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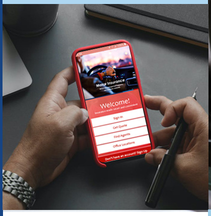
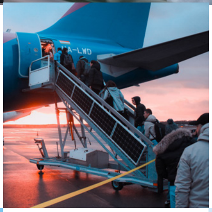
# ANNUAL REPORT AND FINANCIAL STATEMENTS 2020





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SIC INSURANCE PLC

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# TRAVEL.

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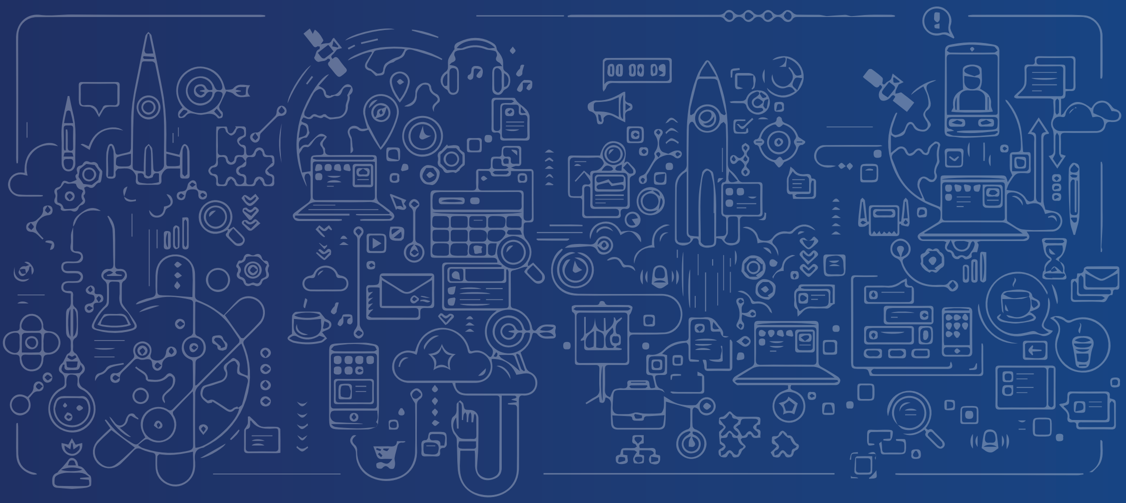

SIC INSURANCE PLC

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

# Contents

7 Notice of Annual General Meeting
8 Board Resolutions
10 Directors, Officials, and Registered Office
13 Board of Directors'
19 Board Chairman's Report
22 Corporate Governance Statement
27 Managing Director's Report
33 Management Team
35 Directors' Report
38 Financial Highlights

Photo by Yaw Pare Photography

39 Actuarial Opinion

40 Report on the Audit of the Consolidated and Separate Financial Statements

44 Responsibilities of the Directors for the Consolidated and Separate Financial Statements

47 Consolidated and Separate Statement of Financial Position as at 31 December 2020

49 Consolidated and Separate of Profit or Loss and other Comprehensive Income

51 Consolidated Statement of Changes in Equity

55 Consolidated Statement of Cash Flow

57 Notes to the Consolidated and Separate Financial Statements

107 Proxy Form

Photo by August de Richelieu from Pexels

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of SIC Insurance PLC will be held virtually and streamed live on **www.sicinsuranceagm.com** from the Head Office of SIC Insurance PLC, Nyemitei House on the 14th December, 2021 at 10:00 a.m. to transact the following business:

## AGENDA

### ORDINARY RESOLUTIONS

1. To receive and consider the Accounts of the Company for the year ended 31st December 2020 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year ended 31st December 2020
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect Director(s) and/or re-elect retiring Directors.
5. To approve Directors' remuneration.

Dated this 19th day of November, 2021

By Order of the Board

LYDIA HLOMADOR (MRS.)
COMPANY SECRETARY

# **Board** Resolutions

The Board of Directors will be proposing the following resolutions at the Annual General Meeting:

1. **To receive 2020 Accounts**

   The Board shall propose the acceptance of the 2020 Accounts as the true and fair view of the Affairs of the Company for the year ended 31st December, 2020.

2. **To declare dividend for the year ended 2020**

   The Directors recommend the payment of a dividend of GHS0.0153 per share and totaling GHS3,000,000.00 for the year ended 31st December 2020.

3. **To Authorise the Directors to fix the Remuneration of the Auditors**

   In accordance with Section 139(5) of the Companies Act, 2019, (Act 992), Messrs. Deloitte & Touche will continue in office as Auditors of the Company. The Board would request from Members their approval to fix the remuneration of the Auditors.

4. **To elect a director and re-elect retiring Directors**

   4.1 In accordance with section 172 of the Companies Act, 2019 (Act 992), Hon. John Osei Frimpong, Mrs. Christiana Sutherland and Mr. Kingsley Agyemangg are proposed for election as Directors to fill vacancies.

   4.2 By the provision of section 325 of the Companies Act, 2019 (Act 992) one-third of Directors who have been longest in office must retire at the Annual General Meeting.

   Accordingly, three Directors namely, Mr. Christian Tetteh Sottie, Mrs. Pamela Djamson-Tettey and Mr. James Appietu Ankrah will retire at the Annual General Meeting. Only Mr. Christian Tetteh Sottie and Mrs. Pamela Djamson –Tettey are proposed for re-election.

5. **To Approve Directors' Remuneration**

   To approve GH₵900,000.00 as Directors remuneration for the year to 31st December 2021 in accordance with Section 185 of the Companies Act, 2019 (Act 992) and Regulation 67 of the Regulations of the Company.

**NOTE**

i In compliance with the current restrictions on public gatherings in force pursuant to the imposition of Restrictions Act, 2020 (Act 1012) and consequent Regulatory Directives and to avoid any breach of the social distancing protocols in view of the Covid -19 pandemic, attendance and participation by all members and/or their proxies in this year's Annual General Meeting of the Company shall be strictly virtual (i.e. by online participation)

ii. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

iii. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation), the proxy appointment shall be deemed to be revoked.

iv. A copy of the Form of Proxy can be downloaded from https://www.sic-gh.com or www.sicinsuranceagm.com and may be filled and sent via email to: registrar@nthc.com.gh or deposited at the registered office of the Registrar of the Company, NTHC, MARTCO HOUSE, D542/4, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, Accra and Postal address as P. O. Box KIA 9563, Accra to arrive no later than 48 hours before the appointed time for the meeting.

v. The 2020 Audited Financial Statements can be viewed by visiting https://www.sic-gh.com or www.sicinsuranceagm.com.

## Accessing and Voting at the Virtual AGM

vi. A unique token number will be sent to shareholders by email and/or SMS from to give them access to the meeting. Shareholders who do not receive this token can contact the Registrar at registrars@nthc.com.gh or call 0593105735 any time after but before the date of the AGM to be sent the unique token.

vii. To gain access to the Virtual AGM, shareholders must visit www.sicinsuranceagm.com and input their unique token number shared with them. Access to the meeting will start from 9.00am on the day of the AGM. Shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting may vote electronically during the Virtual AGM again using their unique token numbers. Further assistance on access to the meeting and voting electronically can be found on https://www.sic-gh.com.

**For further information, please contact**

**The Registrar,**
**NTHC Limited**
**18 Gamel Abdul Naser Avenue,**
**Ringway Estate,**
**(Opposite British High Commission),**
**Accra.**

**http://www.sic-gh.com**
Read More

# Directors, Officials and Registered Office

**Board of Directors:**

| | |
|---|---|
| Dr. Jimmy Ben Heymann | Chairman |
| Mr. Stephen Oduro | Managing Director |
| Mrs. Pamela Djamson-Tettey | Non-Executive Director |
| Mr. James Appietu-Ankrah | Non-Executive Director |
| Mr. Daniel Ofori | Non-Executive Director |
| Mr. Christian Tetteh Sottie | Non-Executive Director |
| Mr. Kwabena Gyima Osei-Bonsu | Non-Executive Director |
| Mr. Nicholas Oteng | Non-Executive Director |
| Mr. Aguriba Abugri | Non-Executive Director |

**Executive Management:**

| | |
|---|---|
| Mr. Stephen Oduro | Managing Director |
| Mr. Faris Attrickie | General Manager, Technical Operations |
| Mr Kenneth Acolatse (Appointed 03/05/21) | General Manager, Finance & Administration |

**Company Secretary:**

Mrs. Lydia Hlomador

Registered Office:

Nyemitei House, 28/29 Ring Road East, Osu-Accra

Actuarists:

Stallion Consultants Limited

Auditors:

Deloitte & Touche Chartered Accountants.
The Deloitte Place, Plot No. 71, Off George Walker Bush Highway, North Dzorwulu
P. O. Box GP 453, Accra

Registrars:

NTHC Limited
18 Gamel Abdul Naser Avenue, Ringway Estate, (Opposite British High Commission), Accra.
P. O. Box KIA 9563 Airport, Accra

Bankers: - Local

ADB Bank Limited, ABSA Bank Ghana Limited (Barclays), Ecobank Ghana PLC, GCB Bank Limited, National Investment Bank Limited, SG Ghana, UMB Bank Limited, Stanbic Bank Limited, ARB Apex Bank Limited, Akuapim Rural Bank Limited

Bankers: - Foreign

Ghana International Bank PLC

## Mission

To enhance delivery and stakeholder value using cutting-edge technology and innovation to drive productivity.

## Vision

To maintain our dominance in the Insurance Industry.

## Objectives

Customers: Achieve total customer satisfaction and loyalty.

Shareholders: Maximize shareholder value.

Employees: A satisfied workforce.

Corporate Citizenship: Be a good corporate citizen.

## Core Values

At SIC we customize our products for every client. The right product for the right person at the right time.

1. Reliablity
2. Relationships
3. Integrity
4. Professionalism
5. Excellence

# Directors’ Profile

# Board of Directors

**Dr. Jimmy Ben Heymann**
Chairman

Dr. Jimmy Ben Heymann was appointed as a Director of the company on September 11, 2017 and subsequently appointed as the Chairman of the Board of Directors the same day.

He is a Medical Doctor by profession and has worked with a number of hospitals in various capacities from House Officer to Consulting Doctor. He also served the country in South Africa as the High Commissioner from 2006- 2009.

Dr. Heymann serves on the Boards of Cenpower Generation Company Limited, Governing Board of Aggrey Memorial A.M.E Zion Secondary School, Corricreche, Crimson School in Akosombo, Playsoccer Ghana (FIFA Sponsored Program), Global Railway (Gh) Ltd. and a member of the Executive Board of A.M.E Zion Church-Ghana.

He is a product of the University of Ghana Medical School, Alliance Francaise d'Accra and Adisadel College. He is a good communicator, a Marriage Counsellor, conflict resolution and career guidance expert and has working knowledge in French.

**Mr. Stephen Oduro**
Managing Director

Mr. Stephen Oduro was appointed as a Director of the company on September 11, 2017 and subsequently appointed as the Managing Director of the company on the same day.

He has over thirty (35) years of progressive experience in leading financial application systems development, project designing, installing, and implementing for banking, insurance, brokerage and healthcare industries.

Mr. Oduro has proven skills in analysis, research, communication, designing of quality assurance strategies, and negotiation. He is detailed and result-oriented with the ability to handle multiple projects simultaneously.

Prior to this appointment he was an Associate/ Senior Change Management Specialist with Brown Brothers Harriman Inc., Jersey City, USA responsible for implementing change management tools for the Quality Management Department.

He was also a Partner/ Senior Consultant with Afisys/Constech Consulting Services, Accra, where he offered Consulting services for the government of Ghana to manage the Y2K conversion.

Mr. Oduro also served as an Associate Manager at Prudential Insurance Company, Roseland, New Jersey, USA where he was responsible for designing and developing the frontend processing for several application areas.

He is a product of the Rutgers University - Graduate School of Management, Newark, New Jersey, USA with an MBA in Computer and Information Systems with Financial Application bias and the Bernard M. Baruch College, City University of New York, New York City, USA with a B.B.A., Computer Systems.

### Mr. Daniel Ofori
Non-Executive Director

Daniel Ofori is a Ghanaian business magnate, investor and philanthropist. He is best known as the founder of White Chapel Limited, a pioneer apparel retail outlet which spanned the length and breadth of Ghana.

He is one of the best known entrepreneurs and pioneers of the retail superstore revolution of the 1980s and 1990s. Daniel's passion led him to set up Advance Ventures, a structural design and real estate development company and Dano Engineering; whose products include Dano Air conditioners among others.

Daniel has since nursed Advance Venture Limited into a household name in Ghana, with residential and commercial properties across prime areas, providing retail and industrial space for leading organizations across all sectors and market segments. Daniel led both companies as Chairman and CEO until transitioning into Money & Capital Markets.

His over 20 years of experience on the Capital Markets has made Daniel the single largest shareholder on the Ghana Stock Exchange. His investment portfolio extends beyond the shores of Ghana. His portfolio includes holding in GCB Bank, Societe Generale Ghana, SIC Insurance Company, Enterprise Group Limited, Standard Chartered Bank, Republic Bank, Camelot Ghana Limited, Fan Milk Limited, Guinness Ghana Limited among others.

Daniel Ofori is noted for his adherence to value investing and for his personal frugality. His investment drive is characterized by an ethical inclination towards the shareholder collective, and an intense focus on exponential value creation. Daniel's proven entrepreneurial acumen and management tact is often said to be characterized as falling within "founder centrism" – defined by a deference to managers with a founder's mindset. Such acumen, augmented by his deepened knowledge of money and capital markets, have made him a valued expert and consultant in all fields of business. Daniel is currently the Chairman and CEO of White Chapel Holdings and also sits on the boards of a number of companies.

He occasionally lectures on entrepreneurship and value investing at various business schools and investment clubs. He is a fellow of the Ghana Chartered Institute of Administration and Management and a life patron of the body.

He has extensive training from the Ghana institute of languages, the Ghana Stock Exchange, Ghana Export Marketing Council and the Association of Certified Entrepreneurs. He is an ordained Deacon and Elder of the Ghana Baptist Convention and conferred with the title of "Evangelist Extraordinaire".

### Mr. Kwabena Gyima Osei-Bonsu
Non-Executive Director

Mr. Kwabena Gyima Osei-Bonsu is the CEO of Service Construct Ltd., a Construction, Real Estate and ATM maintenance service provider.

He was the CEO of Switchgate International Ltd., an electronic funds transfer switching platform from 2005– 2010 and the General Manager, Elimina Beach Resort from 2004-2005 and also Sales Manager of La Palm Royal Beach Hotel from 1999-2004, all under the Golden Beach Hotels umbrella.

He is the CEO of MX Corp and also the CEO of MX AMBA. He is currently an Executive Director of Cypress Energy.

He is a product of Achimota Secondary School, Presbyterian Boys Senior Secondary School, Legon, the Kwame Nkrumah University of Science and Technology, Ghana and Cornell University, Ithaca, New York, USA.

## Mrs. Pamela Djamson-Tettey
### Non-Executive Director

Mrs. Pamela Djamson-Tettey was appointed as a Director of the company on September 11, 2017.

She is an experienced Corporate Executive with over 35 years in employment. Mrs. Pamela Djamson-Tettey has over 25 years of proven track record in Senior Management, including 9 years in the mining industry, 9 years in the manufacturing sector and 5 years in the Energy Development sector.

She is currently the Director, Communication and Outreach at the Millennium Development Authority, MiDA. Her previous employment engagements include; Director, Africa Practice Ghana, Head of Corporate Affairs at Goldfields Ghana Limited (2010-2012), Executive Director and Corporate Relations Director at Guinness Ghana Breweries Limited (2001 - 2009) and Senior Investor Relations and Public Affairs Officer, Ashanti Goldfields Co. Ltd (1994 -2000), Ministry of Foreign Affairs (1991-1993) and Manpower Services U.K (1988 - 1991).

Her areas of expertise include the following: Strategic Communications, Media and Public Relations, Sustainable Development, Corporate Social Responsibility, Corporate Research, Government and Diplomatic Relations, Branding, Marketing and Investor Relations.

Mrs. Pamela Djamson-Tettey is an accredited member of the Institute of Public Relations, Ghana. She is a product of the University of Kent at Canterbury in the U.K with an MA in International Relations (1987), Post graduate Diploma in Politics (1986) and a BA (Cum Laude) from the United States International University, Bushey Herts U.K and San Diego, California, U.S.A (1982 – 1985).

## Mr. Christian Tetteh Sottie
### Non-Executive Director

Mr. Christian Tetteh Sottie is a Financial and Management Consultant, as well as a Business Development and Business Process Improvement Specialist.

He is a Public Financial Management Specialist and served as the Controller and Accountant-General of the Republic of Ghana from 2005-2009.

He is a practicing Chartered Accountant, an adviser and an Indirect Tax Specialist. Mr. Sottie served as the Technical Advisor to the Commissioner-General of the Ghana Revenue Authority from 2017 to 2019.

Currently a consultant and local representative of the Pacific institute, a consulting firm based in Seattle, Washington, USA. He has also served as Non-Executive Director of many companies in Ghana and abroad. He has also served on several Boards and is the immediate past president of the Institute of Chartered Accountants, Ghana, and the Association of Accountancy Bodies of West Africa (ABWA). He served as a Board member of the Pan Africa Federation of Accountants.

He was member of the Denominational Board of Ghana Baptist Convention, currently the honorary treasurer and a member of the Executive Committee of the Christian Council of Ghana. He was the immediate past chairman of the body of deacons of the Calvary Baptist Church, Adenta.

Currently serves on the Boards of Internal Audit Agency, Letshego Savings and Loans Company and the Independent Examination Committee of the General Legal Council.

Mr. Christian Tetteh Sottie is a product of the Osu Presbyterian Senior High Secondary School, the Accra Polytechnic and the International Institute of Tax Administration, Los Angeles, Ca, USA.

## Mr. James Appietu-Ankrah
### Non-Executive Director

Mr. James Appietu-Ankrah was appointed as a Director of the company on September 11, 2017. He has an extensive background and experience in Insurance and Risk Management.

He was an Executive Director of Dezag Insurance Brokers until June, 2017 and was the Member of Parliament for Lower West Akim Constituency from 2005-2008.

Mr. Appietu-Ankrah served for 35 years in various capacities at SIC Insurance as Head of Department (Life, Marketing, and Reinsurance), Branch Manager (Oda), Regional Manager (Koforidua) and Area Manager for the Northern Sector.

He also served as the Chairman of the Finance and Administration Sub Committee of the West Akim District Assembly.

He is a product of Adisadel College and the University of Cape Coast with an MA in Democracy, Governance, Law and Development. Mr. Appietu-Ankrah also holds a certificate in Insurance from the Chartered Insurance Institute, UK; a Diploma in Insurance & Risk Management from the West African Insurance Institute, Monrovia Liberia; and a Diploma in Sales & Marketing from the Cambridge Tutorial College, Jersey, UK.

## Mr. Nicholas Kwame Oteng
### Non-Executive Director

Mr. Nicholas Kwame Oteng is an Agricultural Economist and a retired seasoned Banker with over 35 years' experience working in various capacities with the ADB Bank, rising from a Senior Project Officer to become the Ag. General Manager, Loans & Advances.

He was appointed the Executive Secretary of the Poultry Development Board, established under the Ministry of Agriculture with a mandate to advise the Minister for Agriculture on pertinent issues affecting the Poultry Industry.

Mr. Oteng is a former Board Chairman of Adon Energy Limited, a licensed independent power producer. He has certification in AgricBusiness Management from Brazil, Small Farmer Credit Assessment and Management from USAID in Washington DC, Agricultural and Industrial Credit programming from India and Credit Assessment and Project Management from the American University Washington, DC.

He is a product of Opoku Ware Secondary School, Kwame Nkrumah University of Science and Technology with a B.Sc Honours in Agricultural Economics and the University of Ghana with a Masters in Agricultural Economics.

## Mr. Aguriba Abugri
### Non-Executive Director

Mr. Aguriba Abugri is a seasoned pharmacist and healthcare professional who is the the Chief Executive Officer of Procare Pharmacy Limited. He was the Zonal Manager of Kama Health Services in the Northern, Upper East and Upper West Regions of Ghana from 2003 to 2013. He had previously worked for the Tamale Teaching Hospital as a pharmacist.

Mr. Aguriba Abugri also served as a non-executive director for Quality Medical Centre in Bawku for eight years. He is a member of the Pharmaceutical Society of Ghana, which is the professional body of pharmacists in Ghana.

Currently, he is pursuing a Doctor of Pharmacy degree at the Kwame Nkrumah University of Science and Technology. Before that, he obtained a Bachelor's Degree in Pharmacy from the Kwame Nkrumah University of Science and Technology; and subsequently, a certificate qualification in Health Administration and Management from the renowned Ghana Institute of Management and Public Administration (GIMPA), Accra.

Mr. Aguriba Abugri loves to travel and engage in volunteer work.

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# Stronger Together.

Let's talk, we're stronger together.

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Takoradi Area Office : +233-3120-22315/22048

SIC INSURANCE PLC
055-544-1485
@ PlcSic

Dr. Jimmy
Ben Heymann

# Board Chairman’s **Statement**

# Surviving the Times Together

My distinguished Shareholders, invited Guests, Representatives of regulatory bodies here present, Directors, Ladies and Gentlemen. I welcome you to the 14th Annual General Meeting of our Company – SIC Insurance Plc. The Directors and I shall, at this meeting, present to you the Annual report and Accounts of our company for the year ended 31st December 2020 and to also consider the affairs of our company.

## The new normal operating environment

Each year brings its own set of challenges and changes and the year 2020 commenced with great expectations from the government to improve the general wellbeing of Ghanaians. The year was however characterized by significant socio-economic, health and other challenges brought on by the global Covid-19 pandemic, which forced all economies around the world into lockdowns of nonessential services, as well as border restrictions with further disruption of businesses and livelihoods that tested the limits of every country's economy and health ecosystems.

All these happened at the time when the country was beginning to realize the benefits of previous years' financial sector clean-up activities.

Globally, GDP projections showed a contraction of 4% in 2020, largely due to sharp decline in world trade volumes, commodity prices and travel restrictions around the world as a result of the coronavirus pandemic.

Ghana's economy was not spared by the adverse impact of the Covid-19 pandemic. The Government of Ghana had to deal with the challenges of swelling public debt that arose, partly due to government's need to finance unplanned Covid-19 related expenditure without adequate matching revenues.

Compared to the previous year's economic growth of 6.5%, 2020 was projected to grow by 1.8%. Inflation increased from 7.9% in early 2020 to 10.4% by December 2020. As part of measures to manage the impact of COVID-19, the Bank of Ghana maintained the Monetary Policy Rate at 14.5% throughout the year, from a reduced rate of 16% in previous year. The benchmark 91-day Treasury bill rate shed off 61 basis points to close at 14.09% at the end of 2020 from 14.7% in previous year. The local currency depreciated by 4.1% against the United States dollar, 7.1% against the British Pound and, 2.1% against the Euro, recording its best performance in recent times.

## Business Review

Despite the challenging operating environment both locally and on the global front, SIC Insurance Plc., your company, remained indisputably strong, stable and the preferred insurance company for individuals and corporates across the country. Against this background, I am delighted to report that despite all odds, the performance of your Company for the year ending December 2020 was good.

COVID-19 has had a profound impact on all our lives. Whether it is the devastating loss of lives, the crippling of some businesses and impact on livelihoods, limitations placed on social activities or the way we are working – 2020 will be remembered by future generations.

The fundamental drivers of your Company continued to perform well. We are fortunate in sense that the strategic decisions and actions taken by your Board and Management have helped the company to stay the course in these difficult and challenging times. As a Board, we continue to focus and keep risk management at the very top of all actions, activities and decisions to ensure that the company remains healthy and strong especially in these challenging times.

### Culture and Philosophy

Our risk management philosophy and culture represent our shared values, purpose and practices of how we consider risk in the Company's day-to-day operations across all levels. The Board through its Risk Committee has a program in place that anticipates risks and responds proactively. Every one of our employees is regarded as a risk manager and we all take individual and collective ownership of the Company's risk management responsibilities. This approach has steered the company away from the legacy challenge of credit guarantees that it experienced in the past. There is a general zero tolerance for infractions of laws and regulations.

We have also paid great attention to managing our reputation in order to guard against any reputational risk issues that may lead to significant drop in new businesses or non-renewals– by clients.

### Governance

Your Board, with the support of its Board Committees, exercises oversight of the Company's governance framework. The framework seeks to provide effective and responsible decision making, assisting SIC Insurance Plc in delivering on its strategy and purpose.

The Board is also guided by corporate policies and standards to encourage good and transparent governance to avoid potential conflicts of interest among all stakeholders while promoting ethical business practices. This enables your Board to keep an eye on all regulatory guidelines to ensure compliance at all times. Details of this can be found under the Corporate Governance Statement.

### Sudan Road Property

The Government of Ghana per the State Lands Instrument, 2020 E.I. 304, is in the process of compulsorily acquiring the Sudan Road Property at South Ridge, Greater Accra Region to be used as a site construction of the head office of Bank of Ghana. The Board will render accounts to shareholders when the process is complete.

### Business Results

### Gross Premium

In spite of the market challenges, your Company as a group recorded a Gross Written Premium of GH¢242,129,789.00, representing a growth of 14.4% over the 2019 figure of GH¢211,514,138.00. Details of all other ratios are carried in the Managing Director's report.

### Profit/Loss

The total effect of all other variables led to a Profit Before Tax of GH¢14,394,211.00 and Profit After Tax of GH¢7,360,088.00 for the year ending December 2020.

### Dividend

Distinguished shareholders, ladies and gentlemen, as a clear commitment by the Board of Directors of your Company to deliver returns to our shareholders, we have reviewed all statutory requirements, compliance from regulatory bodies as well as the need to ensure business sustainability and wish to announce the payment of dividend for the 2020 financial year, subject to the approval of shareholders.

The Board proposes a dividend of GHS0.0153 per share and totaling GHS3,000,000.00 for the year ended 31st December 2020.

## Outlook

While there will be much to consider in the coming year as businesses and economies recover from the impact and effects of COVID-19 pandemic, the focus of your Board of Directors will be to continue the work we have been doing over the past couple of years to improve and simplify the operations of SIC Insurance Plc., particularly through digital and technological innovation.

The Board will also pay close attention to sustainability and business growth strategies in the constantly changing landscape in which we operate. We shall focus on strategies which will lead to improved financial performance and success.

The global effort to vaccinate the world's population against the various variants of the deadly coronavirus to help mitigate the effect and curb transmission will help the return to normalcy for businesses and livelihood as our products and services are largely dependent on these. We are optimistic that your Company will show resilience as it has done, in the past and as a Directors, we shall continue to protect what matters, adapt to the changing environment, engage with stakeholders and prepare for the future.

## Conclusion

On behalf of the Board, I would like to take this opportunity to acknowledge the enormous contribution of the Company's entire leadership team, guided by the Board and all employees, who have worked tirelessly to ensure that our customers and other stakeholders are better served.

I would also like to appreciate my fellow Directors, who have stayed the course through some challenging times and helped build a Company with a strong focus on governance, accountability, improved culture and enhanced customer outcomes.

I say thank you to all our shareholders who have been supportive and loyal to the company. Thank you for your continuous confidence in us. We shall definitely survive the times together.

Finally, and most importantly on behalf of the Board, I give all the glory and thanks to Almighty God who has been our Pillar of support, Helper in Guide in difficult time.

Once again, I say a big thank you and assure you that with your continued support, our company will continue to grow and stay ahead of the pack.

As health is wealth, please take responsibility, stay safe, stay well and observe all recommended Covid-19 safety protocols.

**Dr. Jimmy Ben Heymann**

# Corporate Governance Statement

## The Board of Directors

The Company's regulations has a maximum number of 12 Directors. However, the Board of Directors, (the "Board") has maintained a membership of nine including the Managing Director for the past 23 years. The Board's composition is as follows:

- 4 representatives of the Majority Shareholder (Government of Ghana)
- 1 representative of the largest institutional shareholder, (Social Security and National Insurance Trust, SSNIT)
- 1 representative of minority shareholders
- 3 independent Directors.

By the provision of section 325 of the Companies Act, 2019 (Act 992) one-third of Directors who have been longest in office, excluding the Managing Director must retire at Annual General Meetings.

During the period under review, the Board met quarterly and as and when the exigencies so required to consider issues of performance, finances. human resources, legal, risks as well as executive matters. The Board and its Committees met Twenty-one (21) times in 2020 to consider material issues.

The prerogative of establishing and constituting Board Committees lies with the Board. The Board is also clothed with authority for the appointment and removal of the Executive as well as the approval of significant transactions. The Managing Director is mandated by the Board to take responsibility for operational decision making and management of the Company on daily basis.

## Board Committees

Board Committees are accountable to the Board. Decisions of the said committees are only recommendations for Board approval. In cases of emergencies, decisions of the Board Committees are implemented in consultation with the Chairman of the Board for ratification at a subsequent Board meeting. The Chairman of the Board is not a Member of any of the Board Committees. Each Board Committee is established with set out terms of reference as follows:

### Executive. Human Resource & Legal Committee (EHLC)

The 5 member EHLC including the Managing Director was maintained. There were no additions to the under listed principal purposes of the EHLC:

- Exercise oversight for remuneration issues.
- Review the remuneration package, assessment and promotion of senior management annually and make recommendations to the Board.
- Review Board remuneration annually and make recommendations to the Board.
- Consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions in the industry
- Legal and regulatory provisions - in its decision making, the Committee shall give due regard to any relevant legal or regulatory requirements, and associated guidance, as well as to the risk and risk

management implications of its decisions.

- Review periodically, reports on staff issues, which may include but shall not be limited to major employee relations issues.

The Executive, Human Resource and Legal Committee has the authority of the Board of Directors to investigate any activity within its principal duties outlined above. It also has authority to seek any information it requires from any employee, past and present, and such employee is required to co-operate with any request made by the Committee.

The Executive, Human Resource and Legal Committee has the authority of the Board of Directors to obtain outside legal or other independent professional advice and if it considers it necessary to secure the attendance of outsiders with relevant experience and expertise.

### Audit & Finance Committee

The constitution of the Audit & Finance Committee remained 4 excluding the Managing Director. Quarterly and some emergency meetings were held to discuss various financial issues. The Head of Finance & Accounts and Internal Auditor of the Company are required to attend meetings of the Committee. The latter is in attendance when audit matters are on the agenda.

The Principal duties and responsibilities of the Audit & Finance Committee remain the following:

- To monitor the maintenance of proper accounting records and the reliability of financial information used within SIC's business.
- To provide reasonable assurance of the safeguarding of assets against unauthorized use or disposition.
- To authorize, direct and review the programme of the Internal Auditor, to receive reports from the Internal Auditor, consider the major findings of those reports and monitor follow-up actions of management.
- To keep accounting policies of the Company under review and make recommendations to the Board to renew or amend such policies.
- Monitor compliance with the relevant legal and regulatory framework.
- Presentation of audit reports to Board members at Board meetings.
- To discuss any problems or reservations arising from the interim or final audits and any matters the external auditor may wish to discuss.
- Responsible for reviewing the manner in which management ensures and monitors the nature, extent and effectiveness of SIC's accounting, financial and risk management control systems through the ongoing review of the appropriateness of scope, efficiency and effectiveness of internal control systems.
- Hold discussions with the External Auditor before their audit commences on the nature and scope of the audit.
- Recommend levels of remuneration of non-executive directors for approval by the Board and ultimately the shareholder.
- Undertake annual reviews of executive emoluments;
- Review and recommend to the Board, Executive and staff bonus and long-term incentive plans.

Additionally, the Committee has the authority of the Board to investigate any activity within its principal duties outlined above. It also has authority to seek any information it requires from any employee, past and present, and such employee is required to co-operate with any request made by the Committee.

The Committee can also seek external legal or other independent professional advice and if it considers it necessary to secure the attendance of outsiders with relevant experience and expertise.

## Technical Operations Committee

The membership of the Committee stands at five (5) including the Managing Director. The General Manager of Operations is required to attend meetings of the Committee. Quarterly meetings are held to consider issues relating to the core business activities of the Company.

The principal duties and responsibilities of the Technical Operations Committee remained unchanged. They are:

- Formulate policy on technical operations for the attention of the Board of Directors.
- Monitor the performance of the Marketing and Technical Departments.
- Ensure that all expenditure relating to technical matters is within the approved budgetary limits.
- Ensure that the appropriate infrastructure and equipment is available for to the various departments to assist in the achievement of the goals and targets.
- Monitor compliance with the relevant legal and regulatory framework.
- Discuss any problems or reservations arising from any relevant reports and any matters the relevant supervising authority may wish to discuss.

The Technical Operations Committee is mandated to investigate any activity within its principal duties outlined above. It also has authority to seek any information it requires from any employee, past and present, and such employee is required to co-operate with any request made by the Committee.

The Committee has the authority of the Board of Directors to obtain outside legal or other independent professional advice when it deems fit. Where necessary to secure the attendance of outsiders with relevant experience and expertise the Committee can do so.

## Board Risk Committee

The Board Risk Committee is made up of four (4) Directors including the Managing Director. Specialists or other individuals, e.g. Internal and External Auditors may be invited to attend a meeting for a specific item(s) or to make a presentation as and when deemed necessary. A representation of Management's Risk Advisory Committee are also in attendance.

The principal duties of the Board Risk Committee are as follows:

### Risk

- Develop strategic goals which set the context for risk management and control activities throughout SIC.
- Review the Company's risk appetite and future risk strategy, and make recommendations on risk appetite to the Board.
- Determine SIC's tolerance of risk, i.e. what level of exposure and types of risks are acceptable.
- Review the design, completeness and effectiveness of the risk management framework relative to SIC's activities.
- Review the effectiveness or risk reporting (including timeliness and risk events).
- Set internal control policies based on SIC's risk profile and risk appetite, its ability to manage risks identified and the cost/ benefit of related controls.
- Set Standards of conduct and probity to guide staff decision making and behaviours.
- Monitor the management of significant risks to SIC's business objectives and satisfying itself that less significant risks are also being actively managed.

- Ensure that the system of internal control is effective in managing risks in accordance with its policies and implementing any necessary enhancements.
- Recommend the appointment of dismissal of the Chief Risk Officer (ie. Head of ERM Unit) to the Board and evaluate his/her performance.

## Regulation

- Review significant breaches, or potential breaches of regulations and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed.
- Review material or prospective legal actions involving the Company, and whether any lessons learned from them about risks and controls are being applied.
- Review and assess the appropriateness of the Company's procedures for handling, in confidence, concerns raised by staff, or others, regarding possible improprieties in financial reporting, or any other matters (whistle blowing).
- Review the adequacy and quality of the Company's Compliance function.

## Executive Committee (ExCo)

The Managing Director with his delegated authority from the Board for operational matters and the running of the Company on a daily basis manages through the Executive Committee or ExCo which comprised of the Managing Director and his two Deputies. The position of the Deputies being vacant, the General Manager of Operations and the Head of Finance & Accounts complimented the efforts of the Managing Director.

## Management Committee (MC)

The main purpose of the MC is to support ExCo in discharging its responsibilities. The MC comprises the following:

- Managing Director
- General Manager, Operations
- General Manager, Finance & Admin
- Head Legal/Company Secretary
- Head Risk Management
- Head Human Resources
- Head Audit
- Accra Area Manager
- Tema Area Manager
- Head Estates
- Head Marketing
- Head Corporate Affairs
- Head Information Systems Department
- Special Assistant to the Managing Director

The MC currently meets 2 times a month or more frequently as required to ensure that the Company's operations, financial and general management are aligned with the Board approved policies and risk appetite. The under listed MC sub-Committees have been set up to manage operations:

Risk Advisory Committee (RAC)
Security Committee
Procurement Committee
Investment Committee
Claim Settlement Committee
Standing Joint Negotiation Committee
Salvage & Asset Disposal Committee

Stephen
Kwame Oduro

# Managing Director's Report

It is my pleasure to welcome you all to the 14th Annual General Meeting. At the beginning of year 2020, global economy had just recorded its 10th straight uninterrupted growth. The general expectation was for this trend to continue for years ahead but within two months into the year, the novel corona virus that was first discovered in China in December 2019 had shattered this expectation and brought about the steepest global recession in generations.

## Operating Environment

By the end of the first quarter of the year, the president of Ghana announced a partial lockdown in Accra, Tema and Kumasi due to the devastating impact of COVID-19 and the urgent intervention to stop its spread. The lockdown, however, lasted for three weeks and was lifted on 19 April following the overweight of economic meltdown on businesses, livelihoods and the nation as a whole.

Though the country received financial support of USA $1 billion and donations from other organizations, philanthropists and partners to cushion the impact of the pandemic, the economic effects of the partial lockdown were much greater than could be contained by the nation.

On the insurance front, social distancing led to minimal in-person interaction with customers, which disrupted sales of insurance policies and services especially. Insurance policyholders were unable to pay full premiums for their covers and this saw a lot of policies lapsing. Generally, there was heightened uncertainty and anxiety and lack of clarity about what the long-term impact of the virus would be.

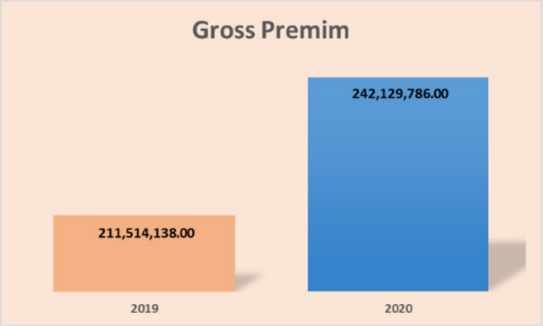
In response to the above challenges, there was the need to quickly switch to the use of digital means of communication with customers and allow some trusted individual and corporate entities to partially pay for equivalent partial cover and also plan to win over policyholders after the pandemic or when things have eased down.

2020 also witnessed the introduction of the Motor Insurance Database by the National Insurance Commission with the aim of introducing a fair playing field for all players by minimizing the unfortunate incidence of underpricing or undercutting of motor premiums

The National Insurance Commission also reviewed the implementation of the new minimum capital for insurance companies from GH₵15m to GH₵50m by June 2021 to January 1, 2022 due to the impact of the novel coronavirus.

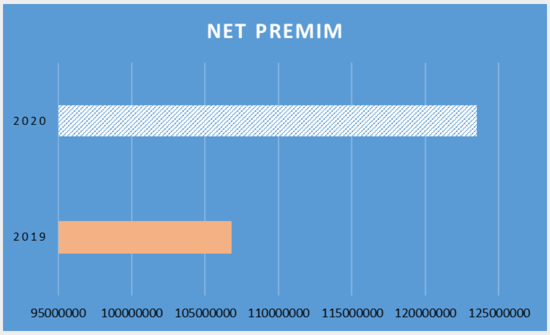
The new insurance Act which aims at deepening insurance penetration and provides new guidelines for the industry had gone through several stages and was about receiving Presidential assent.

## Business Performance



### Gross Written Premium

The company's gross premium written during the year increased from GH¢211,514,138.00 in 2019 to GH¢242,129,789.00 in 2020 representing a growth of 14.4%.



### Net Premium

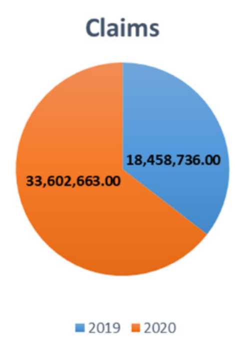
Net premium increased from GH¢106,736,120,00 in 2019 to GH¢123,517,617.00 in 2020 showing a growth of 15.7%.

### Net Commissions

Net Commissions declined by 28% from GH¢2,293,762.00 in 2019 to GH¢1,636,663.00 in 2020.

### Claims

Claims net of recoveries went up by 54.9% from GH¢18,458,736.00 in 2019 to GH¢33,602,663.00 in 2020.



### Management Expense

The company's Management Expense ratio went down by 2.3% to record GH¢98,020,365.00 in 2020 against a figure of GH¢100,279,521.00 in 2019. Management is working assiduously at the cost control measures put in place to improve this ratio to appreciable levels.

### Other Income

We closed the year with an improved position on other income compared to the previous year. In 2020, the company recorded an amount of GH¢19,232,890.00 against the previous year's figure of GH¢14,314,401.00

### Profit/Loss

The bottom line effect of the above analysis resulted in a Profit after tax of GH¢7,360,088.00 in 2020 as against GH¢9,320,371.00 in 2019.

### Business Line Contribution

### Fire

This year again, our Fire portfolio retained its first place position as contributing the most to our gross premium mobilized. The segment recorded GH¢98,902,682.00 as against the 2019 figure of GH¢67,153,670.00. Thus, showing a growth of 11.8% over the previous year and a 40.8% contribution to the over all premium mobilized.

### Motor

Motor was the second highest contributor to the overall. The segment recorded an amount of GH¢

85,443,441.00 in 2020 against GH¢67,153,670.00 in 2019 representing a growth of 21.4% and a 35.2% contribution to the overall revenue.

### Accident

This class of business contributed an amount of GH¢46,230,131.00 representing 19% of Gross Premium. There was a 4% improvement over the previous year's contribution of GH¢44,389,912.00

### Marine and Aviation

Our Marine and Aviation segment contributed a total amount of GH¢11,553,532.00 representing 4.7% of the 2020 Gross Premium Income against an amount of GH¢12,415,191.00 in 2019. This is mainly due to resultant challenges of COVID-19.

### Business Continuity during Lockdown

Management in the early stages of the outbreak of COVID-19 anticipated the need for a business continuity plan should the worse happen. Not long after approving the plan, there came the need to activate same when the lock down in Accra, Tema and greater Kumasi was announced by the President in March 2020.

Working from home and online, the virtual team that was set up during the lockdown raked in premium in excess of GH¢4m.

### Innovations and New Products

During the year under review, we revitalized our home insurance offering and launched the SIC HomePlus policy. The newly enhanced Home insurance package includes cover for critical illness like stroke, heart attack, kidney failure among others. This is aimed at giving additional or added benefits to loyal patrons of our home insurance offers.

Additionally, a lot of work has been done through our digitization program to ensure that our product offerings to businesses and individuals continue to provide secured and convenient options, especially during these challenging times.

### Corporate Social Investments

As a business with over five decades' legacy, we have stayed relevant in the industry and among communities through some of the key community and social interventions we have embarked on which continue to affect positive change in communities and livelihoods.

With a strong focus on health, education, sports and community development, SIC Insurance Plc. is committed to contributing to these selected social agenda in communities. Significantly during the year under review the following were carried out in this regard:

- Donation of personal protective equipment (PPE) to support the Ghana COVID-19 Private Sector Fund programme.
- Collaborated with other corporate entities to support the Kwame Nkrumah University of Science and Technology KONSOL Programme where SIC Insurance donated one hundred laptops to support needy but brilliant University students to aid their studies online.
- Supported the Chartered Insurance Institute of Ghana
- Supported the Insurance Brokers Association of Ghana
- Supported the Sunyani Technical University Computer Laboratory project
- Supported the Asogli Education Fund
- Supported the Otumfuo Education Fund

### Our People

Our employees remain our most valued resource. From early March, when the lockdown was announced we activated employee work-at-home arrangements, split teams and introduced greater distance between those employees performing essential functions in the office. We made heavy investments into the provision of PPEs for on

-premise staff and customers to ensure safety at all time. All these were part of the business continuity programme we had in place.

By late April our employees had adapted to the various working scenarios that kept the company afloat during the most difficult times of the outbreak of the pandemic.

We have put in place multiple controls to minimize the risk of exposure to COVID-19 in the workplace. These include thermal screening; physical distancing; enhanced cleaning protocols; and robust incident notification, response and management processes.

I take this opportunity to congratulate all employees and would like to thank them for their hard work and positive response to the directions of the Board and Management. It is because of them that we continue to be optimistic and excited about achieving more in future.

## Looking Ahead

We remain determined to ensure that our sustainability project is on course. We are working hard to leverage all the investment we are pushing into our digitization program. We will focus on developing wining partnerships and improve alternative distribution channels to deepen our reach.

We have articulated our goals clearly to all teams and with the support of the Board of Directors, we are poised for the opportunities ahead of us.

On behalf of Management, I thank the Board for their immense support to the agenda. I also want to thank our partners; our valued Clients, Brokers, Agents, and Reinsurers who have been very supportive during a turbulent fiscal year. As always, we are especially grateful to you.

We are optimistic that your company will continue on its path of healthy and sustained profitability growth as demonstrated by the commitment of staff in supporting and driving our growth.

May God bless us all. Thank you all.

**Stephen Kwame Oduro**

## Do you have any Insurance Needs, Claims, Complains, Enquiries?

# ASK US

# OWURA

# AWURA

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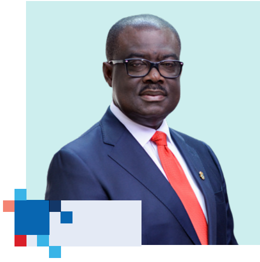
Kumasi Area Office : +233-3220-23341-2/25610
Tema Area Office : +233-3033-202263/206535
Takoradi Area Office : +233-3120-22315/22048

SIC INSURANCE PLC
055-544-1485
@ PlcSic

# Management **Team**


Stephen Oduro
Managing Director


Faris Elias Attrickie
General Manager, Operations


Kenneth Acolatse
General Manager, Finance & Admin

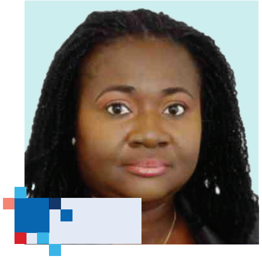

Lydia Hlomador
Head, Legal/Company Secretary


Joseph Boakye-Asante
Special Assistant to the Managing Director


Eugene Amewuda
Head, Accounts


Frank Nimako Boateng
Head, Risk


Patience Opoku
Head, Human Resource


Benedicta Baaba Anokye
Head, Sales & Marketing


Nana Yaw Mantey
Head, Corporate Affairs


George Annam
Head, Information Systems


Kwabena Minta Ntim
Area Manager, Accra


Cynthia Kwarteng Tufour
Area Manager, Tema


Kwabena Asare Dormetey
Head, Estates & Mortgages


Charles Odartey Mills
Head, Reinsurance


Samuel Ampofo
Head, Internal Audit

# Report of the **Directors**

The Directors have the pleasure in presenting their annual report together with the audited consolidated and separate financial statements of the group for the year ended 31 December 2020.

## 1. Principal activities

The principal activities of the company and the subsidiary are:

### SIC Insurance PLC

i. To undertake non-life insurance business

### SIC Financial Services Limited

ii. To undertake the provision of investment advisory, asset and fund management, financial consultancy and brokerage services.

## 2. Results for the year

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **GH¢** | GH¢ |
| The balance brought forward on retained earnings account at 1 January was | **35,742,906** | 31,456,419 |
| **To which must be added:** | | |
| Profit for the year after charging all expenses, depreciation and taxation of | **14,550,707** | 11,110,243 |
| | **50,293,613** | 42,566,662 |
| From which is made an appropriation to contingency reserve of | **(1,472,018)** | (6,345,424) |
| | **48,821,595** | 36,221,238 |
| Write off of reserves in subsidiary | **-** | 43,058 |
| Non-Controlling Interest | **(2,157,185)** | (521,390) |
| Leaving a balance to be carried forward on retained earnings account of | **46,664,410** | 35,742,906 |

## 3. Nature of business

There was no change in the nature of the business of the group during the year.

## 4. Dividend

The Directors propose a dividend of GH¢ 0.0153 per share for the year ended 31 December 2020.

## 5. Going concern

The financial statements have been prepared on the going concern basis with the group expected to continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

## 6. Interest of Directors

Below are the interest of the Directors as at the 31 December 2020:

| Name of Directors | Qualifications | Other Engagements | Position |
|---|---|---|---|
| 1.Dr. Jimmy Ben Heymann | MBCLB – Univ. Ghana Medical School | i. Cenpower Generation Co. Ltd.<br>ii. Cenpower Holding<br>iii. Play Soccer Ghana (FIFA Affiliate)<br>iv. Aggrey Mem. AME Zion SHS<br>v. AME Zion Church | i. Director<br>ii. Director<br>iii. Director<br>iv. Chairman (Governing Board)<br>v. Member (Executive Board |
| 2.Mr. Kwabena Osei-Bonsu | BA (Law & Sociology) – KNUST.<br>Cert. of Marketing – Cornell University | i. Aker Deep Water Ghana | i. Board Member |
| 3.Mrs. Pamela Djamson-Tettey | BA International Relations – USA (Cum Laude)<br>Post Graduate Diploma – Politics & Foreign Policy<br>MA International Relations | i. Millennium Development Authority (MiDA) | i. Director, Communications & Outreach |
| 4.Mr. Christian Tetteh Sottie | Chartered Accountant – Ghana.<br>Post Graduate Cert. in Tax –<br>Ghana | i. Internal Audit Agency – Audit Firm<br>ii. Letshego Savings and Loans Company<br>iii. Shalom Broadcasting Network | i. Board Member<br>ii. Director<br>iii. Director |
| 5.Mr. James Appietu-Ankrah | MA (Democracy, Law and Development)<br>Diploma in Sales & Marketing<br>CII Diploma in Insurance & Risk Management. | i. JAAP Ventures (Hiring of Chairs & Canopies)<br>ii. JAAP Farms (Mix crop farming, cocoa& palm)<br>iii. KEK Reinsurance Brokers (Africa) Ltd | i. Managing Director<br>ii. Managing Director<br>iii. Director |
| 6.Mr. Nicholas Oteng | BSC Agric. Economics -KNUST<br>MSC. Agric. Economics<br>Certificate in financing of Agri-business | i. Prime Strategy Ltd. Ghana | i. Director |

Report of the Director's Cont'd

| Name of Directors | Qualifications | Other Engagements | Position |
|---|---|---|---|
| 7.Mr. Stephen Oduro | BBA (Computer Systems) – USA<br>MBA (Computer & Info System with Finance – USA<br>Graduate School of Management- Newark, NJ. | i. SIC Life Co. Ltd.<br>ii. SIC Fin. Services Ltd<br>iii. Accra City Hotel<br>iv. Ghana Tourism Dev. Corp. | i. Director<br>ii. Director<br>iii. Director<br>iv. Director |
| 8.Mr. Daniel Ofori | Fellow, Chartered Inst. of Admin. & Mgt. – Ghana<br>Cert. Ghana Inst. of Languages<br>Certification from Ghana Stock Exchange and Ghana Export Mktg. | i. White Chapel Holdings<br>ii. Ghana Baptist Convention | i. Managing Director<br>ii. Deacon |
| 9. Mr. Aguriba Abugri | Bachelor of Pharmacy- KNUST | i. Procare Pharmacy, Tamale | i. Executive Director |

## 7. Capacity building for directors

In the year under review, no training was organised as the Company was still coming to terms with the COVID-19 Pandemic.

## 8. Corporate social responsibility

An amount of **GH¢ 219,239** was spent on fulfilling the corporate social responsibility of the company (2019: GH¢ 689,038)

Sponsorship activities for 2020 covered the following areas:

1. Health
2. Education
3. Sports

## 9. Major transactions

During the year under review, no major transactions were entered into by SIC Insurance PLC.

## 10. Auditors and audit fees

In accordance with section 139 (5) of the Companies Act, 2019 (Act 992), the auditors, Messrs. Deloitte & Touche will continue as the auditors of the Company.

The audit fee payable to the auditors is GH¢ 397,989 (2019: GH¢330,000).

## 11. Approval of financial statements

The financial statements were approved by the Board of Directors on 13th September, 2021.

**On behalf of the Board of Directors**

**Board Chairman**

**13th September, 2021**

**Managing Director**

**13th September, 2021**

## Financial Highlights

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Gross premium | **242,129,786** | 211,514,138 | **242,129,786** | 211,514,138 |
| **Net premium earned** | **115,520,739** | 107,354,822 | **115,520,739** | 107,354,822 |
| Claims incurred | **(33,602,663)** | (18,458,736) | **(33,602,663)** | (18,458,736) |
| **Underwriting loss** | **(13,314,525)** | (11,259,656) | **(14,466,128)** | (9,089,674) |
| Profit before tax | **28,306,441** | 15,908,290 | **14,394,211** | 13,961,633 |
| **Profit after tax** | **14,550,707** | 11,110,243 | **7,360,088** | 9,320,371 |
| **Shareholders' funds** | **277,764,618** | 253,330,219 | **284,201,155** | 269,909,150 |
| **Total assets** | **566,857,895** | 550,950,034 | **546,436,878** | 537,120,365 |
| **Number of shares issued and fully paid for** | **195,645,000** | 195,645,000 | **195,645,000** | 195,645,000 |
| Earnings per share (GH¢) | **0.0744** | 0.0568 | **0.0376** | 0.0476 |
| Net assets per share (GH¢) | **1.38** | 1.2948 | **1.4156** | 1.3796 |
| Current ratio | **1.0416** | 0.9299 | **1.0191** | 1.0064 |
| Return on shareholders' funds | **5%** | 4% | **3%** | 3% |

The Companies Act, 2019 (Act 992) requires the Directors to prepare the consolidated and separate financial statements for each financial year which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the consolidated profit and loss and other comprehensive income for that year.

The Directors believe that in preparing the and separate financial statements, they used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements, estimates, and that all international accounting standards, which they consider to be appropriate, were followed.

The Directors are responsible for ensuring that the group keeps accounting records that disclose reasonable accuracy of the consolidated financial position of the group to enable the Directors ensure that the consolidated and separate financial statements comply with the Companies Act, 2019 (Act 992) and Insurance Act, 2006 (Act 724) and the International Financial Reporting Standards (IFRS).

# Actuarial Opinion

We have done an actuarial valuation to determine the technical liabilities for SIC Insurance PLC as at 31 December 2020.

### *Basis of Opinion*

In our opinion, for the purposes of determining the statutory technical liabilities for the financial statement of SIC Insurance PLC for the year ending December 31, 2020, the assumptions are in aggregate the Appointed Actuary's best estimates and the methods employed are relevant to the economic environment in Ghana. This report has been prepared, and our opinions have been given, in accordance with Internationally Accepted Actuarial Practice.

This actuarial opinion covers the period from 1 January2020 to 31 December 2020.

### *Opinion*

We hereby certify that, in our opinion, as at 31 December 2020;

- Stallion Consultants Limited was appointed by SIC Insurance PLC to perform an actuarial valuation as at 31 December 2020 for the purpose of determining the information required for the annual financial statements of SIC Insurance PLC for the year ending 31 December 2020;
- The Company intends to use the results contained in the report in preparing its annual financial statements and we are not aware of any reason why this would not be appropriate;
- The assumptions established for the actuarial valuation are the Appointed Actuary's best estimates. The valuation report includes all products in the company's portfolio and we are not aware of any other significant matters or events that have occurred prior to the date of this report that would have a material effect on the figures shown herein;
- This actuarial opinion covers the actuarial investigation performed on SIC Insurance PLC;
- The effective date of our valuation of the Company is 31 December 2020; the next actuarial valuation should be performed with effective date not later than 31 December 2021.

Charles Osei – Akoto, ASA, MAAA
Executive Chairman: Stallion Consultants Limited

# Independent Auditor's Report to the Shareholders of SIC Insurance PLC

## Report on the Audit of the Consolidated and Separate Financial Statements

### Qualified Opinion

We have audited the consolidated and separate financial statements of SIC Insurance PLC and its subsidiaries (the "Group" and the "Company"), set out on pages *18* to *85*, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph of our report, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of SIC Insurance PLC as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724).

### Basis for Qualified Opinion

### Impaired investments – SIC Financial Services Limited GH¢454.196 million

The financial statements of the subsidiary, SIC Financial Services Limited, are materially misstated as the subsidiary did not make a provision for impaired investments as required by International Financial Reporting Standard, IFRS 9: Financial Instruments. The effect on the consolidated financial statements would have resulted in a decrease in total assets by GH¢454.196 million and net income would have decreased by same amount. There is no effect on the separate financial statements.

### Pending legal cases against the subsidiary

The financial statements of the subsidiary, SIC Financial Services Limited, are materially misstated as the subsidiary did not make a provision in accordance with International Financial Reporting Standard, IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Some clients of the subsidiary have not been able to access their investment upon demand, consequently legal actions have been brought against the subsidiary to recover the matured investment. In accordance with IAS 37 (14), a provision shall be recognized when: an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The effect on the consolidated financial statements would have been an increase in total liabilities by GH¢24.20 million and net income decrease by same amount. There is no effect on the separate financial statements.

### Accounting for associate

As explained in note 29 to the financial statements, SIC Insurance PLC owns 20% interest in SIC Life Company Limited (an associate). SIC Life Company Limited has 100% shareholding in SIC Life Savings and Loans Limited. SIC Insurance PLC accounts for its investment in SIC Life Company Limited, the associate, using the equity method.

SIC Insurance PLC in accounting for its share in SIC Life Company Limited, used the separate financial information of SIC Life Company Limited, excluding the financial information of its subsidiary, which is not in compliance with IAS 28. In accordance with IAS 28 (27) when an associate has a subsidiary the net income and net assets taken into account in applying the equity method are those recognized in the associate's financial statements, including the associate's share of the net income and net assets of its subsidiary. Consequently, we were unable to determine whether any adjustments were necessary in the consolidated and separate financial statements

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **The methodology and assumptions used in setting Incurred but not Reported (IBNR) claims reserve (Separate)** | |
| Insurance reserves include the company's insurance liabilities, a provision for Incurred But Not Reported (IBNR) claims, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period as detailed in notes 3(s) and 20. The determination of the value of the Incurred But Not Reported (IBNR) claims reserves requires significant judgment in the selection of key assumptions and methodologies.<br>Management exercise significant judgement in respect of the appropriate methodology in estimating the claims and other technical reserves. Where possible the company adopts multiple techniques to estimate the required level of provisions. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and extent of development of each accident year. | We evaluated and tested the design and implementation of the key controls over the estimation of future claim payments. In performing the tests of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence, and authority of person(s) performing the control, as well as frequency and consistency with which the control is performed.<br>We challenged management's key assumptions over estimation of future claim payments by performing the following:<br>a. We obtained the actuarial report and agreed the recorded IBNR to the recorded balance.<br>b. We performed procedures to test the completeness and accuracy of the claims and premium data used in the determination of the IBNR. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The disclosures relating to claims IBNR are included in notes 3(s) and 20 to these financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved | c. We worked with the Deloitte Actuarial & Insurance Solutions Specialist to ascertain the basis of loss ratios and challenged management on the appropriateness or otherwise of the ratios used in the expected loss ratio method. We evaluated the appropriateness of the loss ratios used.<br>d. We further confirmed whether data used in determining IBNR is sufficient and appropriate in terms of sufficiency and precision.<br>We also worked with the Deloitte Actuarial & Insurance Solutions Specialist to perform the following:<br>a. Evaluate the appropriateness and suitability of the methodologies used by the management expert i.e. Bornhuetter - Ferguson ("BF") method , Loss Ratio ("LR") method and Case Reserve Plus method.<br>b. Evaluate the appropriateness and reasonability of underlying assumptions and adjustments made in determining the claims IBNR<br>c. Perform a re-computation of the claims IBNR using the claims data and gross premiums data and agree results to amounts determined by the management expert.<br>We carried out procedures to test the competence, capabilities, and objectivity of the management's expert.<br>Based on the procedures described above, we did not identify any material misstatements relating to the IBNR estimate. |
| **Impairment of Financial Asset (Group)** | |
| Significant judgement is required by the directors in assessing the impairment of financial assets in compliance with IFRS 9, which requires a loss allowance for Expected Credit Loss (ECL) to be measured at the reporting date for those financial assets subject to impairment accounting.<br>The Group's credit exposures and respective impairment, where applicable, as at 31 December were as follows: | In evaluating the impairment of financial assets, we reviewed and tested the data used in the ECL calculations prepared by the directors, with a particular focus on the probability of default (PD), loss given default (LGD) and discount rate. We performed various procedures, including the following:<br>• Testing the key controls relating to the preparation of the impairment model including the competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <br> | - Evaluated whether the impairment model used to measure the amount of the ECL for specific accounts and portfolio impairments complies with the requirements of IFRS 9.<br>- Testing of assumptions, inputs and formulas into the ECL model against historical performance and in comparison, to forward looking information using the projected GDP growth rate and the directors' strategic plans for the Group.<br>- Validating that the discount rates used in discounting the estimated future cash flows meet the effective interest rates requirement of IFRS 9.<br>- Evaluating the Directors staging of financial assets in the ECL model and test facilities to ensure they have been included in the right stage. |

| Exposures assessed for expected credit loss under IFRS 9 | Gross balance | Impairment |
|---|---|---|
| | GH¢ | GH¢ |
| Fee receivables | 9,907,495 | 693,521 |
| Available for sale financial assets | 231,838 | 48,226 |
| Cash and cash equivalents | 17,444,576 | 379,349 |
| Clients' investments | 541,126,409 | 453,994,717 |

The Group reviews its financial assets for impairment at the end of each reporting period. There are significant judgments made in the following areas in applying IFRS 9 - Financial Instruments.

These include:

- Determining the staging of financial assets of the Group which includes establishing groups of similar financial assets
- Determining criteria for significant increase in credit risk.

## Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Financial Highlights, the Statement of Directors' Responsibilities and the Actuarial Opinion, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and/ or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

2. In our opinion:

    - proper books of accounts have been kept by the Group, so far as appears from our examination of those books.

    - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:

        a. statement of financial position of the Group at the end of the financial year, and

        b. statement of profit or loss and other comprehensive income for the financial year.

    - the group accounts have been properly prepared in accordance with the Companies Act, 2019 (Act 992), to give a true and fair view of the state of affairs and the profit or loss of the company and its subsidiaries.

3. The Group's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. The group account has been properly prepared in accordance with the Companies Act, 2019 (Act 992), to give a

true and fair view of the state of affairs, and the profit or loss of the company and its subsidiaries.

5. We are independent of the group, pursuant to Section 143 of the Companies Act, 2019 (Act 992).

In accordance with section 78(1) (a) of the Insurance Act, 2006 (Act 724), the company has generally kept accounting records that are sufficient to explain its transactions and financial position with respect to its insurance businesses and any other business that it carries on. The company has generally complied with the provisions of the Act 724.

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel Martey (ICAG/P/1476).**

**For and on behalf of Deloitte & Touche (ICAG/F/2021/129)**

Deloitte & Touche

**Chartered Accountants**
**The Deloitte Place, Plot No.71**
**Off George Walker Bush Highway**
**Accra - Ghana**
**17th September, 2021**

# Consolidated and Separate Statement of Financial Position as at 31 December 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Assets** | **Note** | **2020**<br>**GH¢** | 2019<br>GH¢ | **2020**<br>**GH¢** | 2019<br>GH¢ |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 22 | **87,124,239** | 93,389,072 | **86,778,879** | 92,825,952 |
| Intangible assets | 23 | **585,301** | 712,775 | **124,966** | 189,444 |
| Investment properties | 24 | **99,390,367** | 99,390,644 | **99,390,367** | 99,390,644 |
| Right of use assets | 25 | **4,120,527** | - | **2,955,101** | - |
| Long term investments | 27 | **115,344,963** | 123,021,885 | **115,126,643** | 122,649,587 |
| Investment in subsidiary | 28 | - | - | **12,878,526** | 5,878,526 |
| Investment in associate | 29 | **27,527,694** | 22,463,126 | **27,527,694** | 22,463,126 |
| | | **334,093,091** | 338,977,502 | **344,782,176** | 343,397,279 |
| **Current assets** | | | | | |
| Short term investments | 30 | **102,052,248** | 80,176,692 | **80,471,510** | 71,163,499 |
| Receivables | 31 | **51,526,428** | 46,586,099 | **42,089,062** | 37,412,405 |
| Inventories | 32 | **1,560,955** | 2,248,545 | **1,560,955** | 2,248,545 |
| Unearned reinsurance premium | 5b | **48,897,860** | 52,883,589 | **48,897,860** | 52,883,589 |
| Cash and bank balances | 33a | **28,727,313** | 30,077,607 | **28,635,315** | 30,015,048 |
| **Total current assets** | | **232,764,804** | 211,972,532 | **201,654,702** | 193,723,086 |
| **Total assets** | | **566,857,895** | 550,950,034 | **546,436,878** | 537,120,365 |
| **Equity and liabilities** | | | | | |
| **Equity** | | | | | |
| Stated capital | 34 | **25,000,000** | 25,000,000 | **25,000,000** | 25,000,000 |
| Revaluation reserve | 35 | **78,021,294** | 78,021,294 | **78,021,294** | 78,021,294 |
| Retained earnings | | **46,664,410** | 35,742,906 | **62,829,318** | 56,941,248 |
| Contingency reserve | 36 | **37,337,786** | 35,865,768 | **37,337,786** | 35,865,768 |
| Available-for-sale reserves | 37 | **77,109,381** | 70,394,386 | **81,502,321** | 74,739,100 |
| Other reserves | 40b | **(489,564)** | (658,260) | **(489,564)** | (658,260) |
| Non-controlling interest | | **14,121,310** | 8,964,125 | **-** | - |
| **Shareholders' funds** | | **277,764,617** | 253,330,219 | **284,201,155** | 269,909,150 |
| **Non-current liabilities** | | | | | |
| Employee benefits obligation | 40a | **11,895,522** | 11,275,342 | **11,895,522** | 11,275,342 |
| Lease liability | 26 | **2,339,774** | - | **1,087,166** | - |
| Deferred tax | 21d | **51,393,522** | 58,386,517 | **51,386,678** | 63,437,367 |
| | | **65,628,818** | 69,661,859 | **64,369,366** | 74,712,709 |

Report of the Director's Cont'd

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Assets** | **Note** | **2020** | 2019 | **2020** | 2019 |
| | | **GH¢** | GH¢ | **GH¢** | GH¢ |
| **Current liabilities** | | | | | |
| Bank overdraft | 33b | **4,585,285** | 7,388,117 | **4,585,285** | 7,388,117 |
| Unearned premium | 5b | **94,398,862** | 90,387,713 | **94,398,863** | 90,3873,713 |
| Outstanding claims | 8a | **39,641,193** | 33,474,530 | **39,641,193** | 33,474,530 |
| Trade & other payables | 38 | **76,544,608** | 87,644,903 | **53,511,574** | 53,070,290 |
| Lease liability | 26 | **2,184,555** | - | **1,912,669** | - |
| Borrowings | 39 | **-** | 5,534,700 | **-** | 5,534,700 |
| Current tax liability | 21a | **4,586,648** | 2,125,557 | **2,738,518** | 1,690,748 |
| National stabilisation levy | 21b | **1,523,309** | 1,402,436 | **1,078,255** | 952,408 |
| **Total current liabilities** | | **223,464,460** | 227,957,956 | **197,866,357** | 192,498,506 |
| | | | | | |
| **Total liabilities** | | **289,093,278** | 297,619,815 | **262,235,723** | 267,211,215 |
| **Total equity and liabilities** | | **566,857,895** | 550,950,034 | **546,336,878** | 537,120,365 |

**Board Chairman**

**Dr. Jimmy Ben Heymann**

**13th September, 2021**

**Managing Director**

**Mr. Stephen Kwame Oduro**

**13th September, 2021**

# Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income for the year Ending 31 December 2020

The accompanying notes on pages 47 to 105 form an integral part of these financial statements

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2020**<br>**GH¢** | 2019<br>GH¢ | **2020**<br>**GH¢** | 2019<br>GH¢ |
| Gross written premium | 6 | **242,129,786** | 211,514,138 | **242,129,786** | 211,514,138 |
| Less: Reinsurances ceded | 7 | **(118,612,169)** | (104,778,018) | **(118,612,169)** | (104,778,018) |
| **Net written premium** | | **123,517,617** | 106,736,120 | **123,517,617** | 106,736,120 |
| Movement in unearned Premium | 5b | **(7,996,878)** | 618,702 | **(7,996,878)** | 618,702 |
| **Net premium earned** | | **115,520,739** | 107,354,822 | **115,520,739** | 107,354,822 |
| Claims incurred | 8a | **(33,602,663)** | (18,458,736) | **(33,602,663)** | (18,458,736) |
| Brokerage and advisory fees | 9 | **9,917,646** | 6,690,681 | **-** | - |
| Net commissions | 10 | **1,636,161** | 2,293,761 | **1,636,161** | 2,293,761 |
| Management expenses | 11 | **(106,786,408)** | (109,140,184) | **(98,020,365)** | (100,279,521) |
| **Underwriting loss** | | **(13,314,525)** | (11,259,656) | **(14,466,128)** | (9,089,674) |
| Investment income | 12 | **13,065,688** | 13,559,097 | **11,482,414** | 12,237,326 |
| Other income | 13 | **31,128,108** | 17,616,477 | **19,232,890** | 14,314,401 |
| Finance costs | 14 | **(1,938,047)** | (3,500,420) | **(1,854,965)** | (3,500,420) |
| Impairment loss | 15 | **(634,783)** | (507,208) | **-** | - |
| **Profit before tax** | | **28,306,441** | 15,908,290 | **14,394,211** | 13,961,633 |
| Taxation | 21(c) | **(13,036,023)** | (4,099,965) | **(6,314,412)** | (3,943,180) |
| National stabilisation levy | 21(b) | **(719,711)** | (698,082) | **(719,711)** | (698,082) |
| **Profit after tax** | | **14,550,707** | 11,110,243 | **7,360,088** | 9,320,371 |
| **Other Comprehensive Income** | | | | | |
| Net change in fair value of available for sale financial assets | 37 | **(7,571,170)** | (2,303,579) | **(7,522,944)** | (2,251,676) |
| Deferred tax | 37 | **14,286,165** | - | **14,286,165** | - |
| Actuarial loss on employee benefits | | **168,696** | (658,260) | **168,696** | (658,260) |
| **Total comprehensive income** | | **21,434,398** | 8,148,404 | **14,292,005** | 6,410,435 |

| | | | | | |
|---|---|---|---|---|---|
| **Basic and diluted earnings per share** | 16 | **0.0744** | 0.0568 | **0.0376** | 0.0476 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2020**<br>**GH¢** | 2019<br>GH¢ | **2020**<br>**GH¢** | 2019<br>GH¢ |
| **Profit attributable to:** | | | | | |
| Equity holders of the parent | | **12,393,522** | 10,588,853 | **7,360,088** | 9,320,371 |
| Non-Controlling Interest | | **2,157,185** | 521,390 | **-** | - |
| | | **14,550,707** | 11,110,243 | **7,360,088** | 9,320,371 |
| **Total comprehensive income attributable to** | | | | | |
| Equity holders of the parent | | **19,277,213** | 7,627,014 | **14,292,005** | 6,410,435 |
| Non-Controlling Interest | | **2,157,185** | 521,390 | **-** | - |
| | | **21,434,398** | 8,148,404 | **14,292,005** | 6,410,435 |

The accompanying notes on pages 47 to 105 form an integral part of these financial statements

# Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2020

## Group

| 2020 | Stated capital | Retained earnings | Contingency reserves | Revaluation reserve | Available-for-sale reserve | Other reserves | Non-controlling interest | Total |
|---|---:|---:|---:|---:|---:|---:|---:|---:|
| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
| Bal at 1 January 2020 | 25,000,000 | 35,742,906 | 35,865,768 | 78,021,294 | 70,394,386 | (658,260) | 8,964,125 | 253,330,219 |
| Profit for the year | - | 14,550,707 | - | - | - | - | - | 14,550,707 |
| | 25,000,000 | 50,293,613 | 35,865,768 | 78,021,294 | 70,394,386 | (658,260) | 8,964,125 | 267,880,926 |
| | | | | | | | | |
| **Other comprehensive income** | | | | | | | | |
| Net gain on available-for-sale investment | - | - | - | - | (7,571,170) | - | - | (7,571,170) |
| Deferred tax charged to available for sale reserves | - | - | - | - | 14,286,165 | | | 14,286,165 |
| Actuarial movement in employee benefit | - | - | - | - | - | 168,696 | - | 168,696 |
| **Total comprehensive income** | - | - | - | - | 6,714,995 | 168,696 | - | 6,883,691 |
| | | | | | | | | |
| Transfer (from)/to reserve | - | (1,472,018) | 1,472,018 | - | | | - | - |
| Deferred tax adjustment | - | - | - | - | - | - | - | - |
| Non-controlling interest | - | (2,157,185) | - | - | - | - | 5,157,185 | 3,000,000 |
| **Bal at 31 December 2020** | **25,000,000** | **46,664,410** | **37,337,786** | **78,021,294** | **77,109,381** | **(489,564)** | **14,121,310** | **277,764,617** |

## Group

| **2019** | **Stated capital** | **Retained earnings** | **Contingency reserve** | **Revaluation reserve** | **Available-for-sale reserve** | **Other reserves** | **Non-controlling interest** | **Total** |
|---|---|---|---|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
| Bal at 1 January 2019 | 25,000,000 | 31,456,419 | 29,520,344 | 78,026,677 | 103,351,710 | - | 8,442,735 | 275,797,885 |
| Profit for the year | - | 11,110,243 | - | - | - | - | - | 11,110,243 |
| | 25,000,000 | 42,566,662 | 29,520,344 | 78,026,677 | 103,351,710 | - | 8,442,735 | 286,807,128 |
| **Other comprehensive income** | | | | | | | | |
| Net gain on available-for-sale investment | - | - | - | - | (2,303,579) | - | - | (2,303,579) |
| Actuarial movement in employee benefit | - | - | - | - | - | (658,260) | - | (658,260) |
| **Total comprehensive income** | - | - | - | - | - | (658,260) | - | (2,961,839) |
| Transfer (from)/to reserve | - | (6,345,424) | 6,345,424 | - | - | - | - | - |
| Deferred tax adjustment | - | - | - | (5,383) | (30,610,687) | - | - | (30,616,070) |
| Non-controlling interest | - | (521,390) | - | - | - | - | 521,390 | - |
| Write off of reserves in subsidiary | - | 43,058 | - | - | (43,058) | - | - | - |
| **Bal at 31 December 2019** | **25,000,000** | **35,742,906** | **35,865,768** | **78,021,294** | **70,394,386** | **(658,260)** | **8,964,125** | **253,330,219** |

## Report of the Director's Cont'd

## Company

| 2020 | Stated capital | Retained earnings | Contingency reserve | Revaluation reserve | Available-for-sale reserve | Other reserve | Total |
|---|---|---|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | | GH¢ |
| Bal at 1 January 2020 | 25,000,000 | 56,941,248 | 35,865,768 | 78,021,294 | 74,739,100 | (658,260) | 269,909,150 |
| Profit for the year | - | 7,360,088 | - | - | - | - | 7,360,088 |
| | 25,000,000 | 64,301,336 | 35,865,768 | 78,021,294 | 74,739,100 | (658,260) | 277,269,238 |
| **Other comprehensive income** | | | | | | | |
| Net gain on available -for-sale investment | - | - | - | - | (7,522,944) | - | (7,522,944) |
| Deferred tax charged to available for sale reserves | - | - | - | - | 14,286,165 | - | 14,286,165 |
| Actuarial movement in employee benefit | - | - | - | - | - | 168,696 | 168,696 |
| **Total comprehensive income** | - | - | - | - | 6,763,221 | 168,696 | 6,931,917 |
| Transfer (from)/to reserve | - | (1,472,018) | 1,472,018 | - | - | - | - |
| **Bal at 31 December 2020** | **25,000,000** | **62,829,318** | **37,337,786** | **78,021,294** | **81,502,321** | **(489,564)** | **284,201,155** |

## Company

| 2019 | Stated capital | Retained earnings | Contingency reserve | Revaluation reserve | Available-for-sale reserve | Other reserve | Total |
|---|---|---|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | | GH¢ |
| Bal at 1 January 2019 | 25,000,000 | 53,966,301 | 29,520,344 | 78,026,677 | 107,601,463 | - | 294,114,785 |
| Profit for the year | - | 9,320,371 | - | - | - | - | 9,320,371 |
| | 25,000,000 | 63,286,672 | 29,520,344 | 78,026,677 | 107,601,463 | - | 303,435,156 |
| **Other comprehensive income** | | | | | | | |
| Net gain on available -for-sale investment | - | - | - | - | (2,251,676) | - | (2,251,676) |
| Actuarial movement in employee benefit | - | - | - | - | - | (658,260) | (658,260) |
| **Total comprehensive income** | - | - | - | - | (2,251,676) | (658,260) | (2,909,936) |
| Transfer (from)/to reserve | - | (6,345,424) | 6,345,424 | - | - | - | - |
| Deferred tax adjustment | - | - | - | (5,383) | (30,610,687) | - | (30,616,070) |
| **Bal at 31 December 2019** | 25,000,000 | 56,941,248 | 35,865,768 | 78,021,294 | 74,739,100 | (658,260) | 269,909,150 |

The accompanying notes on pages 47 to 105 form an integral part of these financial statements

# Consolidated and Separate Statement of Cash Flows For the year ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| **Operating activities** | | | | |
| Operating profit | **28,306,441** | 15,908,290 | **14,394,211** | 13,961,633 |
| **Adjustment to reconcile profit before tax to net cash flows:** | | | | |
| Depreciation | **7,347,591** | 7,258,992 | **7,081,576** | 6,988,409 |
| Amortisation of intangible assets | **171,580** | 79,349 | **64,478** | 64,479 |
| Lease amortisation | **1,993,290** | - | **1,701,934** | - |
| Profit on disposal of property, plant & equipment | **(107,460)** | (20,217) | **(107,460)** | (20,217) |
| Share of associate profit | **(5,064,568)** | (2,325,843) | **(5,064,568)** | (2,325,843) |
| Interest received | **(11,484,080)** | (12,637,014) | **(9,907,003)** | (11,315,243) |
| Dividend received | **(1,581,608)** | (922,083) | **(1,575,411)** | (922,083) |
| Adjustment in PPE, Intangible & investment properties | **435,777** | - | **1,797** | - |
| Actuarial loss on employee benefit | **168,696** | (658,260) | **168,696** | (658,260) |
| **Working capital adjustments:** | | | | |
| Change in provision for unearned premium | **4,011,150** | 20,729,116 | **4,011,150** | 20,729,116 |
| Change in receivables | **(4,940,329)** | 33,318,055 | **(4,676,657)** | 13,373,919 |
| Change in inventories | **687,590** | (519,008) | **687,590** | (519,008) |
| Change in trade & other payables | **(11,100,295)** | (3,113,822) | **441,284** | 18,950,358 |
| Change in provision for claims | **6,166,663** | (12,187,359) | **6,166,663** | (12,187,359) |
| Change in employee benefits | **620,180** | 1,468,397 | **620,180** | 1,468,397 |
| Change in unearned reinsurance premium | **3,985,729** | (21,347,819) | **3,985,729** | (21,347,819) |
| Tax paid | **(3,281,761)** | (2,706,658) | **(3,031,166)** | (2,195,215) |
| National stabilisation levy paid | **(598,838)** | (3,099,246) | **(593,864)** | (3,087,398) |
| **Net cash generated from operating activities** | **15,735,748** | 19,224,871 | **14,369,159** | 20,957,867 |

# Consolidated and Separate Statement of Cash Flows For the year ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| **Investing activities** | | | | |
| Acquisition of property, plant and equipment | **(1,556,615)** | (878,997) | **(1,036,023)** | (838,280) |
| Acquisition of intangible assets | **-** | (7,000) | **-** | - |
| Addition to right of use assets | **(6,113,817)** | - | **(4,657,035)** | - |
| Proceeds from sale of property, plant and equipment | **107,460** | 22,022 | **107,460** | 22,022 |
| Investment in subsidiary | **-** | - | **(7,000,000)** | - |
| Receipt/capital injection from NCI | **3,000,000** | - | **-** | - |
| Liquidation of capital | **100,000** | - | **-** | - |
| Addition to investment properties | **-** | (93,201) | **-** | (93,201) |
| Dividend received | **1,581,608** | 922,083 | **1,575,411** | 922,083 |
| Interest received | **11,484,081** | 12,637,014 | **9,907,003** | 11,315,243 |
| **Net cash generated from /(used in) investing activities** | **8,602,717** | 12,601,921 | **(1,103,184)** | 11,327,867 |
| | | | | |
| **Financing activities** | | | | |
| Movement in borrowings | **(5,534,700)** | (16,480,300) | **(5,534,700)** | (16,480,300) |
| Increase in lease liability | **4,524,329** | | **2,999,835** | |
| **Net cash used in financing activities** | **(1,010,371)** | (16,480,300) | **(2,534,865)** | (16,480,300) |
| | | | | |
| Changes in cash and cash equivalents | **23,328,094** | 15,346,491 | **10,731,110** | 15,805,434 |
| Cash at 1 January | **102,866,182** | 87,519,691 | **93,790,430** | 77,984,996 |
| **Cash at 31 December** | **126,194276** | 102,866,182 | **104,521,540** | 93,790,430 |
| | | | | |
| **Analysis of changes in cash and cash equivalents** | | | | |
| Cash and bank | **28,727,313** | 30,077,607 | **28,635,315** | 30,015,048 |
| Bank overdraft | **(4,585,285)** | (7,388,117) | **(4,585,285)** | (7,388,117) |
| Short term investments | **102,052,248** | 80,176,692 | **80,471,510** | 71,163,499 |
| | **126,194,276** | 102,866,182 | **104,521,540** | 93,790,430 |

The accompanying notes on pages 47 to 105 form an integral part of these financial statements

# Notes to the consolidated and separate financial statements For the year ended 31 December 2020

## 1. Reporting entity

SIC Insurance PLC underwrites non-life insurance risks. The group also issues a diversified portfolio of investment services to provide its customers with asset management solutions for their savings and retirement needs as well as undertaking brokerage services. The group is a limited liability group incorporated and domiciled in Ghana, with its registered office at Nyemitei House 28/29, Ring Road East Osu-Accra. SIC Insurance PLC has a primary listing on the Ghana Stock Exchange.

## 2. Basis of preparation

### a) Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards, as adopted by the International Accounting Standards Board and applicable legislation.

The following accounting standards, interpretations and amendments to published accounting standards that impact on the operations of the group were adopted:

**IFRS 4** Insurance contracts;
**IFRS 7** Financial Instruments: Disclosures;
**IFRS 15** Revenue
**IFRS 16** Leases
**IAS 1**(*Revised*), Presentation of financial statements (added disclosures about an entity's capital and other disclosures);
**IAS 14** Segment reporting;
**IAS 16** Property, plant and equipment;
**IAS 19** (*Amendment*), Employee benefits;
**IAS 21** (*Amendment*), The effects of changes in foreign exchange rates;
**IAS 24** (*Amendment*), Related party disclosures;
**IAS 32** (*Amendment*), Financial instruments: disclosure and presentation;
**IAS 36** Impairment of assets;
**IAS 37** Provisions, contingent liabilities and contingent assets;
**IAS 38** Intangible assets;
**IAS 39** (*Amendment*), Financial instruments: recognition and measurement; and
**IAS 40** Investment properties.

### b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, which are measured at fair value. Financial assets are held at fair value through profit and loss, investment property is measured at fair value, retirement benefit obligations and other long term employee benefits are measured at net present value, financial assets and liabilities are initially recognised at fair value.

### c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the group:

### (a) Consolidation

### i) Subsidiaries:

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

### ii) Associates:

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

### (b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

### (c) Foreign currency translation

### i) Functional and presentation currency:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in cedis, which is the group's presentation currency.

### ii) Transactions and balances:

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 recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

### iii) Exchange differences

The results and financial position of the group's functional currency which is not different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

### (d) Property, plant and equipment

Land and buildings comprise mainly outlets and offices occupied by the group. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' funds. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the statement of comprehensive income.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

| Other machinery & equipment | **20%** | **Per annum** |
|---|---|---|
| Capital work in progress | **Nil** | " |
| Freehold buildings | **1%** | " |
| Computers | **25%** | " |

Leasehold land & buildings are amortised over the life of the lease

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

### (e) Investment properties

Property held for rental purposes and capital appreciation is classified as investment property. Such property is not owner occupied.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the statement of comprehensive income.

Property located on land that is held under operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment.

However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

### (f) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

### *(i) Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for

any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

### *(ii) Debt instruments classified as at FVTOCI*

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost.

All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

### *(iii) Equity instruments designated as at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

### *(iv) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses'.

## (g) Impairment of assets

### i). Financial assets carried at amortised cost:

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to management's attention about the following event

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(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 group, including:

- Adverse changes in the payment status of issuers or debtors in the group; or

- National or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as 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. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient approach, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

### ii). Financial assets carried at fair value:

The group assesses at each statement of financial position date whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### iii).Impairment of other non-financial assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### (h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### (j) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

### (k) Insurance and investment contracts – classification

The group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

### (l) Insurance contracts

### i). Recognition and measurement:

Insurance contracts are classified into categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

### ii). Non-life insurance contracts:

These contracts are casualty, property and personal accident insurance contracts.

Casualty insurance contracts protect the group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Personal accident insurance contracts mainly compensate the policy holder for bodily injuries suffered. It can be extended to family members and employees of the insured.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third party properties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the statement of financial position date event if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

### iii).Liability adequacy test:

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2020. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims.

### iv). Reinsurance contracts held:

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts which are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) 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 consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the group for the related claim, the difference is amortised over the estimated remaining settlement period.

### v). Receivables and payables related to insurance contracts:

Receivables and payables are recognised 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 group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the statement of comprehensive income.

### vi). Salvage and subrogation reimbursements:

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (i.e., salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

### (m) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

### (n) Employee benefits

#### i). Pension obligations:

The group operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### ii). Other post-employment obligations:

The group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The cost is expensed in the statement of comprehensive income when incurred.

#### iii). Termination benefits:

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

### (o) Provisions

#### i). Restructuring costs and legal claims:

Provisions for restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### (p) Revenue recognition

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the group. Revenue is recognised as follows:

#### i). Premiums

Written premiums for non-life insurance business comprise the premiums on contracts incepting in the financial year. Written premiums are stated gross of commissions payable to intermediaries. Unearned premiums are those proportions of the premium which relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on the basis of the number of days beyond the statement of financial position date.

#### ii). Investment income:

Investment income consists primarily of dividends, interest receivable and realised gains and losses.

#### iii). Fee, commission and other income:

Fee, commission and other income consists primarily of reinsurance and profit commissions, asset management fees, policy-holder administration fees and other contract fees.

#### iv). Interest income:

Interest income for financial assets that are not classified as fair value through profit or loss is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at

the original effective interest rate of the instrument and continues unwinding the discount as interest income.

#### v). Dividend income:

Dividend income for available-for-sale equities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

#### vi). Rental income:

Rental income is recognised on an accrual basis.

### (q) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The amount expected to be payable by the lessee under residual value guarantees.

The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts.

The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17

Because of this change, the Company has reclassified certain of its sub-lease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses has been recognised on the finance lease receivables.

For tax purposes the Company receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Company.

Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Company has opted to include interest paid as part of financing activities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities

### (r) Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by shareholders.

### (s) Critical accounting estimates and judgments in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### i). *The ultimate liability arising from claims made under insurance contracts:*

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the group will ultimately pay for such claims.

#### ii). *Impairment of available-for-sale equity financial assets:*

The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is

significant or prolonged requires judgment. In making this judgment, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

### (t) Management of insurance and financial risk

The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

#### i). *Insurance risk:*

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

#### ii). *Sources of uncertainty in the estimation of future claim payments:*

Claims on casualty contracts are payable when the insured event occurs. The group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and larger variables 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 they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers).

Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The group takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the statement of financial position date. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid the group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

### iii) *Financial risk*

The group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts.

The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the group primarily faces due to the nature of its investments and liabilities is interest rate risk.

### a) Interest rate risk:

Interest-rate risk is the only financial risk that has a materially different impact across the assets and liabilities categorised in the group's assets and liabilities management (ALM) framework.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date.

A 5% increase or decrease is used when reporting interest rate risk internally, it represents management's assessment of the reasonably possible change in interest rates.

| | 5% change in | 31-Dec-20 | Scenario 1 | Scenario 2 |
|---|---|---|---|---|
| | Interest rate | Amount | 5% increase | 5% decrease |
| | GH¢ | GH¢ | GH¢ | GH¢ |
| Pre-tax profit | 1,415,322 | 28,306,441 | 29,721,763 | 26,891,119 |
| Shareholders' equity | 13,888,231 | 277,764,618 | 291,652,849 | 263,876,387 |

| | 5% change in | 31-Dec-19 | Scenario 1 | Scenario 2 |
|---|---|---|---|---|
| | Interest rate | Amount | 5% increase | 5% decrease |
| | GH¢ | GH¢ | GH¢ | GH¢ |
| Pre-tax profit | 795,415 | 15,908,290 | 16,703,705 | 15,112,876 |
| Shareholders' equity | 12,666,511 | 253,330,219 | 265,996,730 | 240,663,708 |

Assuming no management actions, a series of such rises would increase pre-tax profit for 2020 by GH¢ 1,415,322 (2019: GH¢795,415), while a series of such falls would decrease pre-tax profit for 2020 by GH**¢** 1,415,322 (2019: GH¢795,415). Also a series of such rises would increase the shareholders' equity by GH**¢** 13,888,231 (2019: GH¢12,666,511) whilst a series of such falls would decrease shareholders' equity by GH¢ 13,888,231 (2019: GH¢ 12,666,511).

### b) Credit risk:

The group has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Key areas where the group is exposed to credit risk are:

- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid,

The group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and business lines are approved by the Board of Directors.

### Maximum exposure to credit risk before collateral held

The Group's maximum exposure to credit risk at 31 December 2020 and 2019 is the same as the balances of the various financial assets in the statement of financial position listed below.

| | **2020**<br>**GH¢** | 2019<br>GH¢ |
|---|---:|---:|
| Short term investments | **102,052,248** | 80,176,692 |
| Trade and other receivables | **51,526,428** | 46,586,099 |
| Unearned reinsurance premium | **48,897,860** | 52,883,589 |
| Cash and bank balances | **28,727,313** | 30,077,607 |
| | **231,203,849** | 209,723,987 |

### c) Liquidity risk:

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meets its liabilities when due. Please refer to note 19 for the details of the insurance liabilities which may have an impact on the liquidity risk.

The table below presents the cash flows payable by the group under financial liabilities by remaining contractual maturities at the balance sheet date.

### Maturity analysis of financial assets and liabilities

| **2020** | Carrying amount GH¢ | Up to one year GH¢ | More than one year GH¢ | **Total GH¢** |
|---|---:|---:|---:|---:|
| **Financial assets** | | | | |
| Short term investments | **102,052,248** | **102,052,248** | **-** | **102,052,248** |
| Other receivables, | **51,526,428** | **51,526,428** | **-** | **51,526,428** |
| Unearned reinsurance premium | **48,897,860** | **48,897,860** | **-** | **48,897,860** |
| Cash and bank balances | **28,727,313** | **28,727,313** | **-** | **28,727,313** |
| Total undiscounted assets | **231,203,849** | **231,203,849** | **-** | **231,203,849** |

| **2020** | Carrying amount GH¢ | Up to one year GH¢ | More than one year GH¢ | **Total GH¢** |
|---|---|---|---|---|
| **Financial liability** | | | | |
| Bank overdraft | **4,585,285** | **4,585,285** | **-** | **4,585,285** |
| Insurance contract liabilities | **134,040,056** | **134,040,056** | **-** | **134,040,056** |
| Trade and other payable | **76,544,608** | **76,544,608** | **-** | **76,544,608** |
| Lease liability | **2,184,555** | **2,184,555** | **-** | **2,184,555** |
| **Total undiscounted liabilities** | **217,354,504** | **217,354,504** | **-** | **217,354,504** |
| **Total liquidity gap** | **(13,849,345)** | **(13,849,345)** | **-** | **(13,849,345)** |

| **2019** | Carrying amount GH¢ | Up to one year GH¢ | More than one year GH¢ | **Total GH¢** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Short term investments | 80,176,692 | 80,176,692 | - | 80,176,692 |
| Other receivables | 46,586,099 | 46,586,099 | - | 46,586,099 |
| Unearned reinsurance premium | 52,883,589 | 52,883,589 | - | 52,883,589 |
| Cash and bank balances | 30,077,607 | 30,077,607 | - | 30,077,607 |
| Total undiscounted assets | 209,723,987 | 209,723,987 | - | 209,723,987 |
| **Financial liability** | | | | |
| Bank overdraft | 7,388,117 | 7,388,117 | - | 7,388,117 |
| Insurance contract liabilities | 123,862,243 | 123,862,243 | - | 123,862,243 |
| Trade and other payable | 87,644,903 | 87,644,903 | - | 87,644,903 |
| Borrowings | 5,534,700 | 5,534,700 | - | 5,534,700 |
| **Total undiscounted liabilities** | 224,429,963 | 224,429,963 | - | 224,429,963 |
| **Total liquidity gap** | (14,705,976) | (14,705,976) | - | (14,705,976) |

### d) Currency risk

The group operates locally and its exposures to foreign exchange risk arise primarily with respect to the US dollar, the Euro and the UK pound due to the reinsurance businesses undertaken with foreign based Reinsurers as well as policies undertaken in foreign currencies. The group receives claims from its reinsurers in foreign currencies and has some investments in foreign currencies which mitigates the foreign currency exchange rate risk for these operations.

As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies.

The following table details the group's sensitivity to a 10% increase and decrease in the cedi against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

| | | 31-Dec-20 | Scenario 1 | Scenario 2 |
|---|---|---|---|---|
| **2020** | **10% change in exchange rate GH¢** | **Amount GH¢** | **10% increase GH¢** | **10% decrease GH¢** |
| Pre-tax profit/(loss) | 2,830,644 | 28,306,441 | 31,137,085 | 25,475,797 |
| Shareholders' equity | 27,776,462 | 277,764,618 | 305,541,080 | 249,998,156 |

| | | 31-Dec-19 | Scenario 1 | Scenario 2 |
|---|---|---|---|---|
| **2019** | **10% change in exchange rate GH¢** | **Amount GH¢** | **10% increase GH¢** | **10% decrease GH¢** |
| Pre-tax profit/(loss) | 1,590,829 | 15,908,290 | 17,499,119 | 14,317,461 |
| Shareholders' equity | 25,333,022 | 253,330,219 | 278,663,241 | 227997,197 |

Assuming no management actions, a series of such rises would increase pre-tax profit for 2020 by GH¢ 2,830,644 (2019: GH¢1,590,829), while a series of such falls would decrease pre-tax profit for 2020 by GH¢ 2,830,644 (2019: GH¢1,590,829). Also a series of such rises would increase the shareholders' equity by GH¢ 27,776,462 (2019: GH¢25,333,022), whilst a series of such falls would decrease shareholders' equity by GH¢ 27,776,462 (2019: GH¢25,333,022).

### The following significant exchange rates were applied during the year:

| | **2020 GH¢ Selling** | **2020 GH¢ Buying** | 2019 GH¢ Selling | 2019 GH¢ Buying |
|---|---|---|---|---|
| US Dollar | **5.7631** | **5.7573** | 5.5365 | 5.5309 |
| GB Pound | **7.8787** | **7.8697** | 7.3203 | 7.3124 |
| Euro | **7.0674** | **7.0612** | 6.2131 | 6.2096 |

## 4. Application of new and revised standards, amendments and interpretations

### Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

### Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

### Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective

| | |
|---|---|
| IFRS 17 | *Insurance Contracts* |
| IFRS 10 and IAS 28 (amendments) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current* |
| Amendments to IAS 16 | Property, Plant and Equipment—Proceeds before Intended Use |
| *Amendments to IAS 37* | *Onerous Contracts – Cost of Fulfilling a Contract* |
| *Annual Improvements to IFRS Standards 2018-2020 Cycle* | *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture* |

### IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued ***Amendments to IFRS 17*** to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued ***Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*** that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

### Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

### Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

### Amendments to IFRS 3 – *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

### Amendments to IAS 16 – *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

### Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

### *Annual Improvements to IFRS Standards 2018–2020*

The *Annual Improvements* include amendments to four Standards.

#### *IFRS 1 First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### *IFRS 9 Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### *IFRS 16 Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

#### *IAS 41 Agriculture*

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

### Impact of the initial application of *Covid-19-Related Rent Concessions* Amendment to IFRS 16

In May 2020, the IASB issued *Covid-19-Related Rent Concessions* (*Amendment to IFRS 16*) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

**c) There is no substantive change to other terms and conditions of the lease.**

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

## 5. Segment information

Segmental information is presented in respect of the group's business segments. The primary format and business segments are based on the group's management and internal reporting structure. The group's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group does not have a geographical segment.

| **Class of business** | | | | Marine & | **2020** | 2019 |
|---|---|---|---|---|---|---|
| | Motor | Fire | Accident | Aviation | **Total** | Total |
| | GH¢ | GH¢ | GH¢ | GH¢ | **GH¢** | GH¢ |
| **Gross premiums** | 85,443,440 | 98,902,682 | 46,230,131 | 11,553,532 | **242,129,786** | 211,514,138 |
| **Reinsurances** | (1,646,814) | (94,753,652) | (8,845,395) | (13,366,308) | **(118,612,169)** | (104,778,018) |
| **Net premiums** | 83,796,626 | 4,149,031 | 37,384,736 | (1,812,776) | **123,517,617** | 106,736,120 |
| **Movement in unearned premium** | (11,581,052) | 5,140,484 | (2,304,487) | 748,177 | **(7,996,878)** | 618,702 |
| **Premium earned** | 72,215,574 | 9,289,515 | 35,080,249 | (1,064,599) | **115,520,739** | 107,354,822 |
| **Net commissions** | (10,908,754) | 12,425,019 | (1,045,039) | 1,164,935 | **1,636,161** | 2,293,761 |
| | 61,306,820 | 21,714,534 | 34,035,210 | 100,336 | **117,156,900** | 109,648,583 |
| **Claims incurred** | (12,832,642) | (13,328,328) | (6,982,764) | (458,929) | **(33,602,663)** | (18,458,736) |
| | 48,474,178 | 8,386,206 | 27,052,446 | (358,593) | **83,554,237** | 91,189,847 |
| **Management expenses** | (34,589,703) | (40,038,350) | (18,715,146) | (4,677,166) | **(98,020,365)** | (100,279,521) |
| **Underwriting results transferred to profit and loss A/c** | **13,884,475** | **(31,652,145)** | **8,337,300** | **(5,035,759)** | **(14,466,128)** | (9,089,674) |

### 5b. Unearned premium

| | Motor<br>GH¢ | Fire<br>GH¢ | Accident<br>GH¢ | Marine & Aviation<br>GH¢ | 2020<br>Total<br>GH¢ | 2019<br>Total<br>GH¢ |
|---|---|---|---|---|---|---|
| Unearned Premium – Start | 25,970,538 | 53,376,443 | 6,791,005 | 4,249,727 | **90,387,713** | 69,658,596 |
| Unearned Rein Prem – Start | (326,690) | (46,608,173) | (2,794,199) | (3,154,527) | **(52,883,589)** | (31,535,770) |
| Unearned Premium - Close | (37,951,186) | (45,377,390) | (7,751,708) | (3,318,578) | **(94,398,862)** | (90,387,713) |
| Unearned Reins Prem – Close | 726,285 | 43,749,604 | 1,450,416 | 2,971,555 | **48,897,860** | 52,883,589 |
| Movement in Unearned Prem | (11,581,053) | 5,140,484 | (2,304,486) | 748,177 | **7,996,878** | 618,702 |

The non-life insurance business is organised into four segments as shown above.

**Motor:** This business unit underwrites motor insurance by giving cover which indemnifies the insured against any accidental loss to motorbikes and vehicles. There are three types of motor insurances namely; comprehensive, third party and third party fire & theft.

**Marine & Aviation:** Marine insurance provides cover on airborne cargoes, ships, fishing vessels as well as ports & harbours installations. Aviation on the other hand covers aircrafts itself, cargo and passengers.

**Fire:** Fire insurance covers accidental destruction of properties including household buildings, personal effects, commercial and industrial buildings, plants & machinery, raw materials, finished goods and profits (business disruption) policies. Fire cover is usually in three parts, namely; fire, lighting, and limited explosions.

**Accident:** Accident policies covers a broad range of activities including personal accidents, family personal accidents, group personal accidents, burglary, cash-in-transit, goods-in-transit, banker's indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

The business segments operate on a short-term insurance cycle.

## 6. Gross premium

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Motor | **85,443,441** | 67,153,670 | **85,443,441** | 67,153,670 |
| Fire | **98,902,682** | 87,555,365 | **98,902,682** | 87,555,365 |
| Accident | **46,230,131** | 44,389,912 | **46,230,131** | 44,389,912 |
| Marine and aviation | **11,553,532** | 12,415,191 | **11,553,532** | 12,415,191 |
| | **242,129,786** | 211,514,138 | **242,129,786** | 211,514,138 |

## 7. Reinsurances ceded

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Motor | **1,646,814** | 844,744 | **1,646,814** | 844,744 |
| Fire | **94,753,652** | 76,453,119 | **94,753,652** | 76,453,119 |
| Accident | **8,845,395** | 18,264,492 | **8,845,395** | 18,264,492 |
| Marine and aviation | **13,366,308** | 9,215,663 | **13,366,308** | 9,215,663 |
| | **118,612,169** | 104,778,018 | **118,612,169** | 104,778,018 |

## 8a. Claims incurred

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Payments during the year | **50,525,631** | 33,568,736 | **50,525,631** | 33,568,736 |
| Claims outstanding at 31 December | **39,641,193** | 33,474,530 | **39,641,193** | 33,474,530 |
| | **90,166,824** | 67,043,266 | **90,166,824** | 67,043,266 |
| Claims outstanding at 1 January | **(33,474,530)** | (45,661,889) | **(33,474,530)** | (45,661,889) |
| | **56,692,294** | 21,381,377 | **56,692,294** | 21,381,377 |
| Net recoveries | **(23,089,631)** | (2,922,641) | **(23,089,631)** | (2,922,641) |
| Claims net of recoveries | **33,602,663** | 18,458,736 | **33,602,663** | 18,458,736 |

### Claims provision

The company's outstanding claims provision includes notified claims as well as those incurred but not yet reported. Due to the short-term nature of the business, it is not considered necessary to discount any of the claims provision.

Claims provisions are based on previous claims experience, knowledge of events, terms and conditions of relevant policies and interpretation of circumstances. Each notified claim is assessed on a separate case-by- case basis with regards to specific circumstances, information available from the insured, the loss adjuster and past experiences of similar claims. The company employs staff experienced in claims handling and rigorously applies standardized policies and procedures around claims assessment.

### Actuary

The valuation of the IBNR was carried out by Stallion Consultants Limited (Actuaries, Pensions and Benefits Consultants) with registered office as 3rd Floor, Gulf House, Tetteh Quarshie Interchange, Airport West, Accra.

## 8b. Exceptional claims

### Ivory Finance Limited

In accordance with the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the effect of the Receiver taking possession of CDH Savings & Loans Ltd (formerly Ivory Finance Company Ltd) is that any legal proceedings against the company must be stayed. The effect was that the suit brought by SIC to set aside the consent judgment was automatically stayed. Since there was nothing in Act 930 preventing the Receiver to proceed against SIC in respect of the consent judgment whilst SIC's case against CDH hand been stayed, SIC applied to set aside the execution of the consent for GH¢91,918,418 plus accrued interest. The Receiver did not oppose the said application. Furthermore, SIC has lodged a claim for the recovery from the Receiver, the GH¢19,303,800 which had been paid by SIC as a condition for stay of the execution of the consent.

It is anticipated that SIC would obtain a receivable of GH¢19,303,800 to improve its profit position should the Receiver pay the said amount. In the meantime, the legal suit is in abeyance.

## 9. Brokerage and advisory fees

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Asset Management | **9,451,805** | 6,203,901 | **-** | - |
| Corporate Finance | **-** | 440,200 | **-** | - |
| Brokerage Fees | **465,841** | 46,580 | **-** | - |
| | **9,917,646** | 6,690,681 | **-** | - |

## 10. Net commissions

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Receivable | **24,616,401** | 23,410,978 | **24,616,401** | 23,410,978 |
| Payable | **(22,980,240)** | (21,117,217) | **(22,980,240)** | (21,117,217) |
| Net commissions | **1,636,161** | 2,293,761 | **1,636,161** | 2,293,761 |

## 11. Management expenses

Management expenses is stated after charging:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Directors' emoluments | **551,994** | 484,994 | **350,900** | 317,672 |
| Staff cost | **69,605,626** | 68,839,207 | **63,776,027** | 62,110,485 |
| Depreciation | **7,347,591** | 7,258,992 | **7,081,575** | 6,988,409 |
| Lease amortisation | **1,993,290** | - | **1,701,934** | - |
| Software amortisation | **171,580** | 79,349 | **64,478** | 64,479 |
| Audit fees | **397,989** | 330,000 | **216,000** | 180,000 |

## 12. Investment income

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Dividend | **1,581,608** | 922,083 | **1,571,411** | 922,080 |
| Interest on fixed deposits | **4,277,052** | 6,554,728 | **4,277,052** | 6,554,728 |
| Interest on treasury bills | **5,054,287** | 4,387,561 | **5,054,287** | 4,387,561 |
| Statutory Investments | **437,163** | 318,239 | **437,163** | 318,239 |
| Other investment income | **1,715,578** | 1,376,486 | **137,597** | 54,715 |
| | **13,065,688** | 13,559,097 | **11,482,414** | 12,237,326 |

## 13. Other income

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Rent | **1,575,096** | 1,198,239 | **1,575,096** | 1,198,239 |
| Sale of stickers | **3,018,501** | 2,981,526 | **3,018,501** | 2,981,526 |
| Net medical income | **1,622,299** | 4,766,706 | **1,622,299** | 4,766,706 |
| Share of associate profit | **5,064,568** | 2,325,843 | **5,064,568** | 2,325,843 |
| Profit on disposal of assets | **107,460** | 20,217 | **107,460** | 20,217 |
| Sundry income | **19,740,184** | 6,323,947 | **7,844,966** | 3,021,871 |
| | **31,128,108** | 17,616,477 | **19,232,890** | 14,314,401 |

## 14. Finance cost

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Interest on borrowings and overdraft facility | **1,210,532** | 3,500,420 | **1,207,788** | 3,500,420 |
| Finance lease | **727,515** | - | **647,177** | - |
| | **1,938,047** | 3,500,420 | **1,854,965** | 3,500,420 |

## 15. Impairment loss

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Impairment on financial assets | **634,783** | 296,692 | **-** | **-** |
| Impairment on trade and other receivables | **-** | 210,516 | **-** | **-** |
| | **634,783** | 507,208 | **-** | - |

## 16. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the group and held as treasury shares.

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Profit attributable to the group's equity Holders | **14,550,707** | 11,110,243 | **7,360,089** | 9,320,371 |
| Weighted average number of ordinary shares in issue | 195,645,000 | 195,645,000 | **195,645,000** | 195,645,000 |
| **Basic earnings per share** | **0.0744** | 0.0568 | **0.0376** | 0.0476 |

## 17. Financial instruments classification summary

The group's financial assets are summarised below by measurement category as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Available-for-sale (Note 18) | **115,125,403** | 124,739,323 | **114,907,083** | 124,698,863 |
| Receivables (including insurance receivables) (Note 19) | **1,336,556** | 11,450,581 | **1,336,556** | 11,450,581 |

The group does not hold financial assets in the category of Held-to-maturity as well as Fair value designated through income.

## 18. Available-for-sale financial assets

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| ***Equity securities:*** | | | | |
| Listed | **8,094,262** | 10,653,406 | **7,875,943** | 10,281,108 |
| Unlisted | **107,031,141** | 112,161,639 | **107,031,141** | 112,161,639 |
| **Total available-for-sale financial assets** | **115,125,403** | 122,815,045 | **114,907,083** | 122,442,747 |

## 19. Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| **Receivables arising from insurance and reinsurance contracts:** | | | | |
| Due from agents, brokers and intermediaries | **1,336,556** | 11,450,581 | **1,336,556** | 11,450,581 |
| **Total receivables including insurance receivables** | **1,336,556** | 11,450,581 | **1,336,556** | 11,450,581 |
| Current portion | **1,336,556** | 11,450,581 | **1,336,556** | 11,450,581 |

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, and no impairment loss was determined.

## 20. Insurance liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2020**<br>**GH¢** | 2019<br>GH¢ | **2020**<br>**GH¢** | 2019<br>GH¢ |
| Claims reported and loss adjustment expenses (Note 8a) | **22,974,027** | 19,117,538 | **22,974,027** | 19,117,538 |
| Claims incurred but not reported (IBNR) (Note 8a) | **16,667,166** | 14,356,992 | **16,667,166** | 14,356,992 |
| Unearned premiums (Note 5) | **94,398,863** | 90,387,713 | **94,398,863** | 90,387,713 |
| ***Total insurance liabilities*** | **134,040,056** | 123,862,243 | **134,040,056** | 123,862,243 |

The gross claims reported, the loss adjustment expense liabilities and the liability for claims incurred but not reported exclude expected recoveries from salvage, subrogation and reinsurers.

## 21. Taxation - Group

### (a) Income tax payable

| | At 1-Jan | Charge for the year | Payment during the year | **At 31-Dec** |
|---|---|---|---|---|
| **Income tax** | GH¢ | GH¢ | GH¢ | **GH¢** |
| Up to 2018 | 1,278,559 | - | - | **1,278,559** |
| 2019 | 846,998 | - | - | **846,998** |
| 2020 | - | 5,742,852 | (3,281,761) | **2,461,091** |
| | 2,125,557 | 5,742,852 | (3,281,761) | **4,586,648** |

### (b) National stabilization levy

| | At 1-Jan | Charge for the year | Payment during the year | **At 31-Dec** |
|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | **GH¢** |
| Up to 2018 | 3,803,600 | - | - | **3,803,600** |
| 2019 | (2,401,164) | - | - | **(2,401,164)** |
| 2020 | - | 719,711 | (598,838) | **120,873** |
| | 1,402,436 | 719,711 | (598,838) | **1,523,309** |

## Taxation - Company

### (a) Income tax payable

| | At 1-Jan | Charge for the year | Payment during the year | At 31-Dec |
|---|---|---|---|---|
| **Income tax** | GH¢ | GH¢ | GH¢ | **GH¢** |
| Up to 2018 | 490,350 | - | - | **490,350** |
| 2019 | 1,200,398 | - | - | **1,200,398** |
| 2020 | - | 4,078,936 | (3,031,166) | **1,047,770** |
| | 1,690,748 | 4,078,936 | (3,031,166) | **2,738,518** |

| **(b) National stabilization levy** | At 1-Jan | Charge for the year | Payment during the year | At 31-Dec |
|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | **GH¢** |
| Up to 2018 | 3,341,724 | - | - | **3,341,724** |
| 2019 | (2,389,316) | - | - | **(2,389,316)** |
| 2020 | - | 719,711 | (593,864) | **125,847** |
| | 952,408 | 719,711 | (593,864) | **1,078,255** |

### (c) Income tax expenses

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Corporate tax | **5,742,853** | 3,553,656 | **4,078,936** | 3,395,613 |
| Deferred tax | **7,293,170** | 546,309 | **2,235,476** | 547,567 |
| | **13,036,023** | 4,099,965 | **6,314,412** | 3,943,180 |

### (d) Deferred tax liability

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Balance at 1 January | **58,386,517** | 27,224,138 | **63,437,367** | 32,273,730 |
| Charge to P & L | **7,293,170** | 546,309 | **2,235,476** | 547,567 |
| Charge to OCI | **(14,286,165)** | - | **(14,286,165** | - |
| Adjustment | **-** | 30,616,070 | **-** | 30,616,070 |
| Balance at 31 December | **51,393,522** | 58,386,517 | **51,386,678** | 63,437,367 |

## 22. Property, plant and equipment

### Group

| 2020 | Leasehold buildings | Leasehold land | Freehold buildings | Computers | Capital work in progress | Other machinery & equipment | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** |
| Balance as at 1 January | 53,520,765 | 10,972,800 | 28,052,468 | 2,375,419 | 2,794,159 | 18,682,329 | 116,397,940 |
| Additions for the year | - | - | - | 208,645 | 487,875 | 860,095 | 1,556,615 |
| Adjustment | | | (68) | (7,791) | | (464,479) | (472,338) |
| Disposal | - | - | - | - | - | (636,094) | (636,094) |
| Balance as at 31 December | 53,520,765 | 10,972,800 | 28,052,400 | 2,576,273 | 3,282,034 | 18,441,851 | 116,846,123 |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| Balance as at 1 January | 6,435,495 | 1,949,777 | 561,049 | 1,963,235 | - | 12,099,312 | 23,008,868 |
| Charge for the year | 3,220,018 | 974,890 | 280,525 | 302,711 | | 2,569,447 | 7,347,591 |
| Adjustment | | | (1) | (7,791) | | 9,311 | 1,519 |
| Disposal | - | - | - | - | - | (636,094) | (636,094) |
| Balance as at 31 December | 9,655,513 | 2,924,667 | 841,573 | 2,258,155 | - | 14,041,976 | 29,721,884 |
| **Net book value** | **43,865,252** | **8,048,133** | **27,210,827** | **318,118** | **3,282,034** | **4,399,875** | **87,124,239** |

### Group

| 2019 | Leasehold buildings | Leasehold land | Freehold buildings | Computers | Capital work in progress | Other machinery & equipment | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** |
| Balance as at 1 January | 53,384,520 | 10,972,800 | 28,052,468 | 2,336,077 | 2,794,159 | 18,137,431 | 115,677,455 |
| Additions for the year | 136,245 | - | - | 39,342 | - | 703,410 | 878,997 |
| Disposal | - | - | - | - | - | (158,511) | (158,511) |
| Balance as at 31 December | 53,520,765 | 10,972,800 | 28,052,468 | 2,375,419 | 2,794,159 | 18,840,840 | 116,397,940 |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| Balance as at 1 January | 3,215,477 | 974,888 | 280,525 | 1,673,546 | - | 9,762,146 | 15,906,582 |
| Charge for the year | 3,220,018 | 974,889 | 280,524 | 289,689 | | 2,493,872 | 7,258,992 |
| Disposal | - | - | - | - | - | (156,706) | (156,706) |
| Balance as at 31 December | 6,435,495 | 1,949,777 | 561,049 | 1,963,235 | - | 12,099,312 | 23,008,868 |
| **Net book value** | **47,085,270** | **9,023,023** | **27,491,419** | **412,184** | **2,794,159** | **6,741,528** | **93,389,072** |

## 22 Property, plant and equipment (continued)

### Company

| 2020 | Leasehold buildings | Leasehold land | Freehold buildings | Freehold land | Computers | Capital work in progress | Other machinery & equipment | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
| Balance as at 1 January | 53,520,765 | 10,972,800 | 28,052,400 | - | 2,071,717 | 3,266,498 | 16,761,520 | 114,645,700 |
| Additions for the year | - | - | - | | 174,914 | 15,536 | 845,573 | 1,036,023 |
| Disposal | - | - | - | - | - | - | (519,966) | (519,966) |
| Balance as at 31 December | 53,520,765 | 10,972,800 | 28,052,400 | - | 2,246,631 | 3,282,034 | 17,087,127 | 115,161,757 |
| | | | | | | | | |
| **Accumulated Depreciation** | | | | | | | | |
| Balance as at 1 January | 6,435,496 | 1,949,779 | 561,048 | - | 1,723,597 | - | 11,149,828 | 21,819,748 |
| Charge for the year | 3,220,018 | 974,890 | 280,525 | | 263,159 | - | 2,342,984 | 7,081,576 |
| Adjustment | - | - | - | - | - | - | 1,520 | 1,520 |
| Disposal | - | - | - | - | - | - | (519,966) | (519,966) |
| Balance as at 31 December | 9,655,514 | 2,924,669 | 841,573 | - | 1,986,756 | - | 12,974,366 | 28,381,358 |
| **Net book value** | **43,865,251** | **8,048,131** | **27,210,827** | **-** | **259,875** | **3,282,034** | **4,112,761** | **86,778,879** |

### Disposal Schedule

| Group | Cost | Accumulated depreciation | Net book value | Proceeds | Profit on disposal |
|---|---|---|---|---|---|
| Other machinery & equipment | | | | | |
| | 636,096 | (636,096) | - | 107,460 | 107,460 |
| **Company** | | | | | |
| Other machinery & equipment | 519,966 | (519,966) | - | 107,460 | 107,460 |

### Company

| 2019 | Leasehold buildings | Leasehold land | Freehold buildings | Freehold land | Computers | Capital work in progress | Other machinery & equipment | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
| Balance as at 1 January | 53,384,520 | 10,972,800 | 28,052,400 | - | 2,064,417 | 3,266,498 | 16,183,292 | 113,923,927 |
| Additions for the year | 136,245 | | | | 7,300 | | 694,735 | 838,280 |
| Disposal | - | - | - | - | - | - | (116,507) | (116,507) |
| Balance as at 31 December | 53,520,765 | 10,972,800 | 28,052,400 | - | 2,071,717 | 3,266,498 | 16,761,520 | 114,645,700 |

| 2019 | Leasehold buildings | Leasehold land | Freehold buildings | Freehold land | Computers | Capital work in progress | Other machinery & equipment | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** |
| **Accumulated Depreciation** | | | | | | | | |
| Balance as at 1 January | 3,215,478 | 974,890 | 280,524 | - | 1,478,656 | - | 8,996,493 | 14,946,041 |
| Charge for the year | 3,220,018 | 974,889 | 280,524 | | 245,891 | - | 2,268,037 | 6,988,409 |
| Disposal | - | - | - | - | - | - | (114,702) | (114,702) |
| Balance as at 31 December | 6,435,496 | 1,949,779 | 561,048 | - | 1,723,597 | - | 11,149,828 | 21,819,748 |
| **Net book value** | **47,085,269** | **9,023,021** | **27,491,352** | **-** | **348,120** | **3,266,498** | **5,611,692** | **92,825,952** |

## 23. Intangible asset

| **Computer software** | **Group** | | **Company** | |
|---|---|---|---|---|
| **Cost** | **2020**<br>**GH¢** | 2019<br>GH¢ | **2020**<br>**GH¢** | 2019<br>GH¢ |
| Balance as at 1 January | **2,966,501** | 2,989,501 | **1,737493,** | 1,737,493 |
| Adjustment | **(370,044)** | - | **-** | - |
| Additions | **-** | 7,000 | **-** | - |
| Balance as at 31 December | **2,626,457** | 2,996,501 | **1,737,493** | 1,737,493 |
| **Amortisation** | | | | |
| Balance as at 1 January | **2,283,726** | 2,204,377 | **1,548,049** | 1,483,570 |
| Adjustment | **(414,150)** | - | **-** | - |
| Charge for the year | **171,580** | 79,349 | **64,478** | 64,479 |
| Balance as at 31 December | **2,041,156** | 2,283,726 | **1,612,527** | 1,548,049 |
| **Net book value** | **585,301** | 712,775 | **124,966** | 189,444 |

## 24. Investment properties

| | Leasehold properties | Freehold land & buildings | **2020**<br>**Total** | 2019<br>Total |
|---|---|---|---|---|
| | **GH¢** | **GH¢** | **GH¢** | GH¢ |
| Balance as at 1 January | 88,818,944 | 10,571,700 | **99,390,644** | 99,297,443 |
| Additions | - | - | **-** | 93,201 |
| Adjustment | (277) | - | **(277)** | - |
| Balance as at 31 December | 88,818,667 | 10,571,700 | **99,390,367** | 99,390,644 |

The current year's value has not significantly changed from the last fair valuation. The company has a policy of valuating its Investment Property every 3 years due to the locations of the property, with the last valuation performed on 31 December 2018.

## 25. Right of use assets

| | Group | | Company | |
|---|---|---|---|---|
| **Cost** | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Balance as at 1 January | **-** | - | **-** | - |
| Additions | **6,113,817** | - | **4,657,035** | - |
| Balance as at 31 December | **6,113,817** | - | **4,657,035** | - |
| | | | | |
| **Amortisation** | | | | |
| Balance as at 1 January | **-** | - | **-** | - |
| Charge for the year | **1,993,290** | - | **1,701,934** | - |
| Balance as at 31 December | **1,993,290** | - | **1,701,934** | - |
| Net book value | **4,120,527** | - | **2,955,101** | - |

## 26. Lease liabilities

| | Group | | Company | |
|---|---|---|---|---|
| **Cost** | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Balance as at 1 January | **-** | - | **-** | - |
| Additions/adjustment | **6,032,736** | - | **4,304,068** | - |
| Interest expense | **727,515** | - | **647,176** | - |
| Interest paid | **(348,580)** | - | **(268,241)** | - |
| Repayment of principal | **(2,282,174)** | - | **(1,963,254)** | - |
| Exchange loss on lease liabilities | **394,832** | - | **280,086** | - |
| Balance as at 31 December | **4,524,329** | - | **2,999,835** | - |
| | | | | |
| **Breakdown** | | | | |
| **Current** | **2,184,555** | - | **1,912,669** | - |
| **Non-current** | **2,339,774** | - | **1,087,166** | - |
| | **4,524,329** | - | **2,999,835** | - |

## 27. Long term investments

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Equity shares | **115,125,403** | 122,815,045 | **114,907,083** | 122,442,747 |
| Mutual fund | **219,560** | 206,840 | **219,560** | 206,840 |
| | **115,344,963** | 123,021,885 | **115,126,643** | 122,649,587 |

## 28. Investment in subsidiary

| | **2020** | 2019 |
|---|---:|---:|
| | **GH¢** | GH¢ |
| Balance as at 1 January | **5,878,526** | 5,878,526 |
| Additions during the year | **7,000,000** | - |
| Balance as at 31 December | **12,878,526** | 5,878,526 |

The subsidiary company is:

| | **Nature of business** | **Number of shares shares** | **% Interest held** |
|---|---:|---:|---:|
| SIC Financial Services Limited | Investment advisory, asset & fund management | **3,000,000** | 70 |

Summary of the subsidiary's financial statements as at 31 December 2020 is as shown in the table below:

SIC Financial Services Limited

| | **2020** | 2019 |
|---|---:|---:|
| | **GH¢** | GH¢ |
| Non-current assets | **1,971,120** | 6,137,302 |
| Current assets | **39,703,978** | 18,621,743 |
| Total assets | **41,675,098** | 24,759,045 |
| | | |
| Non- current liabilities | **1,252,608** | |
| Current liabilities | **33,980,502** | 35,459,450 |
| Equity attributable to owners of the Company | **(7,679,322)** | (19,664,530) |
| Non-controlling interests | **14,121,310** | 8,964,125 |
| Total equity and liabilities | **41,675,098** | 24,759,045 |
| | | |
| Revenue | **9,917,646** | 6,690,681 |
| Other incomes | **11,895,659** | 3,302,076 |
| Investment income | **1,577,078** | 1,321,771 |
| Operating expenses | **(8,763,033)** | (8,860,664) |
| Finance cost | **(80,399)** | - |
| Impairment loss | **(634,782)** | (507,208) |
| Income tax | **(6,721,611)** | (156,785) |
| Profit for the year | **7,190,558** | 1,789,871 |
| | | |
| Profit attributable to owners of the Company | **5,033,373** | 1,268,481 |
| Profit attributable to the non-controlling interests | **2,157,185** | 521,390 |
| Profit for the year | **7,190,558** | 1,789,871 |

| | 2020 | 2019 |
|---|---|---|
| | GH¢ | GH¢ |
| Other comprehensive income attributable to owners of the Company | | |
| Other comprehensive income attributable to the non-controlling interests | **(2,157,185)** | (51,903) |
| Other comprehensive income for the year | **(2,157,185)** | (51,903) |
| Total comprehensive income attributable to owners of the Company | **4,985,208** | 1,216,578 |
| Total comprehensive income attributable to the non-controlling interests | **2,157,185** | 521,390 |
| Total comprehensive income for the year | **7,142,393** | 1,737,968 |

## 29. Investment in associate

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GH¢ | GH¢ | GH¢ | GH¢ |
| Balance at 1 January | **22,463,126** | 20,137,283 | **22,463,126** | 20,137,283 |
| Share in associate's profit | **5,064,568** | 2,325,843 | **5,064,568** | 2,325,843 |
| Balance at 31 December | **27,527,694** | 22,463,126 | **27,527,694** | 22,463,126 |

The financial statement used for the equity accounting was the separate (non-consolidated) financial statement of SIC Life Company Limited, although SIC Life Company Limited has a 100% shareholding in SIC Savings and Loans Company Limited.

The associate company is:

| | Nature of business | Number of shares | % Interest held |
|---|---|---|---|
| SIC Life Company Limited | Life assurance | **20,000,000** | 20 |

## 30. Short term investments

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GH¢ | GH¢ | GH¢ | GH¢ |
| Ghana Gov't treasury bills | **63,000,481** | 34,257,251 | **47,146,005** | 34,219,323 |
| Bank time deposits | **39,051,767** | 45,919,441 | **33,325,505** | 36,944,176 |
| | **102,052,248** | 80,176,692 | **80,471,510** | 71,163,499 |

Included in Ghana Gov't Treasury Bills is a statutory deposit of GH**¢** 5,429,424 (2019: GH**¢** 2,192,261). The statutory deposit represents an escrow agreement between the National Insurance Commission (NIC) and SIC Insurance PLC. As part of the conditions for granting an Insurance license to 'the company", the NIC required "the company" to deposit 10% of its minimum capital as a statutory deposit into an escrow account. These instruments are carried at purchase amount plus any accrued interest and the investments are not available for the day-to-day running of the company.

## 31. Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Accrued income and prepayments | **341,450** | 984,828 | **332,653** | 696,153 |
| Staff debtors | **3,082,619** | 2,913,542 | **3,062,164** | 2,913,542 |
| Sundry debtors | **46,265,325** | 30,498,647 | **36,163,690** | 21,613,628 |
| Agents & reinsurance balance | **1,336,556** | 11,450,581 | **1,336,556** | 11,450,581 |
| Rent debtors | **1,193,999** | 738,501 | **1,193,999** | 738,501 |
| Impairment | **(693,521)** | - | **-** | - |
| | **51,526,428** | 46,586,099 | **42,089,062** | 37,412,405 |

## 32. Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Fuel and lubricants | **51,606** | 62,280 | **51,606** | 62,280 |
| Medical Stores | **858,343** | 1,273,788 | **858,343** | 1,273,788 |
| Stationery and printing stock | **497,668** | 714,462 | **497,668** | 714,462 |
| Computer stationery Stock | **153,338** | 198,015 | **153,338** | 198,015 |
| | **1,560,955** | 2,248,545 | **1,560,955** | 2,248,545 |

## 33. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| a. Cash and bank balances | **28,727,313** | 30,077,607 | **28,635,315** | 30,015,048 |
| b. Bank Overdraft | | | | |
| Ecobank Ghana Limited | **4,585,285** | 7,388,117 | **4,585,285** | 7,388,117 |

The company has an overdraft facility of GH¢7,000,000 with the Ecobank Ghana Limited to support the company's operational expenses requirement. Interest rate is at 16.42% per annum. The overdraft expired on the 31 May 2020 and has since been renewed to 31 May 2021.

## 34. Stated capital

(a) The number of authorised shares is 500,000,000 of no par value.
(b) The number of shares issued is 195,645,000.
(c) The number of shares fully paid is 195,645,000.

Stated capital is made up as follows:

| | **2020** | 2019 |
|---|---:|---:|
| | **GH¢** | GH¢ |
| Issued and fully paid for cash | **200** | 200 |
| Transfer from retained earnings | **42,600** | 42,600 |
| Transfer from Revaluation reserve | **24,957,200** | 24,957,200 |
| | **25,000,000** | 25,000,000 |

There are no shares in treasury and no call or installment unpaid on any share.

## 35. Revaluation reserve

The movement in the revaluation reserve account for the year is as follows:

| | **Group** | | **Company** | |
|---|---:|---:|---:|---:|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Balance at 1 January | **78,021,294** | 78,026,677 | **78,021,294** | 78,026,677 |
| Deferred tax effect | **-** | (5,383) | **-** | (5,383) |
| Balance at 31 December | **78,021,294** | 78,021,294 | **78,021,294** | 78,021,294 |

## 36. Contingency reserve

| | **Group** | | **Company** | |
|---|---:|---:|---:|---:|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Balance at 1 January | **35,865,768** | 29,520,344 | **35,865,768** | 29,520,344 |
| Transfer from retained earnings | **1,472,018** | 6,345,424 | **1,472,018** | 6,345,424 |
| Balance at 31 December | **37,377,786** | 35,865,768 | **37,377,786** | 35,865,768 |

This represents sums set aside to cover fluctuation in securities and variations in statistical estimate in accordance with the Insurance Act, 2006 (Act 724).

## 37. Available-for-sale reserves

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Balance at 1 January | **70,394,386** | 103,351,710 | **74,739,100** | 107,601,463 |
| Fair valuation | **(7,571,170)** | (2,303,579) | **(7,522,944)** | (2,251,676) |
| Adjustment | **-** | (30,610,687) | **-** | (30,610,687) |
| Deferred tax effect | **14,286,165** | - | **14,286,165** | - |
| Write off of reserves | **-** | (43,058) | **-** | - |
| Balance at 31 December | **77,109,381** | 70,394,386 | **81,502,321** | 74,739,100 |

The available-for-sale reserve is used to record the valuation gains and losses resulting from the valuation of the related investments.

## 38. Payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| Agents & brokers | **4,809,479** | 5,741,704 | **4,809,479** | 5,741,704 |
| Reinsurers | **28,638,134** | 27,542,506 | **28,638,134** | 27,542,506 |
| Sundry creditors | **43,096,995** | 54,360,693 | **20,063,961** | 19,786,080 |
| | **76,544,608** | 87,644,903 | **53,511,574** | 53,070,290 |

## 39. Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **GH¢** | GH¢ | **GH¢** | GH¢ |
| At 1 January | **5,534,700** | 22,015,000 | **5,534,700** | 22,015,000 |
| Repayment | **(5,534,700)** | (16,480,300) | **(5,534,700)** | (16,480,300) |
| | **-** | 5,534,700 | **-** | 5,534,700 |

The company has a short-term loan facility of US$ 3,000,000 with GHIB at interest rate of 8.85866% that is 3 months libor rate +margin of 6.75%. The loan expired on 21 January 2020. As at the year end the loan had been fully paid off.

## 40. Employee benefits obligation

### a. Breakdown of employee benefit obligation

| | **1 January to 31 December , 2020** | | | 1 January to 31 December , 2019 | | |
|---|---|---|---|---|---|---|
| | Retirement Benefit Scheme | Post-Employment Medical Benefit | **Total** | Retirement Benefit Scheme | Post - Employment Medical Benefit | Total |
| **Actuarial Liability** | | | | | | |
| Active Members | 706,863 | 4,838,695 | **5,545,558** | 655,196 | 4,334,511 | 4,989,707 |
| Retired Members | - | 6,349,964 | **6,349,964** | - | 6,285,635 | 6,285,635 |
| Excess Interest Account | - | - | **-** | - | - | - |
| Total: Actual Liability | 706,863 | 11,188,659 | **11,895,522** | 655,196 | 10,620,146 | 11,275,342 |

### b. Other reserves

**As at December, 2020.**

| | **January 1, 2020 to December 31, 2020** | | | **January 1, 2019 to December 31, 2019** | | |
|---|---|---|---|---|---|---|
| | **Retirement Benefit Scheme** | **Post-Employment Medical Benefit scheme** | **Combined Scheme** | **Retirement Benefit Scheme** | **Post-Employment Medical Benefit scheme** | **Combined Scheme** |
| **Financial Assumptions at the end of the year** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** | **GH¢** |
| Assumed Discount rate on liabilities | 19.00% | 19.00% | 19.00% | 22.00% | 22.00% | 22.00% |
| Assumed rate of salary increase | 10.00% | 10.00% | 10.00% | 14.00% | 14.00% | 14.00% |
| Assumed rate of inflation | 10.00% | 10.00% | 10.00% | 9.00% | 9.00% | 9.00% |
| Assume rate of Medical | 11.00% | 11.00% | 11.00% | 10.00% | 10.00% | 10.00% |
| | | | | | | |
| **Present Value of Obligation, 1st January** | **655,196** | **10,620,146** | **11,275,342** | **634,822** | **9,172,122** | **9,806,945** |
| Current Service Cost | 119,084 | 266,723 | | 138,305 | 256,197 | 394,502 |

| | January 1, 2020 to December 31, 2020 | | | January 1, 2019 to December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **Retirement Benefit Scheme** | **Post-Employment Medical Benefit scheme** | **Combined Scheme** | **Retirement Benefit Scheme** | **Post-Employment Medical Benefit scheme** | **Combined Scheme** |
| Interest Expenses (Income) | 157,810 | 2,193,353 | | 155,373 | 1,865,387 | 2,020,760 |
| Past Service cost and gain and losses on settlements | - | - | - | - | - | - |
| | **276,894** | **2,460,076** | **2,736,970** | **293,678** | **2,121,584** | **2,415,262** |
| Remeasurements: | | | | | | |
| Returns on Plan Assets excluding amounts included in interest expenses (Income) | - | - | - | - | - | - |
| Actuarial gain/ loss from change in demographic assumption | - | - | - | - | - | - |
| Actuarial gain/loss from change in financial assumptions | (65,616) | 3,034,515 | 2,968,899 | (22,203) | (652,220) | (674,423) |
| Experience Actuarial gain/ loss | (45,686) | (3,091,909) | (3,137,594) | (150,178) | 1,482,861 | 1,332,683 |
| Change in asset ceiling, excluding amounts included in interest expense. | - | - | - | - | - | - |
| | **(111,302)** | **(57,394)** | **(168,696)** | (172,381) | 830,642 | 658,260 |
| **Payments from Plan** | | | | | | |
| Benefit paid | (113,925) | (1,834,169) | (1,948,094) | (100,923) | (1,504,202) | (1,605,125) |

| | **January 1, 2020 to December 31, 2020** | | | **January 1, 2019 to December 31, 2019** | | |
|---|---|---|---|---|---|---|
| | **Retirement Benefit Scheme** | **Post-Employment Medical Benefit scheme** | **Combined Scheme** | **Retirement Benefit Scheme** | **Post-Employment Medical Benefit scheme** | **Combined Scheme** |
| **Present value of obligation, 31st December** | **706,863** | **11,188,659** | **11,895,522** | 655,196 | 10,620,146 | 11,275,342 |
| | | | | | | |
| Present value of obligation | 706,863 | 11,188,659 | 11,895,522 | 655,196 | 10,620,146 | 11,275,342 |
| Fair value of plan assets | - | - | | - | - | - |
| **Liability (Assets) recognized in balance sheet** | **706,863** | **11,188,659** | **11,895,522** | 655,196 | 10,620,146 | 11,275,342 |
| | | | | | | |
| Current service cost | 119,084 | 266,723 | 385,807 | 138,305 | 256,197 | 394,502 |
| Net Interest Cost/Income | 157,810 | 2,193,353 | 2,351,163 | 155,373 | 1,865,387 | 2,020,760 |
| **Expense (Income) recognized in the income statement** | 276,894 | 2,460,076 | 2,736,970 | 293,678 | 2,121,584 | 2,415,262 |
| | | | | | | |
| Remeasurements | | | | | | |
| Net actuarial (gain) loss recognized in year | (111,302) | (57,394) | (168,696) | (172,381) | 830,642 | 658,260 |
| Past service cost and gains and losses on settlements | - | - | - | - | - | - |
| **Expense (Income) recognized in the other Comprehensive Income** | **(111,302)** | **(57,394)** | **(168,696)** | (172,381) | 830,642 | 658,260 |

### Sensitivity Analysis

The sensitivity tests indicated that the resulting liabilities are most sensitive to the discount rate assumption followed closely by the medical inflation assumption; changes in the rate of salary increases assumption had minimal effect on the liabilities.

The results of the sensitivity analysis as at 31 December, 2020 can be summarized as follows:

| | | | | | | | | **31-Dec-20** |
|---|---|---|---|---|---|---|---|---|
| | **Base Case** | **Discount Rate - 2%** | **Discount Rate + 2%** | **Rate of Salary Increase - 2%** | **Rate of Salary Increase + 2%** | **Medical Inflation - 2%** | **Medical Inflation + 2%** | **Mortality Loading + 10%** |
| **Accrued Liability** | | | | | | | | |
| Retirement Benefit Sch | 706,863 | 815,216 | 622,576 | 615,282 | 822,716 | 706,863 | 706,863 | 710,340 |
| Post-Employment Medical | 11,188,659 | 13,514,665 | 9,490,791 | 11,188,659 | 11,188,659 | 13,659,293 | 13,659,293 | 11,473,048 |
| Total | 11,895,522 | 14,329,881 | 10,113,367 | 11,803,941 | 12,011,375 | 14,366,156 | 14,366,156 | 12,183,388 |
| Percentage | - | 20.5% | (15.0%) | (0.8%) | 1.0% | (15.4%) | 20.8% | 2.4% |

## 41. Temporary exemptions from IFRS 9

The company is applying the temporary exemption from IFRS 9 and below is the predominance percentage calculated as at year end that justify this temporary exemption application:

| | **2020** | 2019 |
|---|---|---|
| | **GH¢** | GH¢ |
| **Insurance Liabilities -** | **134,040,056** | 123,862,243 |
| **Total Liabilities** | **262,235,723** | 267,221,215 |
| **Predominance percentage - 1 Jan. 2020** | **51%** | 46% |

The Company's predominance rate was lower than 80% at the date of assessment, which was 31 December 2020. The predominance rate was reassessed at year-end but the company's predominance rate was still below the 80% required.

If an entity no longer qualifies for the temporary exemption from IFRS 9 as a result of a reassessment (IFRS 4 paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until the end of the annual period that began immediately after that reassessment.

In this case, the Company is permitted to continue to apply the temporary exemption from IFRS 9 only until 31 December 2020.

## Financial Assets classification and measurement

| Instrument | Description of business model and cash flow characteristics | Carrying Amount as at 31 Dec. 2020 | Classification under IFRS 9 | Fair value as at 31 Dec. 2020 | Fair value change |
|---|---|---|---|---|---|
| | | GH¢ | | GH¢ | GH¢ |
| Short term investment | HTC & SPPI | 102,052,248 | Amortised cost | 102,052,248 | - |
| Trade and other receivables | HTC & SPPI | 51,526,428 | Amortised cost | 51,526,428 | - |
| Unearned reinsurance premium | HTC & SPPI | 48,897,860 | Amortised cost | 48,897,860 | - |
| Cash and cash equivalent | HTC & SPPI | 28,727,313 | Amortised cost | 28,727,313 | - |

*HTC – Hold to collect contractual cash flows

*SPPI – Solely payments of principal and interest

### Credit risk of Financial Assets

For information about the credit risk exposure, including significant credit risk concentrations, inherent in the various financial assets identified above, refer to the credit risk disclosures in note 3tiii(b).

## 42. Contingencies, capital and financial commitments

The group entered into various commitments in the normal course of insurance business that are not reflected in the accompanying financial statements.

The group has contingent liabilities in respect of claims and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

However, the group like all other insurers is subject to litigation in the normal course of its business.

## 43. Related party transactions

A number of business transactions were entered into with related parties in the normal course of business. These include premiums, claims, etc. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year-end are as follows:

| | 2020 | 2019 |
|---|---|---|
| | GH¢ | GH¢ |
| The following transactions were carried out with related parties; | | |
| **Social Security & National Insurance Trust** | | |
| Premium income | **1,801,024** | 1,341,339 |
| Claims paid | **221,188** | 11,193 |

| | **2020** | 2019 |
|---|---|---|
| | **GH¢** | GH¢ |
| **Ghana Reinsurance Company Limited** | | |
| Premium income | **21,938** | 17,775 |
| Claims paid | **-** | - |
| **SIC Life Insurance Company** | | |
| Premium income | **671,561** | 571,264 |
| Claims paid | **70,040** | - |
| **Ghana Commercial Bank Limited** | | |
| Premium income | **1,577,428** | 1,277,416 |
| Claims paid | **564,455** | 2,960 |
| **Ghana Cocoa Board** | | |
| Premium income | **1,133,746** | 1,663,138 |
| Claims paid | **200,472** | 543 |
| **SIC FSL** | | |
| Staff provident fund contribution deposited with SIC FSL | **3,585,899** | 3,818,502 |

### Transactions with directors

Directors' emoluments for 2020 are as follows:

| **Name** | **Bi-monthly allowance** | **Sitting allowance** | **No. of meetings** | | **Total** |
|---|---|---|---|---|---|
| | **GH¢** | **GH¢** | **Board** | **Committee** | **GH¢** |
| Dr. Jimmy Ben Heymann | 3,600 | 2,500 | 9 | - | **45,600** |
| Mr. James Appietu-Ankrah | 2,400 | 2,000 | 9 | 7 | **49,400** |
| Mr. Kwabena Osei-Bonsu | 2,400 | 2,000 | 8 | 12 | **54,400** |
| Mr. Daniel Ofori | 2,400 | 2,000 | 9 | 10 | **53,900** |
| Mrs. Pamela Djamson-Tettey | 2,400 | 2,000 | 9 | 5 | **44,400** |
| Mr. Christian T. Sottie | 2,400 | 2,000 | 9 | 7 | **50,900** |
| Mr. Nicholas Oteng | 2,400 | 2,000 | 9 | 7 | **47,900** |
| Mr. Aguriba Abugri | 2,400 | 2,000 | 1 | - | **4,400** |
| | | | | | **350,900** |

| **Year end balances arising from transactions with related party are as follows;** | **2020**<br>**GH¢** | 2019<br>GH¢ |
|---|---|---|
| **The compensation of executive and management staff is shown below;** | | |
| Salaries and other benefits | **3,122,647** | 3,189,362 |
| Employers SSF | **193,147** | 261,623 |
| Employers PF | **135,445** | 188,464 |

## 44. Compliance with legal and regulatory requirement

The company's transactions were within its powers and the company complied with the relevant provisions of the Companies Act, 2019 (Act 992) and the Insurance Law.

In accordance with Capitalization, Solvency and Financial Provisions, in the of the insurance Act, 2006 (Act 724), an insurer is required to maintain a capital adequacy ratio of 150% by 31 December 2020 and investment to total assets ratio of 55% at all times in accordance with the regulations. The company's capital adequacy ratio and investment to assets ratio as at the year-end were 231.53% (2019: 212.30%) and 67% (2019: 67%) respectively which were within the minimum requirements per the regulations.

## 45. Business and operational impact of COVID 19

During the year, the Company's operations were also impacted by the COVID 19 global pandemic. Below are the impacted areas and how the Company responded to them.

### General operations

Due to the pandemic, the Ghanaian government declared a partial national lock down which resulted in extensive travel restrictions and public health protocols being implemented. As a result, there was significant slowdown in economic activities in the country.

The lock down and public health protocols largely impacted the company's normal business operations in the areas of premium mobilization and general administrative work. For instance, our core premium income catchment areas of Accra, Tema and Kumasi were greatly hit by the lockdown restrictions. The work of our agency force and marketing department were also adversely impacted as the usual mode of traveling to solicit for business was stopped. Again to be able implement the social distancing protocols in the work place, the company had to reduce the number employees at any given time in the work environment. This meant that productive man hours were lost.

The Company responded to the above challenges by taking several measures designed to protect the health of employees, minimize operational disruption and continue to serve the interest of our clients.

These measures included, occasional COVID 19 mass testing of staff, provision of nose mask and hand sanitizer to staff and the insuring public, enhanced cleaning of the office environment, provision of hand washing systems at all facility entry points across country and the implementation of working from home protocols. These measures obviously resulted in COVID 19 related expenses which have impacted the Company's profit before tax. A total of GH¢743,409. COVID 19 related expenses has been charged against the Company's 2020 Profit before tax amount.

The pandemic also gave the Company an opportunity to fine tune its IT infrastructure with the view to giving its client and staff variety in the way they interact with the company. So now existing and potential clients can do business online with the company by visiting https://einsure.sic-gh.com/sic-insure/index.php. The Company has also deployed a mobile application, SIC Smart Serve available on google play store for use by the insuring public.

As a Company we will continue to monitor and evaluate the nature and extent of the impact of COVID 19 on our operations and where necessary institute measures to promptly address them.

## 46. Events after reporting period

Besides the impact of COVID-19 indicated in note 45, no other significant event occurred after the end of the reporting date which is likely to affect these financial statements.

## 47. Shareholders' information

### (a) Directors' shareholding as at 31 December 2020

| Name of Director | Number of shares held | % Shares held |
|---|---|---|
| James Appietu Ankrah | **2,000** | 0.0010 |
| Mr. Daniel Ofori | **11,570,515** | 5.9100 |
| | **11,572,515** | 5.9110 |

### (b) Analysis of shareholding as at 31st December 2020.

| Range of shareholding | No. of Shareholders | Shares holdings | % of Shareholders | % Holding |
|---|---|---|---|---|
| 1 – 1000 | 8,820 | 4,274,089 | 73.12 | 2.18 |
| 1001 – 5000 | 2,339 | 5,904,346 | 19.39 | 3.02 |
| 5000 – 10000 | 445 | 3,621,287 | 3.69 | 1.85 |
| 10001 and others | 458 | 181,845,278 | 3.80 | 92.95 |
| | **12,062** | **195,645,000** | **100.00** | **100.00** |

### (c) List of the twenty largest shareholders as at 31 December 2020

| | Name of shareholder | Shares held | % Holding |
|---|---|---|---|
| 1 | GOVERNMENT OF GHANA C/O MINISTRY OF FINANCE | 78,258,000 | 40.00% |
| 2 | SOCIAL SECURITY AND NATIONAL INSURANCE TRUST | 23,127,392 | 11.82% |
| 3 | OFORI DANIEL | 11,570,515 | 5.91% |
| 4 | SCGN/PICTET AFRICA NON TAX 6275J,SSGN/PICTET AFRICA NON TAX 6275J PICTETMAST | 9,666,764 | 4.94% |
| 5 | SCGN/BANQUE PICTET AND CIE SA, GENEVA RE,PATRICK SCHEGG | 9,666,764 | 4.94% |
| 6 | SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MASTER FUND, IC GTI:AEX26 | 6,714,200 | 3.43% |
| 7 | DEGBOTSE EMMANUEL KOBLA | 5,085,565 | 2.60% |

| | Name of shareholder | Shares held | % Holding |
|---|---|---|---|
| 8 | SCGN/JP MORGAN CHASE DUET GAMLA LIV AFRICA, OPPORTUNITIES FUND IC | 3,977,100 | 2.03% |
| 9 | PRESTIGE CAPITAL LIMITED | 2,720,505 | 1.39% |
| 10 | SIC-FSL/SIC LIFE SECURITIES TRADING A/C, | 2,662,200 | 1.36% |
| 11 | EDC/TEACHERS EQUITY FUND | 2,066,700 | 1.06% |
| 12 | GHANA COMMERCIAL BANK LTD | 2,000,000 | 1.02% |
| 13 | SIC EMPLOYEE SHARE OWNERSHIP PLAN | 1,860,316 | 0.95% |
| 14 | GHANA REINSURANCE COMPANY LIMITED GENERAL BUSINESS | 1,661,912 | 0.85% |
| 15 | SCGN/CITIBANK KUWAIT INV AUTHORITY | 1,303,900 | 0.67% |
| 16 | METLIFE CLASSIC A/C, STD NOMS TVL PTY/METLIFE GOLD PLAN FUND MICAC | 985,000 | 0.50% |
| 17 | STATE INSURANCE COMPANY PROVIDENT FUND ACCOUNT | 921,669 | 0.47% |
| 18 | MAINSTREAM REINSURANCE COMPANY LIMITED | 517,332 | 0.26% |
| 19 | DONEWELL INSURANCE COMPANY LTD | 500,000 | 0.26% |
| 20 | ANIM-ADDO,KOJO | 499,818 | 0.26% |
| | | - | - |
| | TOTAL | 165,765,652 | 84.73% |
| | Others | 29,879,348 | 15.27% |
| | | 195,645,000 | 100.00% |

## Proxy Form For Virtual Annual General Meeting

ANNUAL GENERAL MEETING to be held virtually on **www.sicinsuranceagm.com** from the Head Office of SIC Insurance Company Limited, Nyemitei House on **14th December, 2021 at 10:00 a.m**

I/We ……………………………………………………

Being a member(s) of SIC Insurance Company Limited hereby appoint

…………………………………………………………

or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on , 2021

Signed………. day of , 2021

……………………………………………….

Shareholder's Signature

| RESOLUTIONS FROM THE BOARD | FOR | AGAINST |
|---|---|---|
| | | |
| 1. To consider and adopt the 2020 Financial Statements of the Company for the year ended 31st December, 2020. | | |
| 2. To declare dividend for the year ended 2020 | | |
| 3.To Authorise the Directors to fix the Remuneration of the Auditors | | |
| 4. To elect Directors | | |
| i. Hon. John Osei Frimpong | | |
| ii. Mrs. Christiana Sutherland | | |
| iii. Mr. Kingsley Agyemangg | | |
| To re – elect retiring Directors | | |
| i. Mr. Christiana Tetteh Sottie | | |
| ii. Mrs. Pamela Djamson-Tettey | | |
| 5. To Approve Directors' Remuneration | | |

THIS PROXY FROM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING.

### Notes:

A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by Proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.

1. Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insert in the blank space the name of any person whether a member of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.
2. If executed by a Corporation, the Proxy Form should bear its common seal or signed by a Director on behalf of the Corporation.
3. Please sign the above Proxy Form and deliver it so as to reach the Registrar, NTHC, Martco House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P. O. Box KIA 9563, Airport, Accra and not later than 10:00 a.m. on the 9th of December, 2021.

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Please

affix

stamp

FIRST FOLD HERE

THE REGISTRAR,

NTHC, MARTCO HOUSE,

1ST FLOOR, OKAI MENSAH LINK, OFF KWAME
NKRUMAH AVENUE, ADABRAKA,

P. O. BOX KIA 9563,

AIRPORT

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# Directors' Nominated for elections

## Mr. Kingsley Agyemang as a Non-Executive Director

Mr. Kingsley Agyemang is a Chartered Insurer with vast experience in Risk Management, Insurance and Banking industries, Academia, conservation of nature, Health Systems and General Corporate administration.

He is currently the Registrar of Scholarships and head of the Ghana Scholarships Secretariat. Under his leadership the secretariat has undergone massive organizational restructuring and improvement on every department of its operations.

Prior to his appointment as the Registrar of Scholarships, he was the Managing Director of Unique Life Insurance Company as well as a Senior Lecturer, Coach and Mentor in Insurance subjects at the Ghana Insurance College. He was also a Part-Time Lecturer at the Pentecost University College.

He worked with the Agricultural Development Bank as an Insurance Manager where he was responsible for all the insurable risks of the bank alongside managing and monitoring the Banks's bancassurance projects.

Kingsley is an environmentalist and a co-founder Director of Green C02 Ghana - a non-governmental organization that focuses on coordination and sensitization of the necessity for sustainable green practices. He has collaborated with the Okyeman Environment Foundation to afforestate over 50,000 acres of land near Begoro marked as forest conservation area with an agenda to introduce lost environmental species in the Ghanaian habitat. Also working with the Okyeman Environment Foundation and the Forestry Commission to nurse over 10,000 seedlings and coddle up the saplings from seeds in the forest, to preserve local tree species in the Bono Region,

Mr. Kingsley Agyemang is a product of the Pope John Secondary School, holds a BSc in Administration from the University of Ghana, a graduate of the Chartered Insurance Institute (UK). He has a Masters in Business Administration (Finance Option) from the Central University Graduate School and is currently a Doctoral Researcher in Public Health at the Department of Health Sciences, College of Health, Medical and Life Sciences, Brunel University London.

### Mrs. Christina Sutherland as a Non-Executive Director

Mrs. Christina Sutherland started her career in 1986 as a teaching assistant at the Kwame Nkrumah University of Science and Technology (KNUST). She joined an Architectural firm, Ralph's Studio, in 1988 and became an Associate member of the Ghana Institute of Architecture in 1989.

In 1996, Mrs Sutherland helped establish the Architectural firm Sutherland and Sutherland as a partner, a position she currently holds.

She has also held other positions such as a member of the Board of Trustees of Alpha Gh from 2008 to 2018.

As Principal Partner, she has worked on many award winning building projects including various phases of Ashesi University project, Databank Financial Services, Ghana Missions abroad, Enterprise Insurance Advantage Place and many other commercial and residential projects.

She adds a critical sense of quality control in design and facilitates project team dynamics for effectiveness. Her passion for landscaping and sustainable design adds a peculiar signature to her firm's work.

She is a product of Wesley Girls High School in Cape Coast, Ghana and holds a BA Degree in Architecture and a Post Graduate Diploma in Architecture from the KNUSTand a Certificate in Project Leadership from the Cornell University in Ithaca, New York.

### Hon. John Osei Frimpong as a Non-Executive Director

Honorable John Osei Frimpong is the Member of Parliament for Abirem Constituency in the Eastern Region of Ghana. He is the Chairman for the Parliamentary Select Committee on Food, Agriculture and Cocoa Affairs. Honorable Osei is a very experienced legislator who served in the 7th Parliament and currently in the 8th Parliament with leadership roles on various committees including the Committee on Mines and Energy as well as Special Budget Committee. He has a wide range of experience and expertise in wide spectrum of areas within private and public sectors such as Mining/Construction, Agriculture, Forestry, Education, Sports, Microfinance and Tourism. He worked in the executive arm of government of Ghana as well when he served as a Special Assistant to then Minister of Finance and Economic Planning and later Education and Sports from 2002-2006. He holds a Master of Philosophy in Geography and Resource Development from the University of Ghana amongst other academic qualifications. Hon. Osei Frimpong is Proactive, Hardworking, Highly Responsible, Result-Oriented, Self-Motivated and a Team Player.

## Our Business Centres

### Head Office

Nyemitei House, No. 28/29 Ring Road East
P.O.Box 2363 Accra,
Tel: 233-302-780600-9,
E-Mail: Sicinfo@sic-gh.com
Website: www.sic-gh.com

### Head Office Annex

F821/F822 13th Lane Osu Re
P.O.Box 2363, Accra
Tel: 0302772199, 0289- 67368181-8

### Ring Road West Office

No. 6 South Industrial Area,
Adjacent Awudome Cemetary
P.O.Box 2363, Accra
Tel:233-302-228922/ 228926/228962/
228987/, 230041-2
Fax: 233-302-228970/224218

### Dansoman Office

Exhibition Mall, No.2 Mango Street,
Dansoman Last Stop
P.O.Box 2363, Accra
Tel: 233-302-312608; 0289-543926/7
Fax: 233-302-312883

### Accra Mall

Accra Mall L05
P.O.Box 2363, Accra
Tel: 233-302-823096-9
Direct Line: 233-302-823100
Fax: 233-302-823101

### Adenta Shopping Mall

CV/OF/02 Near Police Station
Tel: 0302-962692

### Trade Fair

P.O.Box 2363, Accra
Tel: 233-302-768845

### Accra Contact Offices - Burma Camp, Kaneshie Market

### SIC LIFE MALL - 0302 904078

### Tema Area Office

Plot No. 70
Community 2, Adjacent SSNIT.
P.O.Box 95, Tema
Tel: 233-303-202263/206535
Area Manager: 233-303-204906
Fax: 233-303-207292

### Inter State Road Transit (ISRT) Office

Ministry of Trade Building

Ecobank Long Room,
Tema Port, Community 1
P.O.Box 2363, Accra
Tel: 233-303-203680/203682/201865

### Koforidua Branch Office

Nana Asafo Boateng Road
Adjacent All Nations University, near Central
Lorry Park
P.O.Box 501, Koforidua
Tel: 233-3420-22682/22084/5
Manager: 233-3420-27374
Fax: 233-3420-22522

### Akim Oda Branch Office

Behind GCB Building
P.O.Box 164, AkimOda
Tel: 0342 922056
Branch Manager: 233-34292-2419
Fax: 233-34292-2107

### SWEDRU - 0244777626

### Ho Office

Main Accra/Ho Road
P.O. Box 12
Tel: 03620 – 26462/26465
Fax: 03620 – 28364

### Hohoe Office

P.O. Box 12
Tel: 03627 – 22095
Fax:03627 - 20635

### Aflao Office

P.O. Box 105, Aflao
Tel: 03625 – 30234/31443
Fax: 03625 – 30234

### Kumasi Area Office

Otumfuo Opoku Ware II House Roman Hill
(Near Prempeh Assembly Hall) Bompata
P.O.Box 840, Kumasi
Area Manager: 233-3220-25972
Tel: 3220-23341-2/25610
Fax: 233-3220-24123

### KNUST OFFICE - 0322 494612 / 0558 209898 / 0244 417692

### KENTINKRONO - 0557469049 / 0322494614

### Obuasi Branch Office

Dove House, Near Obuasi License Office

### Kumasi Contact Offices: - Suame, Konongo, Ashanti-Mampong

### Sunyani Branch Office

1st Floor, SSNIT Building
P.O.Box 192, Sunyani
Tel: 233-3520-27312
Manager: 233-3520-27374

### Sunyani Contact Offices: - Berekum, Goaso,Techiman

### Bolgatanga Branch Office

1st floor GCB Building. Bolga Central,
Atulbabisi
P.O. Box 222, Bolgatanga
Tel: 233-3820-22240
Fax: 233-3820-23177

### Bolga Contact Offices - Bawku, Navrongo

### Wa Branch Office

Wa central, Cinimuni
P.O.Box 241, Wa
Branch Manager: 233-3920-22939
Tel: 233-3920-22023
Fax: 233-3920-22109

### Tamale Branch Office

2nd floor, GCB Building
Tel: 03720-22785
Fax: 03720-22611

### Takoradi Area Office

Kobina-Woode House
Harbour View Road, Chapel Hill,
P.O.Box 469, Takoradi
Tel:233-3120-22048 22315/22315/24297

### Cape Coast Branch Office

Cape Coast /Takoradi Road
P.O.Box 433, Cape Coast
Tel: 233-3321-32128/3366-8
Manager: 233-3321-32685
Fax: 233-3321-34635

### Cape Coast Contact Offices: - Mankessim, Swedru, Assin-Fosu

### TAKORADI MARKET CIRCLE - 0312 022315 / 6

### Tarkwa Branch Office

P.O.Box 194, Tarkwa
Tel:+233 – 3123-20453

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