



NICO
General

associated with Sanlam group

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**BE COVERED FOR
ANY UNFORESEEN
CIRCUMSTANCES**



SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021 K'000	2020 K'000
Gross written premium	22,875,356	19,993,976
Reinsurance premium	(11,575,648)	(8,505,105)
Net written premium	11,299,708	11,488,871
Less: change in unearned premium provision	615,641	(641,776)
Net earned premium	11,915,349	10,847,095
Re-insurance commission	1,706,638	1,485,972
Net income	13,621,987	12,333,067
Insurance claims and loss adjustment expenses	(11,513,537)	(9,065,864)
Insurance claims and loss adjustment from re-insurers	2,483,906	3,011,023
Net claims incurred	(9,029,631)	(6,054,841)
Net insurance benefits	4,592,356	6,278,226
Net investment income	2,612,836	1,440,862
Other income	41,646	27,343
7,246,838	7,746,431	
EXPENSES		
Expenses for acquisition of insurance contracts	(2,042,570)	(1,904,806)
Management expenses	(3,988,398)	(3,350,174)
Total expenses	(6,030,968)	(5,254,980)
Profit before income tax expense	1,215,870	2,491,451
Income tax expense	(428,437)	(765,595)
Profit for the year	787,433	1,725,856
Other comprehensive income		
Change in fair value of financial assets available for sale	716,346	163,878
Total comprehensive income for the year	1,503,779	1,889,734

SUMMARY STATEMENT OF FINANCIAL POSITION

	2021 K'000	2020 K'000
ASSETS		
Non-current assets		
Equipment	165,649	155,248
Intangible assets	216,664	198,490
Right of use assets	428,987	114,024
Deferred tax assets	80,907	83,353
Other investments and loans receivables	907,606	4,636,644
Total non-current assets	1,799,813	5,187,759
Current assets		
Other investments and loans receivables	2,249,576	1,387,814
Equity shares in listed companies	2,551,384	1,835,038
Insurance contracts receivables	13,055,331	12,191,157
Other receivables	1,000,952	435,118
Deferred acquisition costs	1,471,130	1,391,870
Due from related parties	240,503	1,556
Cash and cash equivalents	9,026,219	7,331,508
Total current assets	29,595,095	24,574,061
Total assets	31,394,908	29,761,820
EQUITY AND LIABILITIES		
Equity		
Share capital	9,000	9,000
Share premium	1,195,618	1,195,618
Equity investment revaluation reserve	2,250,036	1,533,690
Retained earnings	5,550,176	5,662,743
Total equity	9,004,830	8,401,051
Liabilities		
Non current liabilities		
Lease liability	549,884	117,431
Current liabilities		
Insurance contract outstanding claims	8,895,049	9,457,234
Unearned premium provision	7,355,649	6,959,345
Re-insurance contracts	3,986,757	3,197,803
Lease liability	39,098	25,926
Deferred acquisition revenue	777,831	575,442
Other payables	607,081	590,488
Income tax payable	85,553	405,047
Due to related parties	93,176	32,053
Total current liabilities	21,840,194	21,243,338
Total equity and liabilities	31,394,908	29,761,820

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2021 K'000	2020 K'000
At the beginning of the year	8,401,051	7,711,317
Profit for the year	787,433	1,725,856
Other comprehensive Income	716,346	163,878
Dividend paid to shareholders	(900,000)	(1,200,000)
At the end of the year	9,004,830	8,401,051

SUMMARY STATEMENT OF CASH FLOWS

	2021 K'000	2020 K'000
Cash flows from operating activities		
Cash generated from operations	(2,043,732)	2,483,186
Income taxes paid	(736,242)	(752,836)
Net cash from operating activities	(2,779,974)	1,730,350
Cash flows from investing activities		
Proceeds from disposal of furniture and equipment	977	15,997
Interest and dividend received	2,789,501	1,249,403
Disposal/(additions) to equipment & intangible assets	(141,883)	(65,946)
Disposal/(additions) to short term investments	2,754,563	(3,625,966)
Net cash from investing activities	5,403,158	(2,426,512)
Cash flows from financing activities		
Cash flows from financing activities	(64,970)	(88,176)
Repayment of lease liabilities	(900,000)	(1,200,000)
Dividend paid	(964,970)	(1,288,176)
Net increase in cash and cash equivalents	1,658,214	(1,984,338)
Cash and cash equivalents at 1 January	7,331,508	9,299,715
Effects of exchange fluctuations on cash held	36,497	16,131
Cash and cash equivalents as at 31st December	9,026,219	7,331,508
Increase in net working capital	521,038	575,261

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 22nd March 2022.

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 2021 saw a slight improvement in domestic economic activity compared to the previous year, despite continued risk from COVID-19 which impacted insurance premium generation and collection. Rising global prices and shortage of foreign exchange exerted pressure on inflation and exchange rates which impacted the cost of business operations. Despite the difficult circumstances our teams ensured continuity of professional service delivery.

PERFORMANCE

The company registered a growth of 14% in gross written premium from K19.99 billion in 2020 to K22.87 billion in 2021. Net written premiums dropped by 2%, from K11.48 billion in 2020 to K11.29 billion in 2021. The company underwriting result was subdued as a result of business slowdown and increased level of claims especially weather related and motor classes.

Investment income grew by 81% due to stable performance on the money market. The company has posted a profit before tax of K1.3 billion which is 51% below the K2.5 billion achieved in 2020 and a profit after tax of K787Million lower than that achieved in 2020 of K1.7Billion.

The company's claims paying ability rating by GCR was maintained at AA in 2021 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, adverse weather patterns, undercutting of premium rates, the economic slowdown, premium collection default, 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

Although inflation and exchange rates have remained fairly stable over the previous year, the economic environment is still vulnerable to weather conditions and external shocks. The downside risks emanating from extreme weather conditions and the war in Ukraine will affect inflation largely due to increases in oil prices and general increase in price of commodities on the market.

In 2022 the company has experienced higher levels of claims coming from extensive damage to property arising from Cyclone Ana, which will impact returns in the short to medium term.

The company resource base remains strong and resilient in these uncertain and volatile times and We will continue to pursue our strategy to grow the business and continue to service our clients in 2022 and beyond. The company will continue to leverage on its partnerships with key market players and stakeholders both local and international to exploit other opportunities whilst maintaining good governance and integrity in all areas of the business.

BY ORDER OF THE BOARD

Chifundo G. Chiundira
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 summary financial statements, which comprise the summary statement of financial position as at 31 December 2021, 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 2021.

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 2022. 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

27th April 2022

