



NICO
General

associated with Sanlam group

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

**BE COVERED FOR
ANY UNFORESEEN
CIRCUMSTANCES**



SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020 K'000	2019 K'000
Gross written premium	19,993,976	18,351,940
Reinsurance premium	(8,505,105)	(7,701,125)
Net written premium	11,488,871	10,650,815
Less: change in unearned premium provision	(641,776)	(17,877)
Net earned premium	10,847,095	10,632,938
Re-insurance commission	1,485,972	1,520,811
Net income	12,333,067	12,153,749
Insurance claims and loss adjustment expenses	(9,065,864)	(8,009,674)
Insurance claims and loss adjustment from re-insurers	3,011,023	2,153,584
Net claims incurred	(6,054,841)	(5,856,090)
Net insurance benefits	6,278,226	6,297,659
Net investment income	1,440,862	1,157,377
Other income	27,343	24,149
	7,746,431	7,479,185
EXPENSES		
Expenses for acquisition of insurance contracts	(1,904,806)	(1,764,933)
Management expenses	(3,350,174)	(3,146,490)
Total expenses	(5,254,980)	(4,911,423)
Profit before income tax expense	2,491,451	2,567,762
Income tax expense	(765,595)	(746,489)
Profit for the year	1,725,856	1,821,273
Other comprehensive income		
Change in fair value of financial assets available for sale	163,878	203,662
Total comprehensive income for the year	1,889,734	2,024,935

SUMMARY STATEMENT OF FINANCIAL POSITION

	2020 K'000	2019 K'000
ASSETS		
Non-current assets		
Equipment	155,248	188,387
Intangible assets	198,490	227,776
Right of use asset	114,024	182,923
Deferred tax asset	83,353	21,901
Other investments and loans receivables	4,636,644	1,455,622
Total non-current assets	5,187,759	2,076,609
Current assets		
Other investments and loans receivables	1,387,814	325,816
Equity shares in listed companies	1,835,038	1,703,560
Treasury bills	-	378,102
Insurance contracts receivables	12,191,157	8,743,034
Other receivables	435,118	349,654
Deferred acquisition costs	1,391,870	1,218,119
Due from related parties	1,556	69,223
Cash and cash equivalents	7,331,508	9,299,715
Total current assets	24,574,061	22,087,223
Total assets	29,761,820	24,163,832

EQUITY AND LIABILITIES

Equity		
Share Capital	9,000	9,000
Share premium	1,195,618	1,195,618
Equity investment revaluation reserve	1,533,690	1,369,812
Retained earnings	5,662,743	5,136,887
Total equity	8,401,051	7,711,317
Liabilities		
Non current liabilities		
Lease liability	25,926	141,371
Current liabilities		
Insurance contract outstanding claims	9,457,234	6,696,099
Unearned premium provision	6,959,345	6,090,591
Re-insurance contracts	3,197,803	1,901,586
Lease liability	117,431	64,212
Deferred acquisition revenue	575,442	530,046
Other payables	590,488	669,316
Income tax payable	405,047	334,033
Due to related parties	32,053	25,261
Total current liabilities	21,334,843	16,311,144
Total equity and liabilities	29,761,820	24,163,832

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2020 K'000	2019 K'000
At the beginning of the year	7,711,317	6,736,382
Profit for the year	1,725,856	1,821,273
Other comprehensive Income	163,878	203,662
Dividend paid to shareholders	(1,200,000)	(1,050,000)
At the end of the year	8,401,051	7,711,317

SUMMARY STATEMENT OF CASH FLOWS

	2020 K'000	2019 K'000
Cash flows from operating activities		
Cash generated from operations	2,483,186	2,381,066
Income taxes paid	(752,836)	(544,452)
Net cash from operating activities	1,730,350	1,836,614
Cash flows from investing activities		
Proceeds from disposal of furniture and equipment	15,997	359
Interest and dividend received	1,249,403	1,212,361
Additions to equipment & Intangible assets	(65,946)	(55,484)
Additions to short term investments	(3,625,966)	2,460,297
Net cash from investing activities	(2,426,512)	3,617,533
Cash flows from financing activities		
Repayment of lease liabilities	(88,176)	(79,707)
Dividend paid	(1,200,000)	(1,050,000)
	(1,288,176)	(1,129,707)
Net increase in cash and cash equivalents	(1,984,338)	4,324,440
Cash and cash equivalents at 1 January	9,299,715	4,953,041
Effects of exchange fluctuations on cash held	16,131	22,234
Cash and cash equivalents as at 31st December	7,331,508	9,299,715
Increase in net working capital	575,261	1,114,000

BASIS OF PREPARATION

The directors have prepared the summary financial statements to meet the requirements of the Financial Services Act, 2010. The directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary statement of financial position, summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows are sufficient to meet the requirements of the users of the summary financial statements.

The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.

The summary financial statements have been derived from the Annual Financial Statements which were approved by the board of directors on 23rd March 2021.

BUSINESS OVERVIEW

The Board of NICO General is pleased with the continued support the company has received from its clients despite the challenges brought about by Covid 19.

The year 2020 saw rising political risk which led to the court sanctioned presidential elections. The Corona virus (Covid 19) pandemic affected the local operating environment with significant impact on economic activity. The pandemic disrupted supply chains which led to reduced demand for various goods and services as businesses set new priorities to mitigate the effect and this impacted insurance premium generation and collections. Despite the difficult circumstances our teams ensured continuity of professional service to customers.

PERFORMANCE

The company registered a growth of 9% in gross written premium from K18.35 billion in 2019 to K19.99 billion in 2020, matching the overall Malawi market growth. Net written premiums grew by 8%, from K10.65 billion in 2019 to K11.49 billion in 2020. The company underwriting result reported a drop of 26% because of business slowdown and effects of Covid 19. Investment income grew by 21% due to better interest rates on the money market and general growth in the investment fund. The company has posted a profit before tax of K2.5 billion which is 3% below the K2.6 billion achieved in 2019.

The company's claims paying ability rating by GCR was maintained at AA in 2020 as a result of sustained earnings and profitability. The liquidity position of the company has remained strong, and this has also influenced the rating outcome.

CHALLENGES

The company faced several challenges in the year including Covid 19, undercutting of premium rates, the economic slowdown, premium collection default and increased cost of claims, especially from spare parts, repair costs for motor vehicles and higher litigations costs. Despite these challenges the company has demonstrated remarkable resilience in the tough competitive environment.

OUTLOOK

The company resource base remains strong and resilient in these uncertain times. We will continue to pursue our strategy to grow the business and continue to service our clients in 2021 and beyond. The company will drive its client offering through professional, ethical clear engagement and innovation. The company continues to invest in digital solutions to improve customer experience and enhance internal processes.

The company will continue to leverage on its partnerships with key market players and stakeholders both local and foreign to exploit other opportunities whilst maintaining good governance and integrity in all areas of the business.

BY ORDER OF THE BOARD

Harold Biduwa
Chairman

Donbell S. Mandala
Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICO GENERAL INSURANCE COMPANY LIMITED

OPINION

The financial statements, which comprise the summary statement of financial position as at 31 December 2020, and the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended and related notes, are derived from the audited financial statements of NICO General Insurance Company Limited for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent in all, material respects, with the audited financial statements of NICO General Insurance Company Limited, and the basis described on the basis of preparation paragraph.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 31 March 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary financial statements in accordance with the basis described on the basis for preparation paragraph.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) Engagements to Report on Summary Financial Statements.

Deloitte.

Chartered Accountants
Madalo Mwenelupembe
Partner

27 April 2021

