



NICO
General

associated with Sanlam group

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

it's
clear

...that securing your possessions
is important to you.

NICO General provides cover for your
most valuable assets from motor, home,
personal and marine insurance.

ONE
NICO

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 2022 K'000 | 2021 K'000 |
|---|--------------------|--------------------|
| Gross written premium | 23,556,364 | 22,875,356 |
| Reinsurance premium | (10,301,155) | (11,575,648) |
| Net written premium | 13,255,209 | 11,299,708 |
| Less: change in unearned premium provision | (806,914) | 615,641 |
| Net earned premium | 12,448,295 | 11,915,349 |
| Re-insurance commission | 1,687,276 | 1,706,638 |
| Net income | 14,135,571 | 13,621,987 |
| Insurance claims and loss adjustment expenses | (36,754,545) | (11,513,537) |
| Insurance claims and loss adjustment from re-insurers | 29,547,353 | 2,483,906 |
| Net claims incurred | (7,207,192) | (9,029,631) |
| Net insurance benefits | 6,928,379 | 4,592,356 |
| Net investment income | 1,786,676 | 2,612,836 |
| Other income | 119,026 | 41,646 |
| | 8,834,081 | 7,246,838 |
| EXPENSES | | |
| Expenses for acquisition of insurance contracts | (1,685,181) | (2,042,570) |
| Management expenses | (4,692,326) | (3,988,398) |
| Total expenses | (6,377,507) | (6,030,968) |
| Profit before income tax expense | 2,456,574 | 1,215,870 |
| Income tax expense | (772,970) | (428,437) |
| Profit for the year | 1,683,604 | 787,433 |
| Other comprehensive income | | |
| Change in fair value of financial assets available for sale | 1,384,455 | 716,346 |
| Total comprehensive income for the year | 3,068,059 | 1,503,779 |

SUMMARY STATEMENT OF FINANCIAL POSITION

| ASSETS | | |
|--------------------------------------|-------------------|-------------------|
| Non-current assets | | |
| Equipment | 247,093 | 165,649 |
| Intangible assets | 163,462 | 216,664 |
| Right of use assets | 385,490 | 428,987 |
| Deferred tax assets | 125,553 | 80,907 |
| Investments in Government securities | 3,305,612 | 907,606 |
| Total non-current assets | 4,227,210 | 1,799,813 |
| Current assets | | |
| Investments in Government securities | 1,436,140 | 2,249,576 |
| Equity shares in listed companies | 3,935,839 | 2,551,384 |
| Insurance contracts receivables | 34,765,864 | 13,055,331 |
| Other receivables | 982,886 | 1,000,952 |
| Deferred acquisition costs | 1,480,607 | 1,471,130 |
| Due from related parties | 53,648 | 240,503 |
| Cash and cash equivalents | 9,710,931 | 9,026,219 |
| Total current assets | 52,365,915 | 29,595,095 |
| Total assets | 56,593,125 | 31,394,908 |

EQUITY AND LIABILITIES

| | | |
|---------------------------------------|-------------------|-------------------|
| Equity | | |
| Share capital | 9,000 | 9,000 |
| Share premium | 1,195,618 | 1,195,618 |
| Equity investment revaluation reserve | 3,634,491 | 2,250,036 |
| Retained earnings | 5,683,780 | 5,550,176 |
| Total equity | 10,522,889 | 9,004,830 |
| Liabilities | | |
| Non current liabilities | | |
| Lease liability | 446,795 | 549,884 |
| Current liabilities | | |
| Insurance contract outstanding claims | 32,919,796 | 8,895,049 |
| Unearned premium provision | 7,403,034 | 7,355,649 |
| Re-insurance contracts | 3,395,544 | 3,986,757 |
| Lease liability | 223,397 | 39,098 |
| Deferred acquisition revenue | 625,925 | 777,831 |
| Other payables | 927,988 | 607,081 |
| Income tax payable | 80,592 | 85,553 |
| Due to related parties | 47,165 | 93,176 |
| Total current liabilities | 45,623,441 | 21,840,194 |
| Total equity and liabilities | 56,593,125 | 31,394,908 |

SUMMARY STATEMENT OF CHANGES IN EQUITY

| | | |
|---------------------------------|-------------------|------------------|
| At beginning of the year | 9,004,830 | 8,401,051 |
| Profit for the year | 1,683,604 | 787,433 |
| Other comprehensive Income | 1,384,455 | 716,346 |
| Dividend paid to shareholders | (1,550,000) | (900,000) |
| At end of the year | 10,522,889 | 9,004,830 |

SUMMARY STATEMENT OF CASH FLOWS

| | | |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash generated from operations | 2,507,646 | (2,043,732) |
| Income taxes paid | (813,192) | (736,242) |
| Net cash from operating activities | 1,694,454 | (2,779,974) |
| Cash flows from investing activities | | |
| Proceeds from disposal of furniture and equipment | 3,137 | 977 |
| Interest and dividend received | 1,864,115 | 2,789,501 |
| Additions to equipment & Intangible assets | (202,339) | (141,883) |
| Additions to short term investments | (1,460,006) | 2,754,563 |
| Net cash from investing activities | 204,907 | 5,403,158 |
| Cash flows from financing activities | | |
| Repayment of lease liabilities | (99,431) | (64,970) |
| Dividend paid | (1,231,500) | (900,000) |
| | (1,330,931) | (964,970) |
| Net increase in cash and cash equivalents | 568,430 | 1,658,214 |
| Cash and cash equivalents at 1 January | 9,026,219 | 7,331,508 |
| Effects of exchange fluctuations on cash held | 116,282 | 36,497 |
| Cash and cash equivalents at 30 June | 9,710,931 | 9,026,219 |
| Increase in net working capital | 1,342,082 | 1,150,183 |

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 profit or Loss and other 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 30th March 2023.

BUSINESS OVERVIEW

The Board of NICO General is pleased with the continued support the company receives from its clients and is pleased to present the Audited financial results of the year.

The business operating environment for the year 2022 was challenging with rising inflation, devaluation of the Kwacha and slow down of economic activities compared to previous year. The start of the year saw adverse weather patterns caused by Cyclone Ana. This impacted insurance premium generation, claims management and debt collections. Rising global prices fueled by the Ukraine / Russia War and shortage of foreign exchange exerted pressure on inflation rates and exchange rates, influencing the availability of strategic commodities like fuel which impacted the cost of doing business. Despite the difficult circumstances our teams ensured continuity of professional service to customers.

PERFORMANCE

The company registered a growth of 3% in gross written premium from K22.87 billion in 2021 to K23.56 billion in 2022 and net written premiums grew by 17%, from K11.29 billion in 2021 to K13.25 billion in 2022. The company performance was impacted by Cyclone Ana Claims with estimates totalling about K26Billion, and the company's re insurance programme provided effective protection against these natural catastrophes. The company's underwriting result improved despite the subdued economic environment.

The investment portfolio performed extremely well with better interest rates on the money market and improvements gained on the equity market. The company has posted a profit before tax K2.45 billion which was 102% above K1.2 billion in 2021.

The company's claims paying ability rating by GCR was maintained at AA in 2022 as a result of robust earnings and profitability generated. The Liquidity position of the company has remained strong which has helped the company to remain a significant market leader.

CHALLENGES

The company faced several challenges in the year ranging from stiff competition for business, adverse weather conditions, economic slowdown, premium collection default, increased cost of claims especially from spare parts and repair costs for motor vehicles, higher litigations costs and adverse weather patterns. Despite these challenges, the company has demonstrated remarkable resilience in performance in the tough competitive environment.

OUTLOOK*

In 2023 the company has been impacted by a number of claims as a result of Cyclone Freddy that made landfall on the 11th of March 2023. The company has joined efforts to support humanitarian efforts so as to alleviate the suffering on the population. The company has been engaging clients and providing support on those whose properties have suffered damage, and adequate re insurance protection is in place. The company resource base remains strong and resilient.

We will continue to pursue our strategy to grow the business and service our esteemed customers better in 2023 and beyond. The company will also leverage on its partnerships with key market players and stakeholders both local and foreign to exploit any emerging opportunities. The company will ensure there is good governance and integrity in all areas of the business.

*Unaudited

BY ORDER OF THE BOARD

Chifundo 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 2022, the summary statement of profit or loss and other 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, 2022.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements of NICO General Insurance Company Limited, and the 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 31st March 2023. 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 in the basis of preparation paragraph.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of audited financial statements, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte.
Chartered Accountants
Nkondola Uka
Partner
17 April 2023