

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2019 K'000	2018 K'000
Gross written premium	18,351,940	17,216,629
Re-insurance premium	(7,701,125)	(6,836,653)
Net written premium	10,650,815	10,379,976
Less: change in unearned premium	(17,877)	(266,962)
Net earned premium	10,632,938	10,113,014
Re-insurance commission	1,520,811	1,172,557
Net income	12,153,749	11,285,571
Insurance claims and loss adjustment expenses	(8,009,674)	(8,992,228)
Insurance claims and loss adjustment expenses from re-insurers	2,153,584	3,126,253
Net claims incurred	(5,856,090)	(5,865,975)
Net insurance benefits	6,297,659	5,419,596
Net investment income	1,157,377	1,379,660
Other income	24,149	103,237
	7,479,185	6,902,493
EXPENSES		
Expenses for acquisition of insurance contracts	(1,764,933)	(1,670,895)
Management expenses	(3,146,490)	(3,161,246)
Total expenses	(4,911,423)	(4,832,141)
Profit before income tax expense	2,567,762	2,070,352
Income tax expense	(746,489)	(667,534)
Profit for the year	1,821,273	1,402,818
Other comprehensive income		
Change in fair value of Investments in equity instruments	203,662	252,862
Total comprehensive income for the year	2,024,935	1,655,680

SUMMARY STATEMENT OF FINANCIAL POSITION

	2019 K'000	2018 K'000
ASSETS		
Non-current assets		
Motor vehicles and equipment	188,387	203,680
Intangible assets	227,776	274,491
Right of use assets	182,923	-
Deferred tax assets	21,901	-
Other investments and loans receivable	1,455,622	515,500
Total non-current assets	2,076,609	993,671
Current assets		
Other investments and loans receivable	325,816	255,444
Equity shares in listed companies	1,703,560	1,531,898
Treasury bills	378,102	4,064,844
Insurance contracts receivables	8,743,034	9,116,244
Other receivables	349,654	601,796
Deferred acquisition costs	1,218,119	1,184,863
Due from related parties	69,223	-
Cash and cash equivalents	9,299,715	4,953,041
Total current assets	22,087,223	21,708,130
Total assets	24,163,832	22,701,801
EQUITY AND LIABILITIES		
Equity		
Share capital	9,000	9,000
Share premium	1,195,618	1,195,618
Equity investment revaluation reserve	1,369,812	1,166,150
Retained earnings	5,136,887	4,365,614
Total equity	7,711,317	6,736,382
Liabilities		
Non current liabilities		
Lease liability	141,371	-
Deferred tax liabilities	-	6,230
Current liabilities		
Insurance contract outstanding claims	6,696,099	6,587,400
Unearned premium provision	6,090,591	5,924,312
Reinsurance contracts payables	1,901,586	1,926,701
Lease liability	64,212	-
Deferred acquisition revenue	530,046	500,366
Other payables	669,316	874,840
Due to related parties	334,033	37,547
Income tax payable	25,261	108,023
Total current liabilities	16,311,144	15,959,189
Total equity and liabilities	24,163,832	22,701,801

SUMMARY STATEMENT OF CHANGES IN EQUITY

	2019 K'000	2018 K'000
At the beginning of the year	6,736,382	6,674,572
IFRS 9 Transitional adjustment	-	(93,870)
As at the beginning of the year restated	6,736,382	6,580,702
Profit for the year	1,821,273	1,402,818
Other comprehensive Income	203,662	252,862
Dividend paid	(1,050,000)	(1,500,000)
At the end of the year	7,711,317	6,736,382

SUMMARY STATEMENT OF CASH FLOWS

	2019 K'000	2018 K'000
Cash flows from operating activities		
Cash generated from operations	2,381,066	2,533,454
Income taxes paid	(544,452)	(874,902)
Net cash from operating activities	1,836,614	1,658,552
Cash flows from investing activities		
Proceeds from disposal of furniture and equipment	359	12,625
Interest and dividend received	1,212,360	1,431,658
Additions to equipment & Intangible assets	(55,484)	(110,997)
Maturities of short term investments	2,460,298	218,210
Net cash from investing activities	3,617,533	1,551,496
Cash flows from financing activities		
Repayment of lease liabilities	(79,707)	-
Dividend paid	(1,050,000)	(1,500,000)
	(1,129,707)	(1,500,000)
Net increase in cash and cash equivalents	4,324,440	1,710,048
Cash and cash equivalents at 1 January	4,953,041	3,223,533
Effects of exchange fluctuations on cash held	22,234	19,460
Cash and cash equivalents at 31 December	9,299,715	4,953,041
Increase in net working capital	1,114,000	364,131

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 25th March 2020.

BUSINESS OVERVIEW

The Board of NICO General is pleased with the continued support the company is receiving from its esteemed customers which has seen premium and profit growth in the year.

The business environment in 2019 was stable with inflation closing at 11.5% as at 31 December 2019 compared to prior year 9.9% as at 31 December 2018.

PERFORMANCE

The company registered a growth of 7% in gross written premium from K17.22 billion in 2018 to K18.35 billion in 2019 and net written premiums grew by 3%, from K10.38 billion in 2018 to K10.65 billion in 2019. The company reported a satisfactory growth in underwriting result of 136% in 2019, despite the subdued economic environment mainly coming from lower business activity. The adverse weather conditions coming from cyclone idai in 2019 negatively affected the results as the company picked a number of large claims.

Investment portfolio did not perform as expected as it was impacted by reduced interest rates on the money market.

The company has posted a profit before tax of K2.57 billion which was 24% above K2.07 billion in 2018.

The company's claims paying ability rating by GCR was upgraded from AA- to AA in 2019 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 player.

CHALLENGES

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

COVID 19 RESPONSE

In the midst of uncertainties arising out of the current Covid 19 pandemic which the country and the world is experiencing, the company is committed to ensure customers and stakeholders are well informed of any developments, and practical needs that may arise and any changes and disruptions in expected service. The company has currently implemented measures as stipulated in various guidelines issued by the authorities including social distancing to address and minimise the impact of the pandemic. The company will continue to ensure customer needs are met and will drive service excellency through other available delivery channels like digital.

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 service our esteemed customers better in 2020 and beyond. The company will drive its customer offering through clear engagement, innovation and work professionally. The company will also leverage on its partnerships with key market players and stakeholders both local and foreign to exploit any opportunities. The company will ensure there is good governance and integrity in all areas of the business.

BY ORDER OF THE BOARD

Vizenge M. Kumwenda
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 2019, 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, 2019.

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 2020. 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 of 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
24 April 2020