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

The use of OCI presentation for insurance finance income and expense

The Company has an accounting policy choice to either present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). In considering the choice of presentation of insurance finance income or expenses, the Company considers the assets held for that portfolio and how they are accounted for. The accounting policy choice to not disaggregate insurance finance income or expenses so that part is recognised in profit or loss and part in OCI is applied on a portfolio-by-portfolio basis.

For PAA contracts

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for Portfolio with a coverage period of one year or less. the Company will adjust the LRC for the time value of money for portfolio with a coverage period longer than one year. the Company does not disaggregates insurance finance income or expense between profit or loss and OCI.

For contracts with cash flows not affected by underlying items

For contracts with cash flows not affected by underlying items, the Company has elected to present all insurance finance income or expenses in profit or loss

I. Transition

The Company wll adopt IFRS 17 retrospectively for all its insurance contracts.

Contracts measured under the full retrospective approach

The Company concluded that reasonable and supportable information that was necessary to apply the full retrospective approach was available for all insurance contracts issued within 2 years prior to transition. Applying the fully retrospective approach, the Company will identify, recognise and measure each group of insurance contracts and assets for insurance acquisition cash flows as if IFRS 17 had always applied, derecognise any existing balances that would not exist had IFRS 17 always been applied and recognise any resulting net difference in equity.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

STATEMENT OF ACCOUNTING POLICY

The use of OCI presentation for insurance finance income and expense

The Company has an accounting policy choice to either present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). In considering the choice of presentation of insurance finance income or expenses, the Company considers the assets held for that portfolio and how they are accounted for. The accounting policy choice to not disaggregate insurance finance income or expenses so that part is recognised in profit or loss and part in OCI is applied on a portfolio-by-portfolio basis.

For PAA contracts

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for Portfolio with a coverage period of one year or less.
The Company adjusts the LRC for the time value of money for portfolio with a coverage period longer than one year.

For contracts with cash flows not affected by underlying items

For contracts with cash flows not affected by underlying items, the Company has elected to present all insurance finance income or expenses in profit or loss

1. Going Concern

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

1.1 Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars to the extent that they do not conflict with the requirement of IFRS.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the account.

1.2 Basis of Measurement

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matter Act, Insurance Act, 2003 and regulatory guidelines as pronounced from time to time by National Insurance Commission.

1.3 Changes in Accounting Policies

Except for the changes below, the Company has consistently applied the accounting policies set out in the 'Note on significant accounting policies to the period presented in the financial statements'.

The Company will adopt new standards and amendments to standards, including any consequential amendments to other standards, in the accounting period that they become effective. Such standards and amendments will be stated explicitly with the relevant impact on the company's financial statements.

1.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Nigeria Naira (N), rounded to the nearest thousand, which is also the functional currency of the Company.

STATEMENT OF ACCOUNTING POLICY

1.5 Use of estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 5.8.

1.6 Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the Insurance Act 2003 of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

I. Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

II. Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

III. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under statement of changes in equity to cover fluctuations in securities and variation in statistical estimates;

IV. Section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

V. Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act.

VI. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria.

VII. Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 50 for assets allocation that covers policy holders' funds.

The Financial Reporting Council Act (FRC Act), 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provisions of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

The IBNR was estimated using the loss ratio method. Gross IBNR is compliant with the minimum required threshold of 10% of the OCR

STATEMENT OF ACCOUNTING POLICY

Contingency reserves

i. An insurer shall establish and maintain contingency reserves to cover fluctuations in securities and variations in statistical estimates.

ii. The contingency reserves shall be credited with an amount not less than 3 per centum of the total premium or 20 per centum of the net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (whichever is greater).

1.7 Reporting period

The statement of financial position has been prepared as at 31 December 2022 for a twelve months period.

2. Significant Accounting Policies

2.1 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'Other operating income' or 'Other operating expenses'.

Changes in the fair value of monetary assets denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss.

Translation differences on non-monetary financial assets such as equities classified as fair value through profit or loss financial assets are also recognised in statement of profit or loss and other comprehensive income.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding overdrafts.

2.3 Financial assets and liabilities

2.3.1 Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories in line with IFRS 9:

a) Financial assets at fair value through profit or loss;

b) Amortized cost.

The Company's financial assets include cash and short term deposits, trade and other receivables, investment valued at fair value through profit and loss, investment valued at amortised cost, statutory deposit with CBN and reinsurance recoverable.

The Company's financial liabilities are classified as other financial liabilities. They include: insurance contract liabilities, creditors and accruals, trade payables and other payables.

STATEMENT OF ACCOUNTING POLICY

2.3.2 Initial recognition

The Company's financial liabilities are classified as other financial liabilities. They include: insurance contract liabilities, creditors and accruals, trade payables and other payables.

a. Business Model Assessment

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise.

b. Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent Soley Payment of Principal and Interest (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if financial assets backing insurance contracts are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL.

2.3.3 Subsequent measurement

a. Financial assets held at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unquoted equities, and quoted equities for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

b. Financial assets at amortised cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Interest income on financial assets at amortised cost is included in investment income in the statement of profit or loss and other comprehensive income.

The company's placement with other financial institutions with original maturities of three months or less from the acquisition date are measured at amortised cost. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

STATEMENT OF ACCOUNTING POLICY

c. Trade receivables

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Premium receivables are recognized when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables are reviewed at every reporting period for impairment (see note 3(d)(iii) for the accounting policy on impairment of trade receivables).

d. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Loans and receivables on the statement of financial position comprise staff loans and loans to policy holders.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment (if any). Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

Interest on loans and receivables are included in profit or loss and reported as other operating income. When the asset is impaired, they are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognized in the statement of profit or loss as impairment losses.

2.3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. The Company discloses fair value of all its financial instruments.

STATEMENT OF ACCOUNTING POLICY

2.3.5 De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

On de-recognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not de-recognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.3.6 Impairment of assets

a. Financial assets carried at amortized cost

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

i. Significant financial difficulty of the issuer or debtor;

ii. A breach of contract, such as a default or delinquency in payments;

iii. It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;

iv. The disappearance of an active market for that financial asset because of financial difficulties; or

v. Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company.

STATEMENT OF ACCOUNTING POLICY

For financial assets measured at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Company 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. Those characteristics are relevant to the estimation of future cash flows for groups 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 recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of profit or loss and other comprehensive income.

b. Trade receivables
Trade receivables arising from insurance contracts represent premium debtors with determinable payments that are not quoted in an active market and the Company has no intention to sell. Trade receivables are recognized when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables that are individually identified as impaired are assessed for specific impairment. All other trade receivables are assessed for collective impairment. Receivables are stated net of impairment determined in line with financial assets carried at amortized cost.

c. Loans and receivables

For loans and receivables, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. 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 recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

d. Impairment of non-financial assets
The Company's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

STATEMENT OF ACCOUNTING POLICY

2.4 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from the group of similar transactions.

2.5 Reinsurance assets

These are receivables that arise from reinsurance contracts.

2.6 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts. Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium and gross written premium to total acquisition cost.

2.7 Other receivables and prepayments

Prepayments and other receivables are carried at cost less amortization and accumulated impairment losses.

2.8 Intangible assets

2.8.1. Software

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs should not be included.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is Five (5) years subject to annual reassessment.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Intangible assets are reviewed at each reporting date for impairment.

2.9 Property, plant and equipment

2.9.1. Recognition & measurement

All items of property and equipment except leasehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

Gains and losses on disposal of items of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within other income in statement of profit or loss and other comprehensive income. An asset useful life are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carring amount is written down immediately to its recoverable amount if the asset carring amount is greater than its estiomated recoverable amount.

2.9.2. Subsequent costs

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

STATEMENT OF ACCOUNTING POLICY

2.9.3. Subsequent measurement
All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognized as an expense in the statement of profit or loss and other comprehensive income.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognized as an expense in the statement of profit and loss.

2.9.4. Depreciation
Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on property and equipment until they are brought into use.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

Asset	**Depreciation Rate**
Building	2%
Office Equipment	20%
Computer Hardware	20%
Furniture and Fittings	20%
Motor Vehicles	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if

The estimated useful life for the assets as follows

Building	50 Years
Office Equipment	5 Years
Computer Hardware	5 Years
Furniture and Fittings	5 Years
Motor Vehicles	4 Years

2.9.5. De-recognition
Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the income statement in the year of de-

2.10 Statutory deposit
The statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) as mandated by the Insurance Act 2003. The deposit is measured at cost and interest is paid twice annually at rates determined by the CBN.

STATEMENT OF ACCOUNTING POLICY

2.11. Insurance contracts

A contract is classified as an insurance contract where the Company accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiaries. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Insurance contract liabilities

Insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies are recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Company performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

Reserving methodology and assumptions

i) Data segmentation

For the Corporate plans, ulimate claims were projected using Basic Chain Ladder ("BCL") and Bornhuetter Ferguson ("BF") methods. Paid claims and outstanding claims are then deducted from the ultimate claims to determine the IBNR. For the Personal plans and International Plans, the Loss Ratio ("LR") method is used to project the ultimate claims. Paid claims and Outstanding claims are then deducted from the ultimate claims to determine the IBNR.

Basic Chain Ladder Method

BCL method is appropriate where there is significant data as we see for the Corporate plans. The methodology assumes that past experience is indicative of future experience i.e. claims recorded to date will continue to develop in a similar manner in the future.

Bornhuetter-Ferguson Method

BF method is used to determine reserves for periods where there is high variability in loss development patterns. This is the methodology we have used to determine reserves for the most recent two (2) months of the Corporate plans. This method is based on the expected loss ratios

Loss Ratio Method

LR method is appropriate where there is limited data available as we see in the Personal plans and International plans. An ultimate loss ratio is assumed from previous years' experience and the reserve is calculated as: (Ultimate Loss Ratio x Earned Premiums) - Paid Claims - Outstanding Claims

An unexpired premium reserve is included after allowing for acquisition expenses. The UPR is tested against an additional Unexpired Risk Reserve (AURR), using pooled industry claims data for the underlying assumptions. The resulting AURR is zero, giving comfort that the UPR is sufficient.

2.11.2. Commission income

Commission income is recognized on ceding business to the reinsurer, and are credited to the profit and loss account.

2.11.3. Underwriting expenses

Underwriting expenses comprise acquisition and maintenance expenses.

Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

STATEMENT OF ACCOUNTING POLICY

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

2.13 Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at the rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.14 Share capital & reserves

2.15.1 Share capital.
The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

2.15.2 Dividend on ordinary shares
Dividends on the Company's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

2.16 Contingency reserves/ Asset revaluation reserve
In compliance with the Insurance Act 2003, the contingency reserve for life business is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reached the amount of minimum paid up capital.

2.17 Fair value reserve
Fair value reserves represents the fair value difference on revaluation of financial assets carried at fair value through other comprehensive income as at balance sheet date.

2.18 Earnings per share
The Company presents Basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

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

2.19 Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present obligation as a result of past event which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims or court processes in respect of which a liability is not likely to crystallize.

STATEMENT OF ACCOUNTING POLICY

2.20 Insurance contract - Recognition and measurement

2.20.1 Gross premium written

Gross premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of premium earned.

2.20.2 The earned portion

The gross premium earned represents premiums as earned from the date of attachment of risk, over the insurance period on a time apportionment basis.

2.20.3 Unearned premiums

Unearned premiums are proportion of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

2.20.4 Reinsurance assets and liabilities

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net potential losses on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct credit obligations to its policyholders.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer 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 in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when incurred.

The Company has the right to set-off re-insurance payables against the amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

Reinsurance recoverable are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurers polices and in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the statement of profit or loss and other comprehensive income.

2.20.5 Reinsurance expense

Reinsurance expense represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

STATEMENT OF ACCOUNTING POLICY

2.20.6 Claims expenses

a. Claims expenses
Claims and loss adjustment expenses are charged to statement of profit or loss and other comprehensive income as incurred based on the estimated liability for compensation owed to the contract holders or beneficiaries. They include direct and indirect claims settlement cost and arise from events that have occurred up to the reporting period, whether they have been reported or not. The Company does not discount its liabilities for unpaid claims.

b. Outstanding claims
The provision for outstanding claims, is estimated based on historic information on reported cases and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverable are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the statement of profit or loss and other comprehensive income.

2.20.7 Receivables and payables related to insurance contracts
Insurance receivables and payables are recognized when due. These include amounts due to and 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 the impairment loss in the income statement. The Company determines the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortized cost. The impairment loss is calculated using the same method used for these financial assets.

2.21 Insurance contracts:
Revenues and expenses in respect of insurance contracts are summarized in note 3.11.

2.22.1 Investment and other operating income
Investment income comprises interest income earned on short- term deposits and income earned on trading of securities including all realized and unrealized fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the income statement using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognized as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

2.23 Dividend income
Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

2.24 Management and other operating expenses
Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis.

STATEMENT OF ACCOUNTING POLICY

2.25 Hypothecation of Assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 wherein the policyholders' assets and funds are not co-mingled with assets and funds that belong to shareholders and other funds.

In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

2.26 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

2.27 Leases

Leases (right-of-use asset) are accounted for in accordance with IFRS 16 and are accounted for in line with the company being the lessee. At the commencement date, the Company recognises a right-of- use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the company measures the right-of- use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability using the straight line method. The Company subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

2.28 Employee Benefit

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. The accrual is calculated on an undiscounted basis, using current salary rates.

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Company pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay 8% to the same entity. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan The Company's obligations are recognised in the statement of comprehensive income.

STATEMENT OF ACCOUNTING POLICY

2.29 Income tax

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company Income tax is computed on Taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax (i.e. Technology levy)
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.25% of the Company's gross premium for general business and 0.25% of gross income for life business.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

STATEMENT OF FINANCIAL POSITION

	NOTES	31 December 2022 N'000	13 Months to 31 December 2021 N'000
ASSETS			
Cash and Cash Equivalents	6	744,224	667,981
Financial Assets - FVTPL	7	7,374,165	6,410,730
Financial Assets - Amortized Cost	8	1,104,742	1,375,398
Trade Receivables	9	1,374,117	158,521
Reinsurance Assets	10	2,447,163	762,374
Other Receivables & Prepayments	11	185,567	287,116
Deferred Acquisition Cost	12	554,194	236,022
Right of Use Asset	13	697,816	703,689
Statutory Deposit	14	1,000,000	1,000,000
Property, Plant and Equipment	15	288,865	192,255
Intangible Assets	16	320,066	183,205
Total Assets		**16,090,919**	**11,977,290**
LIABILITIES			
Trade Payables	17	1,639,307	529,508
Provisions & Other Payables	18	196,616	104,384
Insurance Contract Liabilities	19	4,199,129	1,842,986
Lease Liability	20	418,540	362,514
Income Tax Payable	21	5,019	-
Total Liabilities		**6,458,611**	**2,839,392**
EQUITY			
Ordinary Share Capital	22	10,000,000	10,000,000
Contingency Reserve	23	359,512	104,878
Retained Earnings (General Reserve)	24	(727,204)	(966,980)
Total Equity		**9,632,308**	**9,137,898**
TOTAL EQUITY & LIABILITIES		**16,090,919**	**11,977,290**

These financial statements were authorised for issue by the board of directors on the 26 June 2023 and were signed on its behalf by:

Tony Elumelu
Chairman
FRC/2013/CIBN/00000002590

Wole Fayemi
MD/CEO
FRC/2014/CIIN/00000006540

Vera Isiuwe
Finance Controller
FRC/2023/PRO/ICAN/001/948604

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	31 December 2022 N'000	13 months period ended 2021 N'000
Gross Written Premium		8,487,787	3,495,947
Changes in Unearned Premium Reserve		(1,687,536)	(1,383,005)
Gross Premium Earned	**25**	**6,800,251**	**2,112,942**
Reinsurance Expenses	**26**	(4,062,402)	(1,204,950)
Net Premium Earned		**2,737,849**	**907,992**
Underwriting Income	**27**	704,097	161,218
Net Underwriting Income		**3,441,946**	**1,069,210**
Claims Expenses	**28**	(1,140,065)	(572,792)
Reinsurance recoveries	**29**	463,294	270,135
Net insurance benefits and claims incurred/recovered		**(676,771)**	**(302,657)**
Underwriting Expenses	**30**	(1,395,697)	(401,281)
Underwriting Profit		**1,369,478**	**365,272**
Investment income	**33**	962,596	936,307
Other Income/(expenses)	**35**	105,860	(152,045)
Impairment charges	**36**	(3,203)	(4,613)
Fair value gain/loss on Financial Asset	**34**	67,814	(30,647)
Staff costs	**31**	(762,226)	(553,091)
Management expenses	**32**	(1,240,890)	(1,423,285)
Results from Operations		**(870,049)**	**(1,227,374)**
Profit/(loss) before tax		**499,429**	**(862,102)**
Income tax expense	**21**	(5,019)	-
Total Comprehensive profit/ (loss) for the period		**494,410**	**(862,102)**

STATEMENT OF CHANGES IN EQUITY

(all amount are in thousands)

		31 December 2022			
		Share Capital	*Contingency Reserve*	*Retained Earning*	*Total*
Balance at 1 January 2022		10,000,000	104,878	(966,980)	9,137,898
Capital injection during the period	22	-	-	-	-
Total Comprehensive Income:					
Profit for the period	24	-	-	494,410	494,410
Movement in contigency reserve	24	-	254,634	(254,634)	-
Balance as at 31 December 2022		10,000,000	359,512	(727,204)	9,632,308

STATEMENT OF CHANGES IN EQUITY

(all amount are in thousands)

		13 months period ended 2021			
		Share Capital	*Contingency Reserve*	*Retained Earning*	*Total*
Balance at 1 December 2021		10,000,000	-	-	10,000,000
Capital injection during the period	22	-	-	-	-
Total Comprehensive Income:					
Loss for the period	24	-	-	(862,102)	(862,102)
Movement in contigency reserve	24	-	104,878	(104,878)	-
Balance at 31 December 2021		10,000,000	104,878	(966,980)	9,137,898

STATEMENT OF CASHFLOW

	Note	31 December 2022	31 December 2021
Cash flows from operating activities:		**N'000**	**N'000**
Premium received from policyholders		7,167,822	3,337,425
Re-insurance premium paid		(4,342,643)	(1,404,284)
Fees and commissions income		910,181	220,959
Commission paid		(1,705,960)	(685,776)
Maintenance expenses incurred		(215,627)	(31,130)
Advanced premium received		255	97,259
Claims paid- Others		(471,458)	(112,811)
Payment to employees		(761,675)	(635,571)
Other operating cash payments		(1,044,274)	(1,414,682)
Payments of Statutory deposit		-	(5,000,000)
Inflow from statutory deposit		-	4,000,000
Net cash outflow used in operating activities		**(463,379)**	**(1,628,611)**
Cash flows from investing activities:			
Interest received		896,313	877,339
Acquisition of property,plant and equipment	15	(145,439)	(224,157)
Acquistion of intangible assets	16	(197,331)	(207,754)
Purchases of investment securities		(14,651,777)	(29,209,975)
Maturities of investment securities		14,669,050	21,542,653
Net cashflow from investing activities		**570,816**	**(7,221,894)**
Cash flows from financing activities			
Paid up capital received from shareholders	22	-	10,000,000
Payment for leased property		(69,089)	(468,738)
Net cashflow from financing activities		(69,089)	9,531,262
Cash and cash equivalent, beginning of year		667,981	-
Net increase in cash and cash equivalent		38,348	680,757
Effect of foreign exchange on cash and cash equivalent		37,895	(12,777)
Cash and cash equivalent, end of year	6	**744,224**	**667,981**

NOTES TO THE FINANCIAL STATEMENTS

3. INSURANCE RISK

The risk in any insurance contract is the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. Because of the nature of an insurance contract, this risk is random and thus unpredictable.

The primary risk that the Company confronts under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance obligations for a portfolio of insurance contracts where the theory of probability is used to pricing and provisioning. This might happen if the frequency or severity of claims and compensation is higher than expected. Insurance events are unpredictable, and the actual number and quantity of claims and payouts will differ from year to year compared to the level established using statistical methodologies.

According to past experience, the larger the portfolio of identical insurance contracts, the lower the relative unpredictability around the projected outcome. Furthermore, a more diverse portfolio is less likely to be impacted by a change in any subset of the portfolio. The company has created its insurance underwriting approach to diversify the types of insurance risks taken and to obtain a sufficiently broad population of risks within each of these categories to lessen the unpredictability of the expected outcome. A lack of risk diversification in terms of kind and quantity of risk is one of the factors that aggravates insurance risk. The nature and management of these hazards are summarized in this section.

3.1 Underwriting Risk

Underwriting risk relates mainly to the uncertainty that the insured event will occur. The nature of an insurance contract is that the timing and size of claims are uncertain and therefore unpredictable. These include; Aviation, Oil & Gas (Energy), Engineering, Fire, General Accident, Motor, Marine Cargo & Hull. Volatility may result from large concentrations of risk or from charging inadequate premiums relative to the severity or incidence of the risk accepted. Inadequate policy wording may fail to protect the insurer from claims that were not envisaged when the product was priced. Insurance events are random and the actual number and amount of underwriting benefits will vary from the best estimates established from statistical techniques and taking cognisance of past experience. The company manages these risks through its underwriting strategy, reinsurance arrangements and claims handling processes.

The following policies and practices are used by the Company as part of its underwriting strategy to mitigate underwriting risk:

(i) All insurance product additions and alterations are required to pass through the approvals framework that forms part of the governance process. The statutory actuary approves the financial soundness of new and revised products.

(ii) The Company's underwriting strategy aims to ensure that the underwriting risks are well diversified in terms of type (medical, occupational, financial) and amount of risk covered. Whilst this is difficult to measure at underwriting stage, the success or failure of the strategy may be measured by the historical stability of profits emerging from the book of business.

(iii) Premium rates are required to be certified by the statutory actuary as being financially sound, prior to issuance.

(v) The right to re-rate premiums is retained as far as possible, although this is limited by competitive pressure.

(vi) Investigations into claim experience are conducted at least half yearly to ensure that corrective action is taken where necessary.

NOTES TO THE FINANCIAL STATEMENTS

3.2 Severity of claims

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations. Underwriting limits are in place to enforce appropriate risk selection criteria. The reinsurance arrangements include treaty and excess of loss coverage, it helps to mitigate the company's risk of total net insurance losses, increases our underwriting capacity, reduces our exposures to catastrophic risk and gives us an opportunity of benefit from the reinsurers' expertise. The company has specialized claims departments that deal with the risk reduction associated with claims. All claims are investigated and adjusted by this unit. Individual claims are evaluated quarterly and amended to reflect the most recent information on the underlying facts, contractual terms and circumstances, and other considerations. To decrease its exposure to unpredictability, the company aggressively monitors and seeks early claim settlements.

3.3 Concentration risks

The concentration of insurance risk before and after reinsurance by class of business in relation to the type of insurance risk accepted is summarised below, with reference to the carrying amount of the estimated insurance liabilities (gross and net of reinsurance) arising from insurance contracts:

	As at 31st December 2022 (NGN 000)		
Liability	**Gross**	**Reinsurance**	**Net**
Claims Liability			
Unpaid Claims	536,140	250,756	285,384
IBNR	592,448	296,157	296,291
Premium Liabilities			
UPR	3,070,541	1,883,837	1,186,704
DAC	-	-	-

3.4 Sources of uncertainty in the estimation of future claim payments.

Claims on non-life 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 adopted. The reserves held for these contracts comprises a provision for Incurred but not Reported (IBNR), a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

Reinsurance Agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes all reserves were reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

3.5 Valuation methods

Heirs General Insurance Limited is faced with data limitation being its second year in operation, a statistical analysis could not be used in estimation of the claims reserve as at 31 December 2022 (i.e. using such methods as Chain Ladder and Bornhuetter Ferguson). This was mainly because the data provided was not sufficient to carry out full actuarial projection.

As a result, we applied a factor on the current incurred loss ratios based on industry and peer loss ratios to compute the Gross IBNR.

Overall, the approach taken to compute the IBNR is as summarised below.

A loss assumption, derived using this method earlier mentioned, was applied to this Gross Earned Premium for the last 1 year per class of business.

The claims paid and the OCR as at 31 December 2022 were then subtracted from this ultimate amount to come up with the Gross IBNR

The net IBNR was then obtained by applying suitable 1-year recovery ratios per class of business.

NOTES TO THE FINANCIAL STATEMENTS

3.5.1 Enterprise Risk Management

Culture and Philosophy

Our risk management philosophy and culture represent our shared values, purpose and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond proactively. We regard every one of our employees as a risk manager and we all take individual and collective ownership of the risk management responsibilities. We weigh the risk and reward inherent in our daily transactions and pursue those that support value creation to all stakeholders. We have zero tolerance for infractions of laws and regulations.

3.5.2 Operational Risk Management

(a) Operational risk

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but exclude reputation and strategic risk. Operational risk exists in all products and business activities. Operational risk is considered a critical risk faced by the Company.

The company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stakeholders' value and sustaining industry leadership. Operational risks are identified by the assessment covering risks facing each business unit and risks inherent in processes, activities and products.

Heirs General Insurance manages its exposure to operational and other non-financial risks using the operational risk management model which involves the process of identification, assessment, response and control, reporting and monitoring of risks. Risk Champions at business unit and operational levels are responsible for identifying operational risks which arise in their area of the business.

Operational risk objectives includes the following:

•To provide clear and consistent direction in all operations of the Company.

•To provide a standardized framework and appropriate guidelines for creating and managing all operational risk exposures.

•To enable the Company identify and analyze events (both internal and external) that impact on its business.

•To put in place sound disaster recovery plan and actions for the Company.

The techniques employed by the company in its measurements include the following: Risk Control Self Assessment (RCSA): Key Risk Indicators (KRIs) and the Risk Register. These tools have been quite useful in the identification, measurement and analyses of operational risk in the Company. These are subject to review from time to time.

Training and sensitization on operational risk is carried out on an ongoing basis across the company.

There was no significant operational risk incidence during the financial year.

Models for risk collation and analysis are deployed across the organisation to identify and assess risks. The operational risk models assist the company in implementing risk policies as it relates to the following:

Loss Incident Reporting – Loss incidents are reported to Enterprise Risk Management team by all operational units within the company. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not.

Risk and Control Self Assessments (RCSA) – This is a qualitative risk identification tool deployed across the company. All departments are required to complete the Risk Self-Assessment process at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted in the company. These assessments enable risk profiling and risk mapping of prevalent operational risks company-wide. A detailed risk register classifying key risks identified and controls for implementation is also developed and maintained from this process.

Integrated Risk and Control System (IRCS) – This is a coordinated approach of assessing risk and control using a unified framework.

NOTES TO THE FINANCIAL STATEMENTS

Objectives of Insurance Risk:
- Reduced functional redundancies between the 1st, 2nd and 3rd line of defence
- Reduced control over-laps/closure of control gaps using cost benefit approach as appropriate
- New and simplified approach to scope and assess risk and controls
- Transparent, consistent and integrated risk reporting to the Board
- A single repository of risk and control data accessible to all stakeholders (local, regional and group)
- One approach to conduct enterprise wide risk and control assessment

Qualitative judgment takes into account changes to legal/ regulatory environment, business model, products, political and economic environment, processes, systems or internal control system (internal and external factors). Top risks shall also cover emerging risks (forward looking approach)
Top Risk Assessment process includes:
- Analyze a potential list of top risks from research, internal/external loss data, climate change etc.
- Workshop facilitated and organized by the risk function, discussion, documentation of top risk description, evaluations, changes and rationales
- Identification and agreement of actions
- Sign-off by risk owner, Risk Committee, Board
- Tracking of key risk indicators (KRIs) and mitigating actions on quarterly basis

Key Risk Indicators (KRI) – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the company. A comprehensive KRI dashboard is in place and it is supported by specific KRIs for key departments. Medium – High risk trends are reported in the monthly and quarterly operational risk status reports circulated to Management and key stakeholders.

Health and Safety procedures – The Company strive to entrench global best practices for ensuring the health and safety of all staff, customers and every visitor to the company's premises. A Health Safety & Environment policy which complies with international standard is implemented across the company to ensure the environment where the company operates is safe for everyone. Health related incidents are recorded company-wide for identification of causal factors and implementation of appropriate mitigants to forestall recurrence. As a result, fire drills are conducted and monitored. Training and sensitization on operational risk is carried out on an ongoing basis across the company. There was no material operational risk incidence during the financial year.

(b) Strategic risk

Strategic risk examines the impact of design and implementation of business models and decisions, on earnings and capital as well as the responsiveness to industry changes. This responsibility is taken seriously by the Board and Executive management of the Company and deliberate steps are taken to ensure that the right models are employed and appropriately communicated to all decision makers in the Company. The execution, processes and constant reviews ensures that strategic objectives are achieved. This has essentially driven the Company's sound Insurance culture and performance record to date.

(c) Legal risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations by the inability of the organisation to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Company manages this risk by monitoring new legislation, creating awareness of legislation amongst employees, identifying significant legal risks as well as assessing the potential impact of these.

Legal risks management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreements and other contractual documents.

The Company also has a team of well experienced professionals who handle legal issues across the Company.

NOTES TO THE FINANCIAL STATEMENTS

(d) Reputational risk

It is recognised that the Company's reputation may suffer adversely due to bad publicity, non-compliance with regulatory rules and legislation, which may lead to a significant drop in new business and/or a significant increase in the number of lapses and/or withdrawals. The Company also strives to maintain quality customer services and procedures and business operations that enable compliance with regulatory rules and legislation in order to minimize the risk of a drop in the reputation of the Company. The Company did not record any issue with major reputational effect in the financial year.

(e) Regulatory risk

The Company manages the regulatory risk which it is potentially exposed to by monitoring new regulatory rules and applicable laws, and the identification of significant regulatory risks. The Company strives to maintain appropriate procedures, processes and policies that enable it to comply with applicable regulation.

The Company has continued to maintain zero tolerance posture for any regulatory breaches in all its area of operations. The strengthening of Compliance during the financial year has further enhanced the process of management of regulatory risk across the Company.

(f) Persistency risk

Persistency risk relates to the risk that policyholders may withdraw their benefits and terminate their contracts prior to the contractual maturity date of the contract. Expenses such as commission and acquisition expenses are largely incurred at the outset of the contract. These upfront costs are expected to be recouped over the term of a contract from fees and charges from the contract. Therefore, if the contract is terminated before the contractual date, expenses might not have been fully recovered, resulting in losses being incurred.

(g) Expense risk

There is a risk that the Company may experience a loss due to actual expenses being higher than those assumed when pricing and valuing policies. This may be due to inefficiencies, higher than expected inflation, lower than expected volumes of new business or higher than expected terminations resulting in smaller in-force policies. To manage this risk, the Company performs expense investigations annually and sets pricing and valuation assumptions to be in-line with the actual expenses experience, with allowance for inflation.

The Company's exposure to unexpected increases in the inflation rate is expected to be minimal due to the short-term nature of the business and their ability to review premium rates at renewals (typically on an annual basis).

(h) Business Volume Risk

There is a risk the Company may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration. A significant portion of the new business acquisition costs are variable and relate directly to sales volumes.

(i) Capital Adequacy Risk

There is a risk that the capital held by the Company to back its insurance liabilities may prove to be inadequate on a regulatory solvency basis. This may then lead to intervention by the Regulator and may further lead to a fall in the reputation of the Company (see Reputational risk above for further details). At an extreme, the Regulator may require the Company not to write new businesses. This will have a further negative impact on the Company.

This risk is monitored and assessed by performing annual valuations on the insurance liabilities performed by an independent valuation actuary, calculating the Outstanding Claims Reported (OCR), Incurred But Not Reported (IBNR) and contingency reserve, monitoring any regulatory rules applying to the assets and the adequacy of the assets to back the liabilities and adopting an investment strategy which is aimed at investing in admissible assets and maintaining adequate capital. Refer to solvency margin sheet for computation.

In addition, sensitivity and scenario analysis are performed to assess the Company capital adequacy under various scenarios and to ensure that the Company will remain financially sound under some stressed economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

(j) Model risk

There is a risk that the Company may suffer a loss if the model used to calculate the insurance liabilities does not project expected cash flows under the insurance contracts accurately. The expected cash flow projections may be inaccurate either due to the model itself being incorrect, inappropriate to the policies being valued or inaccurate and/or the underlying assumptions used in the model being inappropriate.

The Company makes use of an independent valuation actuary to value its liabilities. The models being used to value the liabilities are, therefore, not internal to the Company but belong to an external third party. The model risk underlying the use of third party models are addressed by:

· Regular actual versus expected cash flow investigations to assess the appropriateness of the external models; and

. Detailed investigations performed annually to ensure the integrity of the data used in the valuation process.

Sustainability Report

The Company is committed to sustainable development and the responsible stewardship of resources. This implies developing solutions that link economic success with social responsibility, which requires balancing short and long term goals and interests and integrating economic, environmental and social considerations into business decisions across the board.

The Environmental and Social Management System

Heirs General Insurance has incorporated the environment and social facets of risk management, as an ancillary function to mainstream insurance risk underwriting, we remain passionate and dedicated to managing the potential Environmental & Social risks of our business and applying the appropriate standards in the review of our business operations and those of our clients, as well as in our relationship with the communities in which we operate.

Our Environmental and Social risk management framework constitutes an integral part of our robust corporate governance, social responsibility and enterprise risk management strategies. Our obligation to uphold environmental and social sustainability considers the occupational and community health, safety and security concerns of the businesses we underwrite and advocates social responsiveness amongst our clients in relation to these risks. We are taking a more serious look at the environmental and social impacts and risks potentially associated with our business activities as we strive to retain our standards and the delicate balance between ensuring viable competitiveness and delivering on our corporate social responsibilities. This is evident in our constant improvement of the ESMS tools and processes we use to ensure that it continues to function efficiently and effectively, we put other identified E&S risk that emerge in the course of the year into consideration as well as ensure that changes in relevant environmental standards are reflected.

The management of E&S risks is governed by its Environmental & Social Management System (ESMS) framework- which consists of a policy, a set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility by the Enterprise Risk Management (ERM) unit

In addition, through our Environmental & Social Management System processes, we evaluate our clients' current capabilities in managing identified environmental & social risks that could arise in the cause of their business operations and we offer advisory services and also assist in developing E&S framework as value-added service.

The management of E&S risks is governed by its Environmental & Social Management System (ESMS) framework-this is a policy, set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility to the Enterprise Risk Management (ERM) unit. A significant contribution we are making to socioeconomic development is in creating awareness by training and building the capacity of our employees in the subject of sustainability .

The Company's Internal Control and Risk Management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. The Company's internal control framework is patterned after the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

NOTES TO THE FINANCIAL STATEMENTS

COSO defines internal control as "a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives" in three categories--effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. The scope of internal control therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavors of all types at all levels of the Company.
The Internal Control and Risk Management systems comprise the following areas:

• Control Environment
• Risk Assessment
• Control Activities
• Information and Communication
• Monitoring

Control Environment

The Company's Senior Management has set up control structure to ensure control activities are defined at every business area. Examples of the Company's control activities include the following:

Top Management Reviews

• Internal Audit Reports eliciting control weaknesses are presented periodically to Management and Board Audit Committee.
• Preparation of financial statements on a monthly basis for Management review.
• Monthly and quarterly profitability review, where the Company's financial performance is reviewed and compared with set budgets.
• Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Company and the mitigants deployed.

Activity Control
Control functions are embedded within each business area for self-checking of activities within the areas (for instance, transactions call over for timely detection of errors is carried out by all posting units).

Physical Controls
There are policies guiding access to the Company's physical and financial assets, access control, use of overrides etc.

Compliance with Limits
The Company sets internal limits guiding its trading book activities, liquidity and interest rate gaps, credit concentration limits. The limits are monitored on a daily basis by an independent unit outside the business areas.

Approval and Authorisation Limits

• There are segregation of duties; no officer can start and conclude transactions
• Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Verifications and Reconciliations
All internal ledgers are regularly proofed and reconciled; exception reports are generated.

Whistle Blowing
The Company has instituted a strong whistle blowing culture among staff and also created awareness among its stakeholders. The whistle blowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the Company.

Information and Communication/ Monitoring

The Company's Management understands the need for a timely, reliable and accurate information flow within the Company, for effective decision making and enhanced financial reporting. Every activity of the Company is codified in the Company's Standard Operating Procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity. The SOP further highlights requirement for reporting, the frequency of reporting as well as those within the organization to whom the report would be directed to.

NOTES TO THE FINANCIAL STATEMENTS

The following are some of the generic internal reports used by Management for decision making and monitoring purposes:

• FINSTAT- Financial Statements Report
• MPR- Monthly Profitability Report
• BPR- Business Profitability Report
• ECR- Expense Control Report

Regulatory Requirements under IFRS Regime

The insurance sector in Nigeria adopted the International Financial Reporting Standards (IFRS) on January 01, 2012, as part of a measure to improve reporting practices, transparency, and disclosure in line with international best practices in the sector. The National Insurance Commission has issued a roadmap for the adoption of IFRS 17 insurance contracts for the insurance industry in Nigeria. This includes the performance of gap analysis and impact assessment, design desired state and develop new architecture, implementation of new process and system, review and adoption of IFRS 17.

The Company adheres to this regulation in its totality as the Company's system and processes are designed to recognize only covers for which premium has been received. Where we have receivable within the provision of the guidelines in the case of Brokers, other Insurance Companies and Reinsurers, we keep such in our books in line with the prescribed duration of 30 days and ensure credit notes are received.

NOTES TO THE FINANCIAL STATEMENTS

4 Financial risk management

The Company's operations subject it to a number of financial risks, including credit risk, liquidity risk, and market risk (including foreign exchange risks, interest risk and equity price risks). The entire risk management program of the Company attempts to minimize any negative consequences on the Company's financial performance.

4.1 Responsibility for risk management

Risk management is ultimately the responsibility of the board. The board's enterprise risk management committee has been tasked with evaluating the quality, integrity, and dependability of the Company's risk management systems.

(i) The ERMC provides executive oversight and review of the information presented by the Chief Compliance Officer.

(ii) The Chief Executive Officer is accountable to the board for the management of risks facing the Company and is supported in the management of these risks by business unit executives and line management.

(iii) The Risk Officer acts on behalf of the board and the board ERMC & GC to provide guidance and oversight over the implementation of risk management processes in specialized risk disciplines as well as to coordinate risk reporting at corporate level.

(iv) The asset managers provide specialized guidance to the board ERMC & GC in respect of all investment strategies and the optimization of investment returns and the management of related risks.

(v) The asset managers execute all investment related decisions in accordance with fund mandates and oversight from the board ERMC & GC and the custodianship of all investments vests in nominee accounts managed by assets custodian.

4.2 Credit risk

Credit risk is the risk that one party to a financial instrument may cause the other party financial loss by failing to perform an obligation.
The Company accepts credit risk, which is the risk that one party may create a financial loss to the other party by failing to fulfill an agreement. There is no major concentration of credit risk in the Company. All debt investments are public debt investments made in conformity with the Company's goal."

Apart from government bonds, there is little rated paper in Nigeria's jurisdictions. Local investments done inside Nigeria's jurisdictions must be carried out with counterparties with strong credit ratings. There is no exposure to leveraged credit instruments, which are instruments in which exposure to a single business or a small group of companies might generate bigger losses throughout the portfolio than the proportionate share of the defaulting firm or entities.

Cash at banks, placements with financial institutions, treasury bills, FGN bonds, trade receivables, statutory deposit, other receivables, and reinsurance assets (i.e. reinsurers' share of insurance liabilities, amounts due from reinsurers for claims already paid) are the sources of the Company's credit risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

The company's maximum credit risk exposure is as follows:

	31-Dec-22	13 months ended 2021
	N'000	N'000
Cash and Cash Equivalents	744,224	667,981
Financial Assets - FVTPL	7,374,165	6,410,730
Financial Assets - Amortized Cost	1,104,742	1,375,398
Trade Receivables	1,374,117	158,521
Reinsurance Assets	563,326	270,135
Other Receivables	12,243	40,006
Statutory Deposits with CBN	1,000,000	1,000,000
	12,172,816	**9,922,771**

Prepayments and WHT receivables were not included in the other receivables & prepayments while reinsurance prepaid was not included in the Reinsurance Assets lines respectively.

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors
All credit risk exposures (without taking into account any collateral held or other credit support) are maintained within Nigeria.
(b) Industry sectors

The Company is exposed to various industries as shown below:

	31-Dec-22		
	Financial institution	Others	Total
	N'000	N'000	N'000
Cash and Cash Equivalents	744,224	-	744,224
Financial Assets - FVTPL*	1,504,181	5,869,984	7,374,165
Financial Assets - Amortized Cost	920,929	183,813	1,104,742
Trade Receivables	-	1,374,117	1,374,117
Reinsurance Assets	-	563,326	563,326
Other Receivables	-	12,243	12,243
Statutory Deposits with CBN	1,000,000	-	1,000,000
Total	4,169,334	8,003,482	12,172,815

	13 months ended 2021		
	Financial institution	Others	Total
	N'000	N'000	N'000
Cash and Cash Equivalents	667,981	-	667,981
Financial Assets - FVTPL*	6,410,730	-	6,410,730
Financial Assets - Amortized Cost	1,375,398	-	1,375,398
Trade Receivables	-	158,521	158,521
Reinsurance Assets	-	270,135	270,135
Other Receivables	-	40,006	40,006
Statutory Deposits with CBN	1,000,000	-	1,000,000
Total	9,454,109	468,662	9,922,770

NOTES TO THE FINANCIAL STATEMENTS

Prepayments and reinsurance prepaid was not included in the other receivables & prepayments and Reinsurance Assets lines respectively. Other receivables include staff loan

* Not subject to impairment

Credit quality of financial assets
All of the company's financial assets are current and not past due. External credit ratings can be used to assess the credit quality of the company's financial assets that are neither past due nor impaired (Fitch Ratings Inc.). The danger of default is seen as minimal.

	31-Dec-22			
	AA- to A+	**B- to BBB+**	**Unrated**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cash and Cash Equivalents	-	744,224	-	744,224
Financial Assets - FVTPL*	-	7,374,165	-	7,374,165
Financial Assets - Amortized Cost	-	1,104,742	-	1,104,742
Trade Receivables	-	-	1,374,117	1,374,117
Reinsurance Assets	-	-	563,326	563,326
Other Receivables	-	-	12,243	12,243
Statutory Deposits with CBN	-	1,000,000	-	1,000,000
Total	-	10,223,130	1,949,685	12,172,816

	13 months ended 2021			
	AA- to A+	**B- to BBB+**	**Unrated**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cash and Cash Equivalents	-	667,981	-	667,981
Financial Assets - FVTPL*	-	6,410,730	-	6,410,730
Financial Assets - Amortized Cost	-	1,375,398	-	1,375,398
Trade Receivables	-	-	158,521	158,521
Reinsurance Assets	-	-	270,135	270,135
Other Receivables	-	-	40,006	40,006
Statutory Deposits with CBN	-	1,000,000	-	1,000,000
Total	-	9,454,108	468,662	9,922,770

4.3 Liquidity risk

Liquidity risk is the risk that the firm will not have the financial resources to satisfy its commitments when they come due, or that it will have to meet the obligations at an exorbitant cost. This risk might be caused by misalignments in the timing of cash flows. In severe cases, a shortage of liquidity may result in decreases in the statement of financial position and asset sales, as well as an inability to meet policyholder promises. The risk that the Company will be unable to do so is inherent in all insurance operations and can be influenced by a variety of institution-specific and market-wide events such as credit events, merger and acquisition activity, systemic shocks, and natural catastrophes, among others.

All policyholder funds are invested in appropriate assets in order to fulfill policyholders' reasonable benefit expectations, which include the assumption that funds would be available to pay out benefits as required under the policy contract. The carrying amount in the statement of financial position is used to determine the value of policyholders' liabilities and the assets that support them.

4.4 Market risks

The Company is exposed to market risk through the use of financial instruments and specifically to foreign exchange risks and equity price risks.

NOTES TO THE FINANCIAL STATEMENTS

4.5 Foreign exchange risks

The company holds Financial Instruments denominated in currencies other than the functional currency. The exchange rate ruling at the date of preparation of the financial statement is used to ascertain the net position of the foreign currency. The financial unit monitors the Company's foreign currency position on a monthly basis.

The Company's exposure to foreign exchange risk is limited to balances in domiciliary accounts, receivables and payables. Changes in exchange rates relative to these foreign currency balances have material impact in the financial statements.

Heirs General Insurance Limited has investment in foreign exchange to hedge the risk of volatility of foreign currency in the occurrence of claims in foreign currency.

The table below summarises the carrying amounts of the entity's financial instruments, categorised by currency:

		2022		
Financial Assets	**Total N'000**	**Naira**	**US Dollar**	**Euro**
Cash and Cash Equivalents	744,224	541,713	198,619	3,891
Financial Assets - FVTPL	7,374,165	6,301,071	1,073,095	-
Financial Assets - Amortized Cost	1,104,742	861,353	243,389	-
Trade Receivables	1,374,117	115,863	1,258,254	-
Reinsurance Assets	563,326	563,326	-	-
Other Receivables	12,243	12,243	-	-
Statutory Deposits with CBN	1,000,000	1,000,000	-	-
Total	**12,172,816**	**9,395,568**	**2,773,357**	**3,891**
Financial Liabilities				
Trade Payables	1,639,307	1,639,307	-	-
Payables	196,616	196,616	-	-
Insurance Contract Liabilities	4,199,129	4,199,129	-	-
Total	**6,035,052**	**6,035,052**	**-**	**-**

		13 months ended 2021		
Financial Assets	**Total N'000**	**Naira**	**US Dollar**	**Euro**
Cash and Cash Equivalents	667,981	611,687	55,992	302
Financial Assets - FVTPL	6,410,730	6,410,730	-	-
Financial Assets - Amortized Cost	1,375,398	444,248	931,150	-
Trade Receivables	158,521	14,979	143,542	-
Reinsurance Assets	270,135	270,135	-	-
Other Receivables	40,006	40,006	-	-
Statutory Deposits with CBN	1,000,000	1,000,000	-	-
Total	**9,922,770**	**8,791,784**	**1,130,684**	**302**
Financial Liabilities				
Trade Payables	529,508	529,508	-	-
Payables	104,384	104,384	-	-
Insurance Contract Liabilities	1,842,986	1,842,986	-	-
Total	**2,476,878**	**2,476,878**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

Interest rate risks

The Company is exposed to interest rate risk as a result of variations in market interest rates. The interest-bearing assets and liabilities of the company subject it to interest rate risk. The Company controls interest rate risk by integrating financial assets with maturities of less than 12 months in its portfolio of financial assets. Short-term bank deposits, treasury bills, and bonds are examples of such financial assets.

All policyholder funds are invested in appropriate assets in order to fulfill policyholders' reasonable benefit expectations, which include the assumption that funds would be available to pay out benefits as required under the policy contract. The carrying amount in the statement of financial position is used to determine the value of policyholders' liabilities and the assets that support them.

	31 December 2022		
	Carrying N'000	**Fixed N'000**	**Non-interest N'000**
Cash and Cash Equivalents	744,224		744,224
Financial Assets - FVTPL	7,374,165	7,374,165	-
Financial Assets - Amortized Cost	1,104,742	1,104,742	-
Trade Receivables	1,374,117	-	1,374,117
Reinsurance Assets	563,326	-	563,326
Other Receivables	12,243	551	11,692
Statutory Deposits with CBN	1,000,000	1,000,000	-
Total	**12,172,816**	**9,479,458**	**2,693,358**
Financial Liabilities			
Trade Payables	1,639,307	-	1,639,307
Payables	196,616	-	196,616
Insurance Contract Liabilities	4,199,129	-	4,199,129
Total	**6,035,052**	**-**	**6,035,052**
Net exposure	**6,137,764**	**9,479,458**	**(3,341,694)**

	13 months period ended 2021		
Financial Assets	**Carrying amount**	**Fixed Interest**	**Non-interest bearing**
	N'000	**N'000**	**N'000**
Cash and Cash Equivalents	667,981	160,652	507,329
Financial Assets - FVTPL	6,410,730	6,410,730	-
Financial Assets - Amortized Cost	1,375,398	1,375,398	-
Trade Receivables	158,521		158,521
Reinsurance Assets	270,135		270,135
Other Receivables	40,006		40,006
Statutory Deposits with CBN	1,000,000	1,000,000	-
Total	**9,922,770**	**8,946,780**	**975,992**
	-		
Financial Liabilities	-		
Trade Payables	529,508	-	529,508
Payables	104,384	-	104,384
Insurance Contract Liabilities	1,842,986	-	1,842,986
Total	**2,476,878**	**-**	**2,476,878**
Net exposure	**7,445,892**	**8,946,780**	**(1,500,886)**

NOTES TO THE FINANCIAL STATEMENTS

Capital management

Heirs General Insurance Limited seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.
The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the company is focused on the creation of value for shareholders.

The Company's primary source of capital includes its equity shareholders' funds. Heirs Insurance Limited also utilizes adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or large claims through treaty and facultative reinsurance arrangements.

The Company's monthly management accounts are subjected to models which simulate the actuarial process so that the board is continually aware of the actuarial consequences of the Company's financial results. This process, inter alia, ensures that the maintenance of regulatory minimum capital is constantly monitored.

The Company has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model. This test compares insurers' capital against the risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its general insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital which ever is greater. During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the operations of any entity in the Company if it falls below this requirement as deemed necessary.

The Company is required to maintain a minimum regulatory capital base of N3 billion by NAICOM as at 31 December 2022. The Company has complied with this requirement as the total capital base was N10 billion as at 31 December 2022. It is a risk-based capital measure that is intended to provide a reasonable confidence level that insurers will be able to meet their existing liabilities. This report indicate that the Company holds sufficient assets over liabilities to absorb any unforeseen circumstances and hence protect its solvency and the interests of the policyholders.

	31-Dec-22	**13 months ended 2021**
	N'000	**N'000**
Maximum Regulatory Capital	3,000,000	3,000,000
Maximum authorized capital	3,000,000	3,000,000
Paid up share capital	10,000,000	10,000,000

NOTES TO THE FINANCIAL STATEMENTS

The key objectives of the Company's capital management programme are as follows:

(i) To maintain an optimal level of capital in the most cost efficient way. This is achieved through balancing the needs of the regulators and the policyholders;

(ii) To manage the levels of capital across the Company to keep them in line with the long term capital requirements of the Company;

(iii) That the level of capital reflects the Company's risk appetite;

(iv) To optimise the level of capital, the investment of capital and the future use of the capital for the benefits of all stakeholders; and

(iv) To ensure that there is sufficient capital available for profitable business growth.

4.5.1 Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

Internal credit rating system

Ratings Bucket	Description			Rating of scores	Probability of default
AAA	Extremely low score	1	1.00 - 1.99	90-100%	1%
AA	Very low risk	2	2.00- 2.99	80 -89%	1%
A	Low risk	3	3.00 - 3.99	70-79%	1.50%
BBB	Low risk	4	4.00 - 4.99	60 - 69%	2%
BB	Acceptable -	5	5.00 - 5.99	50 - 59%	4%
B	High risk	6	6.00- 6.99	40-49%	6%
ccc	Very high risk	7	7.00 - 7.99	30- 39%	9%
cc	Extremely high risk	8	8.00 - 8.99	10-29%	13%
cc	High likelihood of defaul	9	9.00 - 9.99	0-9%	
D	Default risk	10			
D	Sub- Standard				25%
D	Doubtful				50%
D	Lost				100%

4.5.2 Management of credit risk

The Board of Directors is responsible for oversight of the Entity's credit risk, including formulating credit policies for the entity, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

Credit Risk Measurement

The Entity operational measurements for credit risk are in conformity with the impairment under the applicable reporting standard IFRS 9, and are based on losses that are expected to be incurred at the date of statement of financial position, that is the "expected loss model" rather than "incurred losses".

The Entity has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all Financial Instruments and form the basis for measuring default risks. In measuring credit risk at a counterparty level, the company considers three components: (i) the "probability of default" (PD) by the clients or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the company derives the 'Exposure at default' (EAD) and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended when necessary for effectiveness.

For debt securities, external ratings such as GCR, Moody's Agusto & co, Fitch, S&P ratings or their equivalents are used by Risk Management department for managing of the credit risk exposures as supplemented by the Entity's own assessment through the use of internal rating tools.

NOTES TO THE FINANCIAL STATEMENTS

4.6 Fair value of financial assets and lia

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Level 3: Inputs, for the asset or liability, that are not based on observable market data.

4.7 Financial instruments measured at fair value

The table below analyses financial instruments and other assets and liabilities measured at fair value at the end of the period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Company			
	31-Dec-22			
	Level 1	Level 2	Level 3	Total balance
	N'000	N'000	N'000	N'000
Carried at FVTPL:				
Financial assets - FVTPL	7,374,165	-	-	7,374,165
Carried at amortized cost:				
Cash and Cash Equivalents	-	744,224	-	744,224
Financial assets - Amortized C	-	1,375,397	-	1,375,397
Trade Receivables	-	1,374,117	-	1,374,117
Reinsurance Assets	-	267,169	-	267,169
Other Receivables	-	12,243	-	12,243
Statutory Deposits with CBN	-	1,000,000	-	1,000,000
	7,374,165	3,773,149	-	11,147,314

	Company			
	13 months ended 2021			
	Level 1	Level 2	Level 3	Total balance
	N'000	N'000	N'000	N'000
Carried at FVTPL:				
Financial assets - FVTPL	6,410,730	-	-	6,410,730
Carried at amortized cost:				
Cash and Cash Equivalents	-	667,981	-	667,981
Financial assets - Amortized C	-	1,375,398	-	1,375,398
Trade Receivables	-	158,521	-	158,521
Reinsurance Assets	-	270,135	-	270,135
Other Receivables	-	40,006	-	40,006
Statutory Deposits with CBN	-	1,000,000	-	1,000,000
	6,410,730	**3,512,041**	**-**	**9,922,771**

NOTES TO THE FINANCIAL STATEMENTS

5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Management believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.
Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. The underlying judgments of the selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements made in applying the Company's accounting policies include:

(i) Actuarial valuation of insurance contracts liabilities

The Insurance liability Valuation of a general insurance company is internationally recognised as best practice for insurance companies. The insurance Liability Valuation involves determining best estimates (applying the prescribed methodologies) of Outstanding Claims Liabilities and the premium Liabilities of insurers.
For short term insurance contract have been made both for the estimated ultimate cost of claims reported at the reporting dae and for expected ultimate cost of claims incurred but not yet reported (IBNR). It can take a period of time before the ultimate cost can be estimated with certainty . ana assessment is also performed to confirm if an additional reserve to be held if the unearned premium reserve is ina dequate to cover all the future expected claims cost. Unearned premium (UPR) is assessment on a time apportioned basis.

The ultimate cost of outstanding claims is estimated by using one of the range of standard actuarial claims projecteions techniques- Chain ladder method.

The main assupmption underlying this technique is that a company's past claims development experience can be used to projet future claims development and hence ultomate claims costs. As such, this method extrapolates the development of paid and incurred losses, average cost per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysised by accident years, but can also be further analysed by geographical area, as well as significant business lines and cliam types. Large claims are usually seperately addressed, either by being reserved at the face value of loss adjuster estimate or seperately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead the assumption used are those implicit in the historical claim development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurances, changes in external or market factors such as public attitude to claiming . economic , conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account all the uncertainties involved.

The liability Adequacy Test (LAT) was carried out by Zamara Consulting Acturies Nig Ltd. Loss Ratio Method results in the estimation of ultimate claims by allowing for the incorporation of expected to date and the average assumed Ultimate Loss Ratio.

(ii) Expected credit loss

The measurement of the ECL allowance for financial assets measured at AC and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

NOTES TO THE FINANCIAL STATEMENTS

(iv) Recognition of deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
a. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
b. temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(iv) *Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are the most relevant:
- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis (contractual undiscounted cashflow basis)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Undiscounted contractual cash flows 31 December 2022						
	Carrying amount	**Gross nominal**	**0 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**>5 year**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Insurance contract liabilities	4,199,129	4,199,129	1,876,892	1,192,565	387,617	40,514	
Trade payables	1,639,307	1,639,307	1,639,307	-	-	-	-
Other payables and accruals	196,616	196,616	196,616	-	-	-	-
Total financial liabilities	**6,035,052**	**6,035,052**	**3,712,815**	**1,192,565**	**387,617**	**40,514**	**-**
Cash and cash equivalents	744,224	744,224	744,224	-	-	-	-
Financial assets at amortised cost	1,104,742	1,146,222	946,137	200,085	-	-	-
Financial assets at fair value through profit or loss	7,374,165	8,016,536	-	-	-	8,016,536	-
Trade receivables	1,374,117	1,374,117	1,374,117	-	-	-	-
Other receivables	12,243	12,243	12,243	-	-	-	-
Reinsurance assets	2,447,163	2,447,163	1,321,468	832,035	269,188	24,472	
Statutory deposit	1,000,000	1,000,000	-	-	-	-	1,000,000
Total financial assets	**14,056,654**	**14,740,504**	**4,398,189**	**1,032,120**	**269,188**	**8,041,007**	**1,000,000**
Net financial assets	**8,021,602**	**8,705,453**	**685,374**	**(160,445)**	**(118,429)**	**8,000,493**	**1,000,000**

	Undiscounted contractual cash flows- 13 months period ended 2021						
	Carrying amount	**Gross nominal**	**0 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**>5 year**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Insurance contract liabilities	4,199,129	4,199,129	4,199,129	-	-	-	-
Trade payables	529,508	529,508	529,508	-	-		-
Other payables and accruals	196,616	196,616	196,616	-	-	-	-
Total financial liabilities	**4,925,253**	**4,925,253**	**4,925,253**	**-**	**-**	**-**	**-**
Cash and cash equivalents	744,224	668,740	668,740	-	-	-	-
Financial assets at amortised cost	1,104,742	1,410,218	546,500	863,718	-	-	-
Financial assets at fair value through profit or loss	7,374,165	7,374,165	2,448,878	4,925,287	-	-	-
Trade receivables	1,374,117	1,374,117	1,374,117	-	-	-	-
Other receivables	12,243	12,243	39,701	2,344	29,720	50,721	-
Reinsurance assets	267,169	267,169	-	-	267,169	-	-
Statutory deposit	1,000,000	1,000,000	-	-	-	-	1,000,000
Total financial assets	**11,876,659**	**12,106,651**	**5,077,936**	**5,791,349**	**296,889**	**50,721**	**1,000,000**
Net financial assets	**6,951,405**	**7,181,398**	**152,681**	**5,791,349**	**296,889**	**50,721**	**1,000,000**

NOTES TO THE FINANCIAL STATEMENTS

			31 December 2022 N'000	13 months ended 2021 N'000
6	***Cash and cash equivalents***			
	Cash & bank balances - Local		541,713	458,314
	Cash & bank balances - Domiciliary		202,511	49,015
	*Placements with banks**		-	160,652
			744,224	**667,981**
	Placements with banks include transactions below 30 days.			
	Cash and cash equivalents			
	Current Asset		**744,224**	**667,981**
	Non Current		**-**	
7	***Financial Assets - FVTPL***			
	Financial Assets carried at fair value through profit or loss (FVTPL)		7,374,165	6,410,730
			7,374,165	**6,410,730**
7a	***Financial Assets - FVTPL***			
	Opening balance		6,410,730	
	Additions		7,336,999	23,400,586
	Interest income		-	-
	Disposals/Maturities		(6,410,730)	(16,959,209)
	Fair value changes		37,166	(30,647)
	Closing balance		**7,374,165**	**6,410,730**
8	**Financial Assets - Amortized Cost**			
	Investments carried at amortised cost	*(see note 8a)*	**1,104,742**	**1,375,398**
8a	***Investments carried at amortised cost***			
	Opening balance		1,375,398	
	Additions		7,314,778	5,809,388
	Accrued Interest		962,596	
	Interest received		(896,313)	153,142
	Disposals/Maturity		(7,644,867)	(4,583,443)
	Provision for expected credit losses (ECL) allowance	*(See note 8a(i))*	(6,851)	(3,690)
	Closing balance		**1,104,742**	**1,375,398**
8a(i)				
	Movement in expected credit losses(ECL)		**Stage 1**	
	Opening balance		(3,690)	
	Charge during the period		(3,161)	(3,690)
	Closing balance		**(6,851)**	**(3,690)**
	Investment at amortised cost below 90 days		300,857	160,652
	Investment at amortised cost above 90 days		803,885	1,214,745
			1,104,742	**1,375,398**
9	***Trade receivables***			
	Due from brokers & insurance companies		1,319,965	
	Due from broker for mangement fees on coinsurance		54,152	
				158,521
	Total		1,374,117	158,521
	Current		**1,374,117**	**158,521**
9a	***Due from brokers & insurance companies***			
	0-30days		1,374,117	158,521
			1,374,117	**158,521**

Trade receivables represent premium receivable due from brokers which are within 30 days in line with the NAICOM guidelines and the receivables have been collected within 30 days after year end.

NOTES TO THE FINANCIAL STATEMENTS

			31 December 2022 N'000	*13 months ended 2021* N'000
10	***Reinsurance assets***			
	Reinsurance share outstanding claims recoverable	(See note 10a)	227,029	81,422
	Reinsurance share claims recoverable above 365 days	(See note 10a)	9,444	57,710
	Reinsurance share of claims paid recoverable	(See note 10a)	14,283	-
	Reinsurance share of IBNR	(See note 10b)	296,157	131,003
	Prepaid reinsurance on Minimum & Deposit		16,413	-
	Prepaid reinsurance	(See note 10c)	1,883,837	492,239
	Reinsurance assets as per actuarial valuation		**2,447,163**	**762,374**
10a	**Movement in reinsurance share of oustanding claims**			
	Opening balance		81,422	
	Increase during the period		169,334	81,422
	Closing balance		**250,756**	**81,422**
10b	**Movement in reinsurance share of IBNR**			
	Opening balance		131,003	
	Increase during the period		165,154	131,003
	Closing balance		**296,157**	**131,003**
10c	**Movement in prepaid reinsurance**			
	Opening balance		492,239	
	Increase during the period		1,391,598	492,239
	Closing balance		**1,883,837**	**492,239**
10d	**Movement in reinsurance share of claims paid**			
	Opening balance		57,710	
	Reinsurance share of claims paid recoverable		14,283	
	Reinsurance share of claims paid recovered		57,402	57,710
	Closing balance		**129,395**	**57,710**
11	***Other receivables & prepayments***			
	Prepayments		167,356	248,033
	Staff Loan		551	-
	Other receivables		17,702	40,006
	Allowance for impairment on other receivables		(42)	(923)
			185,567	**287,116**

***** Prepayments consist of prepaid rent and prepaid IT expenses
** Other receivables consist of sundry debtors, balances due from Heirs Life Assurance and cash advances

		31 December 2022 N'000	13 months ended 2021 N'000
12	***Deferred Acquisition cost***		
	DAC opening balance	236,022	
	Movement in Deferred Commission Expense	318,172	236,022
	DAC Closing Balance	**554,194**	**236,022**
13	***Right of use asset***		
		Buildings	
	Opening balance	793,811	
	Additions during the period	82,819	793,811
	Balance as at 31 December	**876,630**	**793,811**
	Accumulated depreciation		
	Opening balance	(90,122)	-
	Charge for the year	(88,691)	(90,122)
	Balance as at 31 December	**(178,813)**	**(90,122)**
	Carrying amount:		
	Opening balance	703,689	703,689
	Balance as at 31 December	**697,816**	**703,689**
14	***Statutory deposits***		
	Deposits with CBN	**1,000,000**	**1,000,000**
	Current	1,000,000	1,000,000

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to the Insurance Act. The deposits are not available for use by the Company in the normal course of day to day business. As required in the insurance Act, N4Billion was refunded to the company during the period leaving N1billion representing 10% of the paid up share capital

NOTES TO THE FINANCIAL STATEMENTS

15 Property and equipment

Cost:	Motor vehicles	Computer Equipment	Office Furniture & Fittings	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000
Opening balance	44,750	53,349	103,005	23,054	224,157
Additions during the year	79,099	18,008	44,563	3,769	145,439
Transfers during the year		-	21,876	-	21,876
Balance as at 31 Dec 2022	**123,849**	**71,357**	**169,443**	**26,823**	**391,472**

**Transfer during the year from prepayment to Property and equipment.*

Accumulated Depreciation:					
Opening balance	6,619	10,739	10,135	4,409	31,902
Charge for the year	26,018	12,233	27,617	4,836	70,704
Balance as at 31 Dec 2022	**32,638**	**22,972**	**37,752**	**9,245**	**102,607**
Carrying Amount:					
Opening balance	**38,131**	**42,609**	**92,869**	**18,645**	**192,255**
Balance as at 31 Dec 2022	**91,211**	**48,385**	**131,692**	**17,578**	**288,865**

Cost:	Motor vehicles	Computer Equipment	Office Furniture &	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000
Additions during the year	44,750	53,349	103,005	23,054	224,157
Balance as at 31 Dec 2021	**44,750**	**53,349**	**103,005**	**23,054**	**224,157**
Accumulated Depreciation:					
Charge for the year	6,619	10,739	10,135	4,409	31,902
Balance as at 31 Dec 2021	**6,619**	**10,739**	**10,135**	**4,409**	**31,902**
Carrying Amount:					
Balance as at 31 Dec 2021	**38,131**	**42,609**	**92,869**	**18,645**	**192,255**

16 Intangible assets	Software	Software
Period	N'000	N'000
Opening balance	207,754	
Additions during the year	197,331	207,754
Balance as at 31 Dec 2022	**405,085**	**207,754**
Accumulated Amortisation	**2022**	
Opening balance	24,549	
Charge for the year	60,469	24,549
Balance as at 31 Dec 2022	**85,019**	**24,549**
Carrying Amount:		
Opening balance		
Closing balance	**320,066**	**183,205**

NOTES TO THE FINANCIAL STATEMENTS

			31 December 2022	13 months period ended 2021
			N'000	N'000
17	***Trade payables***			
	Reinsurance payable	*(see note 17a)*	*1,111,358*	*292,905*
	Commission Payable		*207,718*	*79,603*
	Deferred Commission Income	*(see note 17b)*	*319,976*	*59,741*
	Prepaid premium	*(see note 17c)*	*255*	*97,259*
			1,639,307	***529,508***
	Current		***1,639,307***	***529,508***

17a *The reinsurance payable relates amount of premium ceded payable to reinsurance as at the end of the year.*

17b	***Deferred Commission Income***		
	Opening balances	*59,741*	*-*
	Movement in deferred comission income	*260,235*	*59,741*
	Commission earned during the period		
	Closing balance	***319,976***	***59,741***

17c *Prepaid premium represents various cash balances received into the company's bank account on premiums that relate to future period.*

18	***Provision & other payables***		
	Audit fees	*(7,200)*	*(10,000)*
	Actuarial fees	*-*	*(2,500)*
	Withholding Tax	*(882)*	*(909)*
	Value Added Tax	*(14,817)*	*(2,305)*
	Professional fees	*-*	*(27,838)*
	NAICOM levy	*(68,387)*	*(30,519)*
	Staff payables	*108*	*(3,500)*
	ITF	*(7,047)*	*(4,923)*
	NSITF	*963*	*(507)*
	*Other payables**	*(99,354)*	*(21,383)*
		(196,616)	***(104,384)***
	Current	***196,616***	***104,384***

**Other payable consist of accrued expenses payable to vendors on IT, administrative and other office expenses*

19	***Insurance contract liabilities***			
	Outstanding claims reported over 365 days	*(see note 19a)*	*45,192*	*-*
	Outstanding claims reported below 365 days	*(see note 19a)*	*490,948*	*177,653*
	Outstanding claims IBNR	*(see note 19b)*	*592,448*	*282,328*
	Unearned Premium Reserve	*(see note 25a)*	*3,070,541*	*1,383,005*
	Total non-life		***4,199,129***	***1,842,986***
	Current		***4,199,129***	***1,842,986***

19a	***Outstanding claims reported (31 Dec 2022)***		
	0 - 90 days	*114 Claimants*	*191,837*
	91 - 180 days	*127 Claimants*	*132,820*
	181 - 270 days	*95 Claimants*	*92,705*
	271 - 365 days	*30 Claimants*	*73,586*
	over 366 days	*16 Claimants*	*45,192*
			536,140
19a	***Outstanding claims reported (31 Dec 2021)***		
	0 - 90 days	*49 Claimants*	*124,693*
	91 - 180 days	*25 Claimants*	*29,142*
	181 - 270 days	*11 Claimants*	*18,203*
	271 - 365 days	*2 Claimants*	*5,615*
	over 366 days	*Nil*	*-*
			177,653

The Outstanding claims relate to claims with incomplete documentations, awaiting account details or executed discharge

The outstanding claims relate to those claims with incomplete or lack of documentations, awaiting executed discharge vouchers and awaiting conclusion from lead underwriters.

			31 December 2022	13 months period ended 2021
			N'000	N'000
19b	***Outstanding claims IBNR***			
	Opening balance		*282,328*	
	Changes during the year	*(see note 28)*	*310,120*	*282,328*
	Closing balance		***592,448***	***282,328***
19c	***Unearned Premium Reserve***			
	Opening balance		*(1,383,005)*	
	Changes during the year	*(see note 25a)*	*(1,687,536)*	*(1,383,005)*
	Closing balance		***(3,070,541)***	***(1,383,005)***
20	***Lease liability***			
	Opening balance		*362,514*	-
	Additions during the period		*13,730*	*325,073*
	Lease expense for the period		*42,296*	*37,441*
	Balance as at 31 Dec 2022		***418,540***	***362,514***
20a	***Amounts recognised in statement of profit or loss***			
	Depreciation on Right of use		*88,691*	*90,122*
	Interest expense on Lease liability		*42,296*	*37,441*
20b	***Maturity analysis of lease liability***			
	Within 12 months		-	-
	After 12 months		*418,540*	*362,514*
	Lease liability		***418,540***	***362,514***
21	***Income taxes***			
	Income tax based on the taxable profit/loss for the year		*(5,019)*	-
	Income tax expense for the year		***(5,019)***	**-**
21b	***Current Tax Liabilities***			
	Balance at 1 January		-	-
	Income tax expense		*5,019*	-
	Payment during the year		-	-
	Balance as at 31 December		***5,019***	**-**
	The following rates where applied to arrived at the tax for the 2022 YOA			
	NITD Levy @ 1% of PBT		*(4,994)*	
	Police Trust Fund @ 0.005% of PBT		*(25)*	
			(5,019)	

As at the reporting date the company has not recognised deffered tax asset arising from losses carried forward. This is due to the uncertainty surrounding the realization of the income taxable income necessary to utilise the lossess carried forward. The total deferred tax that would have been recognised is N 575m

	31 December 2022	13 months period ended 2021
	N'000	N'000
22 Ordinary Share Capital		
Balance at the beginning of the period	*10,000,000*	*10,000,000*
Issued share capital during the period	-	-
Balance as at 31 December	*10,000,000*	*10,000,000*

23 Contingency reserve

Opening balance	*104,878*	-
movement from retained earnings	*254,634*	*104,878*
Closing balance	***359,512***	***104,878***

The statutory contingency reserve is prescribed under Section 21 (1&2) of the Insurance Act. The Company is mandated to maintain a statutory contingency reserve to cover for the fluctuations in securities and variations in statistical estimates. The statutory contingency reserve is an amount of not less than 3% of the gross premium or 20% of the net profits (whichever is greater)

24 Retained earning

Opening Retained earnings	*(966,980)*	-
Profit for the period	*494,410*	*(862,102)*
Movement to Contingency reserve	*(254,634)*	*(104,878)*
Closing retained earnings	***(727,204)***	***(966,980)***

NOTES TO THE FINANCIAL STATEMENTS

		Note	31 December 2022	13 months ended 2021
			N'000	N'000
25	*Gross written premium*		8,487,787	3,495,947
25a	*Changes in unearned premium*			
	Opening unearned premium reserve		1,383,005	-
	Unearned premium for the period		(3,070,541)	(1,383,005)
	Gross premium unearned		(1,687,536)	(1,383,005)
26	*Reinsurance expenses*		(4,323,310)	(1,420,384)
	Outward reinsurance		(960,065)	-
	Minimum & Deposit reinsurance		(170,626)	(276,805)
	Prepaid reinsurance		1,391,598	492,239
	Net Reinsurance Expense		(4,062,402)	(1,204,950)
27	*Fees and commission income*			
	Management Fees		105,892	11,729
	Movement in deferred comission income	(see note 17b)	(260,235)	(59,741)
	Commission received-treaty		858,441	209,230
			704,097	161,218
28	*Claims expense*			
	Gross Claims paid		338,997	(112,811)
	Outstanding claims reported below 365 days	(see note 19a)	490,948	(177,653)
	Changes in IBNR		310,120	(282,328)
	Total Claims expenses		1,140,065	(572,792)
29	*Recoverable from reinsurers*			
	Reinsurance share of claims paid below 365 days		71,685	57,710
	Reinsurance share of outstanding recoverable below 365 days		223,899	81,422
	Reinsurance share of IBNR	(see note 10b)	165,154	131,003
	Salvage recovery		2,556	-
			463,294	270,135
30	*Underwriting Expenses*			
	Commission Incurred		(1,498,242)	(606,173)
	Movement in Deferred Commission Expenses		318,172	236,022
	Acquisition Expenses		(1,180,070)	(370,151)
	Maintenance Expenses		(215,627)	(31,130)
			(1,395,697)	(401,281)

NOTES TO THE FINANCIAL STATEMENTS

		Note	31 December 2022 *N'000*	13 months ended 2021 *N'000*
31	***Staff Cost***			
	Staff Salary		*(704,689)*	*(533,709)*
	Other HR Cost		*(57,537)*	*(19,382)*
			(762,226)	***(553,091)***
32	***Management expenses***			
	Travel & Entertainment		*(71,597)*	*(31,596)*
	Administration		*(325,264)*	*(523,001)*
	Depreciation of Fixed Assets		*(70,704)*	*(31,902)*
	Amortisation of Intangibles		*(60,469)*	*(24,340)*
	Interest expense on Lease liability		*(42,296)*	*(37,441)*
	Depreciation on Right of use		*(88,691)*	*(90,122)*
	Auditors Remuneration		*(19,350)*	*(11,000)*
	Legal & Professional Fees		*(133,516)*	*(63,387)*
	Marketing & Advertising		*(111,391)*	*(91,639)*
	IT Expenses		*(120,459)*	*(125,224)*
	Projects & Initiatives		*(657)*	*(13,309)*
	Finance Cost		*(29,396)*	*(21,919)*
	Other Operating Expenses		*(167,099)*	*(104,146)*
	Other pre-incorporation expenses		-	*(254,260)*
			-	-
			(1,240,890)	***(1,423,285)***

PWC did not render any non-audit service to the company during the year (2022:nil).

			31 December 2022	13 months ended 2021
33	***Investment income***			
	Investment income on Financial Assets		*920,661*	*624,243*
	Investment income on statutory deposits		*41,935*	*312,064*
			962,596	**936,307**
34	***Fair value Loss on Financial Asset***			
	Fair value loss on Financial Asset		*67,814*	*(30,647)*
			67,814	***(30,647)***
35	***Other Income/(expenses)***			
	Foreign Exchange gain/ loss on Cash		*37,895*	*(12,777)*
	Foreign Exchange gain/loss on Investments		*74,731*	*(131,300)*
	Foreign Exchange loss on Trade receivables		*(104,733)*	*(51,709)*
	Foreign Exchange gain on Trade payable		*97,080*	*43,741*
	Interest Received (Current Accounts)		*597*	
	Staff payment in lieu of notice		*120*	
	Interest on staff loan		*169*	
			105,860	***(152,045)***
36	***Impairment charges***			
	Impairment charges on Investments at amortised cost		*(3,161)*	*(3,690)*
	Impairment charges on other receivables		*(42)*	*(923)*
	Total Impairment charges		***(3,203)***	***(4,613)***

37 ***Related party transactions***

During the year, Heirs General Insurance Ltd. entered into commercial transaction with related parties which where carried out at arms length. The transactions/balances in respect of related party transaction as at reporting date are set out below:

TRANSACTIONS

(a) *With Key Management Personnel:*
The Company's key management personnel and immediate family members are also considered to be related parties. The definition of related parties includes the close family members of key management personnel and any entity over which key management personnel have been identified as the directors of the Company.

(b)	***Gross Written Premium:***		
	Heirs Holding	*630*	
	Heirs Life Assurance Ltd (Premium Received)	*2,219*	*897*
	Heirs Oil and Gas	*4,788*	
	Heirs Insurance Brokers	*1,825,022*	
	United Capital Plc	*4,394*	*1,109*
	Africa Prudential Plc	*5,672*	*1,938*
	Avon HMO	*6,549*	*566*
		1,849,273	*4,511*

NOTES TO THE FINANCIAL STATEMENTS

		Note	31 December 2022 N'000	13 months ended 2021 N'000
(c)	*Life Insurance Policy*			
	Heirs Life Assurance Ltd (Premium Paid)		4,974	3,074
			4,974	3,074
(d)	*Medical Expenses to:*			
	Avon HMO		48,338	9,475
			48,338	9,475
(e)	*Other Receivables*			
	Heirs Life Assurance Limited		10,091	38,274
	Loan to key management personnel		-	48,106
			10,091	86,380
(F)	*Balances due to related party*		-	
	Payable to Key management personnel			(3,500)
			-	(3,500)
(g)	*Account balances*			
	Placements			
	UCAP Asset Management		243,389	
	UCAP Wealth Management (EURO BONDS)			934,201
			243,389	934,201

38		2022	2021
	Analysis of staff salaries	**Number**	**Number**
	Senior Management	11	25
	Middle Management	33	3
	Other staff members	23	8
		67	**36**

a *Number of Employees (excluding Directors) in each range of emoluments (excluding pension contribution and certain benefits)*

	Numbers	Numbers
N500,000 - N9,999,999	49	20
N10,000,000 - N19,999,999	10	18
Above N20,000,000	6	8
	65	**46**

Managers of the Company (including the highest paid manager) whose remuneration in respect of services to the Company is within the following range:

		2022		2021	
b	*Analysis of staff cost*	%		%	
	Senior management	36%	185,550	69%	279,524
	Middle management	55%	284,841	8%	33,543
	Other staff members	10%	51,393	22%	89,448
		100%	**521,784**	**100%**	**402,515**

Managers excludes Directors (executive and non-executive). The compensation paid to managers for services is as shown above.

c	*Directors' Emoluments*		
	Remuneration paid to the directors of the Company was as follows:		
	Chairman	15,000	15,000
	Non-Executive Directors/Independent Director	84,000	66,952
	Executive Directors Salaries	108,000	112,380
		207,000	**194,332**

NOTES TO THE FINANCIAL STATEMENTS

39 Solvency Margin

	31 December 2022			13 months period ended 2021		
	Admissible N'000	Inadmissible N'000	Total N'000	Admissible N'000	Inadmissible N'000	Total N'000
Cash and Cash Equivalents	744,224	-	744,224	439,854	228,127	667,981
Financial Assets - FVTPL	7,374,165	-	7,374,165	6,410,730	-	6,410,730
Financial Assets - Amortized Cost	861,353	243,389	1,104,742	1,375,398	-	1,375,398
Trade Receivables	1,374,117	-	1,374,117	158,521	-	158,521
Reinsurance Assets	2,447,163	-	2,447,163	762,374	-	762,374
Right of Use Asset	-	697,816	697,816	-	703,689	703,689
Other Receivables & Prepayments	551	185,015	185,567	-	287,116	287,116
Deferred Acquisition Cost	554,194	-	554,194	236,022	-	236,022
Statutory Deposits with CBN	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Property, Plant and Equipment	288,865	-	288,865	192,255	-	192,255
Intangible Assets	320,066	-	320,066	183,205	-	183,205
Total Admissible Assets (a)	**14,964,698**	**1,126,221**	**16,090,919**	**10,758,359**	**1,218,933**	**11,977,290**
Less: Admissible liabilities						
Trade Payables	1,639,307	-	1,639,307	529,508	-	529,508
Provisions & Other Payables	196,616	-	196,616	104,384	-	104,384
Insurance Contract Liabilities	4,199,129	-	4,199,129	1,842,986	-	1,842,986
Lease Liability	-	418,540	418,540		362,514	362,514
	5,019	-	5,019			
Total Admissible Liability (b)	**6,040,071**	**418,540**	**6,458,611**	**2,476,878**	**362,514**	**2,839,393**
Solvency Margin (a-b)	**8,924,627**	**707,681**	**9,632,308**	**8,281,480**	**856,418**	**9,137,898**
Gross premium income	6,800,251			2,112,942		
Less: Reinsurance expenses	(4,062,402)			(1,204,950)		
Net premium income	**2,737,848**			**907,992**		
Subject to higher of:						
15% of net premium income or	410,677			136,199		
Minimum capital requirement	3,000,000			3,000,000		
Gross solvency ratio	**297%**			**276%**		

NOTES TO THE FINANCIAL STATEMENTS

40 HYPOTHECATION

	31 December 2022			13 months period ended 2021		
	Policy Holders Fund - Insurance Contract	Share Holders Fund	Total	Policy Holders Fund - Insurance Contract	Share Holders Fund	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	600,000	144,224	744,224	200,394	467,587	667,981
Financial Assets - FVTPL	431335		7,374,165	961,610	5,449,120	6,410,730
Financial Assets - Amortized Cost	900,000	204,742	1,104,742	137,540	1,237,858	1,375,398
Trade Receivables		1,374,117	1,374,117	-	158,521	158,521
Reinsurance Assets	2,447,163		2,447,163	762,374	-	762,374
Right of Use Asset		697,816	697,816	-	703,689	703,689
Other Receivables & Prepayments		185,567	185,567	-	287,116	287,116
Deferred Acquisition Cost		554,194	554,194	-	236,022	236,022
Statutory Deposits with CBN		1,000,000	1,000,000	-	1,000,000	1,000,000
Property, Plant and Equipment		288,865	288,865	-	192,255	192,255
Intangible Assets		320,066	320,066	-	183,205	183,205
TOTAL ASSETS	**4,378,498**	**4,769,591**	**16,090,919**	**2,061,918**	**9,915,373**	**11,977,290**
Liabilities						
Trade Payables	-	1,639,307	1,639,307	-	529,508	529,508
Provisions & Other Payables	-	196,616	196,616	-	104,384	104,384
Insurance Contract Liabilities	4,199,129	-	4,199,129	1,842,986	-	1,842,986
Lease Liability	-	418,539.54	418,540	-	418,540	418,540
Income Tax Payable	-	5,019.26	5,019	-	-	-
TOTAL LIABILITIES	4,199,129	2,259,482	6,458,611	1,842,986	1,052,432	2,895,419
SURPLUS	179,369	2,510,109	9,632,308	218,932	8,862,940	9,081,873

OTHER NATIONAL DISCLOSURE

VALUE ADDED STATEMENT

	31 December 2022	%	13 months ended 2021 N'000	%
Net Premium Income	2,737,849	185%	907,992	-558%
Investment Income & commissions income	1,666,693	112%	1,097,525	-675%
Other Income/Expenses	633,765	43%	82,830	-51%
Claims incurred, commissions paid and operating expenses	(3,556,788)	-240%	(2,250,994)	1384%
Value added	**1,481,519**	**100%**	**(162,647)**	**100%**
Applied to pay:				
Employee benefit expense	762,226	52%	553,091	-330%
Government taxes	-	0%	(5,019.26)	3%
Retained in the business:				
Depreciation of property and equipment	70,704	5%	31,902	-19%
Depreciation expense on right-of-use asset	88,691	6%	90,122	-54%
Amortisation of intangible assets	60,469	4%	24,340	-15%
Profit/Loss accumulated in the business	494,410	33%	(862,102)	514%
Value added	**1,476,500**	**100%**	**(167,666)**	**100%**

	Aviation	Bond	Engineering	Fire	General Accident	Marine	Motor	Oil & Gas	TOTAL
Gross Written Premium	3,127,472.19	448,064.22	332,439.91	930,758.72	747,983.06	422,751.11	981,555.30	1,496,762.15	8,487,786.64
Changes in Unearned Premium Reserve	(1,002,917.00)	(130,313.00)	(110,377.00)	(78,861.00)	(127,710.00)	(121,699.00)	(175,289.00)	59,630.00	(1,687,536.00)
Gross Premium Earned	2,124,555.19	317,751.22	222,062.91	851,897.72	620,273.06	301,052.11	806,266.30	1,556,392.15	6,800,250.64
									-
Reinsurance Expense	(2,021,728.33)	(162,803.91)	(173,727.12)	(517,798.85)	(315,159.79)	(189,243.49)	(42,239.60)	(639,700.84)	(4,062,401.91)
Net Premium Earned	102,826.86	154,947.31	48,335.79	334,098.87	305,113.27	111,808.62	764,026.70	916,691.30	2,737,848.72
Fees & Commission Income	330,930.90	37,204.46	43,379.19	147,547.20	84,791.00	53,786.45	5,031.91	1,425.69	704,096.79
Claims Expenses	(83,460.95)	(84,046.56)	(37,084.57)	(148,404.05)	(236,904.92)	(30,126.99)	(459,690.47)	(60,346.00)	(1,140,064.51)
Reinsurance Recoveries	(12,610.00)	46,486.42	29,212.81	65,114.87	116,280.64	22,476.20	174,273.26	22,059.00	463,293.20
Net insurance benefits and claims incurred/recovered	(96,070.95)	(37,560.14)	(7,871.76)	(83,289.18)	(120,624.28)	(7,650.79)	(285,417.21)	(38,287.00)	(676,771.30)
Underwriting Expense	(484,604.54)	(69,296.75)	(52,827.05)	(200,786.19)	(145,397.79)	(69,170.23)	(112,944.42)	(260,670.02)	(1,395,697.00)
Underwriting profit	**(146,916.73)**	**85,294.87**	**31,016.17**	**197,570.70**	**123,882.19**	**88,774.06**	**370,696.98**	**619,159.97**	**1,369,478.21**